

Citrus Notes



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November 2015

Dear Growers,

Inside this Issue:

The following are grower events planned for the near future:

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- November 5th Citrus Employee Safety Training & Tractor Rodeo (registration ends 10/30/15)*
- November 10th CRDF Rootstock Field Day*
- November 15th Winter Weather Watch Begins*
- December 3rd December OJ Break (a.m.)*
- December 3rd CRDF Thermootherapy Field Day (p.m.)*

Enjoy the issue,

Chris Oswalt
Citrus Extension Agent
Polk/Hillsborough Counties
863-519-1052
P.O. Box 9005, Drawer HS03
Bartow, FL 33831-9005

Citrus Research Development Foundation (CRDF) Rootstock Field Day



There is a CRDF Rootstock Field Day scheduled for Tuesday, November 10, 2015. The field day will be held from 9:30 AM – 1:00 PM to showcase UF-IFAS rootstock trials being conducted cooperatively with A. Duda & Sons. The field day will start at the old Duda nursery site (Gate # 2) in LaBelle, Felda, FL, on Hwy 29 between LaBelle and Immokalee (Duda, Gate # 2) To access the old Duda Nursery site, you enter at Gate #2, which is the labor village entrance. It is located 8 miles south of LaBelle. The following trials will be featured:

1. A rootstock trial of closely spaced, intensively managed Valencia trees in their 6th year [Duda/CREC plant improvement team];
2. A young Vernia trial with 48 rootstock candidates [Duda/CREC plant improvement team];
3. The new CRDF sponsored rootstock trial with HLB tolerant candidates; and
4. HLB-tolerant Sugar Belle® ‘LB8-9’ trees in commercial production.

Presentations will be made by Jude Grosser and Joby Sherrod. Lunch will provided at the conclusion of the field day. Please pre-register by calling 863-674-4092 or by emailing Dr. Mongi Zekri at maz@ufl.edu.

2015-16 Winter Weather Watch

The 2015-16 version of the Winter Weather Watch begins on November 15, 2015, and runs until March 15, 2016. I have attached information and a registration form to the newsletter. We have additional weather stations available exclusively to our Winter Weather Watch subscribers. We will again be providing weekly citrus leaf freezing temperature data in an effort to help growers make informed decisions on using irrigation for cold protection. Attached you will find additional information and a registration form.



December OJ Break

Our December OJ Break will be held at the UF/IFAS Citrus Research and Education Center, Ben Hill Griffin Auditorium located at 700 Experiment Station Road in Lake Alfred. It will be held on

Thursday, December 3, 2015, beginning at 10:30 a.m.

The OJ Break will be covering citrus cold protection using microsprinklers, critical citrus leaf freezing temperatures and cold protection resources available on the Florida Automated Weather Network (FAWN).

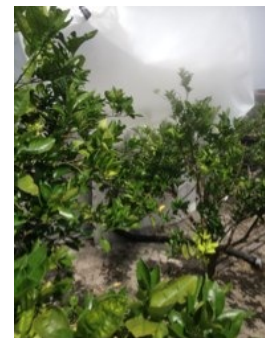
A few years ago a study was done to quantify the effect of microsprinklers under the canopy of mature citrus trees. We will be presenting the results of that particular study. In addition, we will be reviewing critical citrus leaf freezing temperatures and their use in determining when to turn off microsprinkler irrigation systems after a freeze event.

Rick Lusher, Director of FAWN, will be updating us on the cold protection tools and resources available through the FAWN network. There have been a number of additional stations added to FAWN and an expansion of citrus cold protection tools.

There will be lunch after the OJ Break which will mark the start of the CRDF Thermotherapy Field Day, **please see the next article for field day and lunch registration information.** Lunch is part of the Thermotherapy Field Day not the OJ Break.

CRDF Thermotherapy Field Day

The Citrus Research and Development Foundation invites you to a Thermotherapy Field Day that will begin with lunch on December 3, 2015, at the UF/IFAS Citrus Research and Education Center, Ben Hill Griffin Auditorium at 700 Experiment Station Road in Lake Alfred. If you plan to attend both the OJ Break and the Thermotherapy Field



Day, or just the Field Day, please register (including lunch) using the following eventbrite link:

<https://thermotherapyfieldday2015.eventbrite.com/>

or you can use the attached registration flyer. **If you only want to attend the Thermotherapy Field Day and do not wish to meet at the Center, please follow the Field Day directions located on the attached flyer. We would still need you to preregister.** This will insure we have an adequate quantity of printed materials to have available at the field site.

Winter Outlook 2015-16

The National Oceanic and Atmospheric Administration has issued their winter outlook for the period December 2015 to February 2016. If you haven't heard yet, the forecast for this winter is for a strong El Nino event. This year the strength of this El Nino may come close to that of the 1997-98 winter.

First let's look at overall winter temperatures (figure 1). There is a greater than 33% chance of average winter temperatures being colder/cooler than normal for Florida. This would be the expectation during El Nino events when the winter is cloudier than normal reducing the overall average air temperature due to less solar radiation.



Figure 1. 2015-16 U.S. Winter Outlook for Temperature, Dec-Feb.

Now with all indications of a strong El Nino event close to the levels seen in the 1997-98 winter, let's take a look at some historical examples. The temperature

panel (figure 2 back of newsletter) is a listing of El Nino from strongest to weakest from 1950 to 2010. The shading indicates the difference in degrees F from normal average air temperature.

The strongest El Nino represented in the panel is the 1997-98 winter where average air temperatures were just a tad above normal. This above average air temperature occurred again during the 1991-92 winter. Looking at the overall trends in strong El Nino years of the seven listed above, five (71%) had below averaged air temperatures and two were above average. In moderate El Nino years, four (57%) of the seven years listed average air temperatures were below average, in two years above average and one year was average. In weak El Nino years of the six listed in the panel, three (50%) had below average air temperatures, two above average and one year was average. Considering the various strengths of El Nino listed above, it does hold true that below average air temperatures would be more likely during El Nino winter conditions.

Now shifting gears let's now take a look at the climate forecast for precipitation this winter (figure 3). There is a greater than 70% chance of this winter being wetter than normal. During significant El Nino events the jet stream remains in a more zonal flow from west to east. This zonal flow of the jet stream typically brings more cloudy, rainy weather to the southern half of the United States including Florida.



Figure 3. 2015-16 U.S. Winter Outlook for Precipitation, Dec-Feb.

The rainfall panel (figure 4 back of newsletter) looks at the amount of rainfall (in inches) above or below aver-

age during various El Nino conditions from strongest to weakest.

In examining the rainfall panel in the seven listed strong El Nino years, there were five years (71%) when rainfall was above average and two years with below average rainfall. In moderate El Nino years of the seven listed, five (71%) had above average rainfall and two below average. During weak El Nino years there were two years (33%) with above average rainfall, three (50%) with below average and one that was average. It appears with respect to average rainfall there is a strong indication during strong to moderate El Nino conditions rainfall will likely be above average.

In conclusion, the forecast for rainfall, average air temperatures along with the prediction for strong El Nino conditions to persist this winter there is a strong probability of a wetter and colder/cooler than normal winter. Also remember that there has only been one significant freeze during an El Nino winter.

Agricultural Tax Planning - The Prepaid Farm Expense Deduction Rules

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

The recent Agro-Jal Tax Court case has shed some new light on the “Prepaid Farm Expense Deduction”. Last month’s article reviewed the case and highlighted some of the changes that the case may have in the application of this deduction. This article will discuss the basics of the prepaid farm expense deduction.

The Rules

Rev. Rul. 79-229 provides the general guidelines for deducting prepaid farm expenses in the form of three tests that must be met. The ruling uses the words “feed, seed, fertilizer, or other similar farm supplies” as items that qualify for the prepaid deduction, but any prepaid farm material or supply is considered to qualify such as fuels or pesticides. **Inventoried or capital items do not qualify.**

Test I – There must be an actual purchase, not a deposit to buy in the future. Four basic factors are stated in the ruling that indicate a **deposit** rather than a purchase;

1. Absence of a **specific quantity** of items purchased,
2. A **right to a refund** of any credit that remains,
3. A right to **substitute other goods or services** for those specified in the purchase contract, and
4. Treatment of the expenditure as a **deposit** on the seller’s books.

Some tax professionals however, are of the opinion that the treatment on the seller’s books of the transaction as a deposit should have no bearing as to whether the expenditure is a deposit or a prepayment.

Also, committing to a minimum quantity as opposed to a specific quantity should suffice, as long as the amount paid is not in excess of the minimum quantity specified. The cash method farmer **should** obtain a detailed invoice that clearly specifies a definite or minimum quantity, grade of goods, unit price, and a total expenditure amount, with no right to a refund or repurchase stated on the invoice. However, the payment accompanying the invoice need not be for the total amount.

Test II – The prepaid expense must be made for a **legitimate business purpose** and not to merely avoid taxes. Generally, farmers should have no problem establishing their prepaid purchases as legitimate business expenses. Examples of a business purpose include securing an assured feed supply, obtaining significant discounts for early purchases, expectations of rising costs, and anticipation of a feed shortage.

Test III – The expenditure must not result in a **material distortion of income**. The following factors are stated in the ruling as determining whether the deduction results in a material distortion of income.

1. The relationship between the quantity purchased and the projected quantity to be used in the following year.
2. The materiality of the prepaid purchase in relation to the total income of the farmer for the year.
3. The business purpose for paying in advance and the customary business practices of the taxpayer in buying supplies.

4. The relationship between the expenditure and past purchases.
5. The time of year when the prepaid purchase was made, and
6. How deductions of prepaid expenditures have affected taxes paid by the farmer in previous years.

This test should not be a problem for the farmer if the prepaid expense does not produce a benefit extending beyond 12 months or the end of the next tax year.

IRC Section 464, The 50% Prepaid Expense Limit – To the extent prepaid farm supplies of a farmer using the cash method of accounting **exceed 50%** of the deductible non- prepaid farm expenses for the taxable year; the prepaid expenses **are only deductible as the purchased items are consumed**. For this limit, non-prepaid expenses include ordinary and necessary operating expenses, interest, taxes, and depreciation. Inventoried or capitalized expenses are not included in the 50% test.

There are two **exceptions** to the 50% test.

1. An eligible farmer, who fails the 50% test due to a change in business operations directly attributable to extraordinary circumstances, including government crop diversion programs, may ignore the test.
2. An eligible farmer who satisfied the 50% test on the basis of the three preceding taxable years is also exempt.

In the case of any “**farming syndicate**”, deductions for feed, seed, fertilizer or similar farm supplies are only allowed for the tax year in which the supplies are actually used or consumed.

Prepaid rent – Generally, taxpayers may not prepay rent expense; however, in 2004 the IRS issued final regulations related to capitalization of certain costs which have application to many prepaid expenses including prepaid rent. These rules made it clear that a **cash basis** taxpayer prepaying rent that does not extend beyond 12 months would be allowed to currently deduct that prepayment.

Prepayment by Delivery or Mailing of a Check

Taxpayers are permitted to claim a deduction for payment by check when that check is delivered to the payee or when placed in the mail to that payee. Credit card purchases are considered a payment when the charge occurs, not when the credit card bill is paid.

A check issued at year-end that exceeds funds in the taxpayer’s bank account is acceptable, providing the check is promptly covered by the bank as a result of subsequent deposits. However, if a payee is instructed to hold a check, the expense is not deductible until the check is cashed.

The New Tangible Property Regulations

The new Tangible Property Regulations, although not directly addressing the prepaid farm expense deduction, do bring some new rules to the table.

The De minimis Safe Harbor Provision - This new provision permits taxpayers to **currently** expense amounts paid to produce or purchase items under a certain dollar limit. For most small farmers, the safe harbor limit is \$500. This is an annual election and certain requirements must be met. The items may be currently deducted without any concern of meeting the prepaid expense deduction rules. **Caution** - Amounts otherwise deductible under the de minimis safe harbor rules may be subject to the IRC Sec.163A capitalization requirements that require capitalization of direct or indirect costs allocable to property produced or acquired by the taxpayer for resale.

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. These are generally major repair items. The regulations define M & S as tangible property used or consumed in the taxpayer’s business **that is not inventory (cost of goods sold)**. This appears to be in conflict with IRC Sec. 464 which permits the prepaid deduction of feed, seed, etc. if the requirements of the section are met.

In addition, the decision in the Agro-Jal Tax Court case permitted a current deduction of prepaid non-incidental materials and supplies. The prepaid items were clearly inventoried for book purposes. Agro-Jal used the cash basis for tax reporting. Do the new Tangible Property Regulations trump IRC Sec. 464 and the Agro -Jal decision?

Summary and Conclusion

Proper support and documentation of your prepaid expense deduction must be maintained. Conditions may change in the following year and you may not produce the crop for which the items were purchased. This could be caused by drought or other weather conditions or you may be forced to produce an alternate crop due to changes in the market. Upon audit, the IRS may attempt to disallow your prepaid expense deduction.

Be sure you can adequately support the tests of Rev. Rul. 79-229. The U. S. Court of Appeals, Eighth Circuit affirmed a hard stance taken by a District Court in a case that disallowed a prepaid expense deduction apparently due to a lack of “business purpose”. The taxpayer’s year-end prepayment represented only 17% of the annual feed expenditure and the discounts involved were very nominal.

As stated above the new Tangible Property Regulations and the Agro-Jal Court case raise some new questions regarding the prepaid expense deduction, and we will have to see how the IRS or the courts rule on these issues.

The prepaid expense deduction is a tool that farmers can use to avoid spikes in income from year to year. Farmers, ranchers and those in the agricultural business have unique tax, business, and financial circumstances and should consult their tax professionals before making prepayments for farm supplies. This is especially important if the taxpayer has not used this deduction in the past.

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

For information on other relevant topics visit our website at 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



2016 Syngenta Florida Internship Opportunities

Syngenta will be initiating their recruiting efforts for the 2016 Florida Intern Program. These interns play a primary role in supporting our key brands in the Florida citrus industry. Their field activities provide the key link between Syngenta and our growers, while helping ensure optimal product performance.

The following are a list of qualifications. These are not meant to be exclusive, but rather to help narrow our search.

- Seeking a career in agriculture
- Experience in production agriculture.
- Basic familiarity with insect, disease, and weed control.
- Basic computer skills.
- Willingness to work outdoors, experience preferred.
- Self-motivated, detail oriented, honest, and personable.
- Ability to relocate to or originally from one of the following counties; Polk, Highlands, Hardee, Desoto, Hendry, Collier, Lee, Okeechobee, Martin, Osceola, St. Lucie, or Indian River.
- Sophomore or Junior level (Seniors will be considered).

As you are aware, these internships represent an outstanding opportunity for the right candidate. In addition to the technical and professional skills gained from Syngenta Crop Protection, students will have an excellent opportunity to demonstrate their abilities to some of the most influential organizations in the Florida Agricultural Industry. Students will be provided with comprehensive training, skilled mentoring and will be

part of a respected professional team executing a multi-million dollar sales and marketing strategy.

We are currently recruiting for up to 7 intern positions with an approximate start date of May 16, 2016, and an approximate end date of August 12, 2016.

The internships are to be located as follows;

- 1 east coast - Indian River, St. Lucie, or Martin Counties
- 2 southwest - Lee, Hendry, or Collier Counties
- 2 west central - Highlands, Hardee or Desoto Counties
- 1 central - Osceola, Polk or Highlands Counties

Please have all interested candidates email their resumes to me at cody.hoffman@syngenta.com I will be interviewing interested candidates now up to December 2015, at which time I hope to have my candidate selections complete.

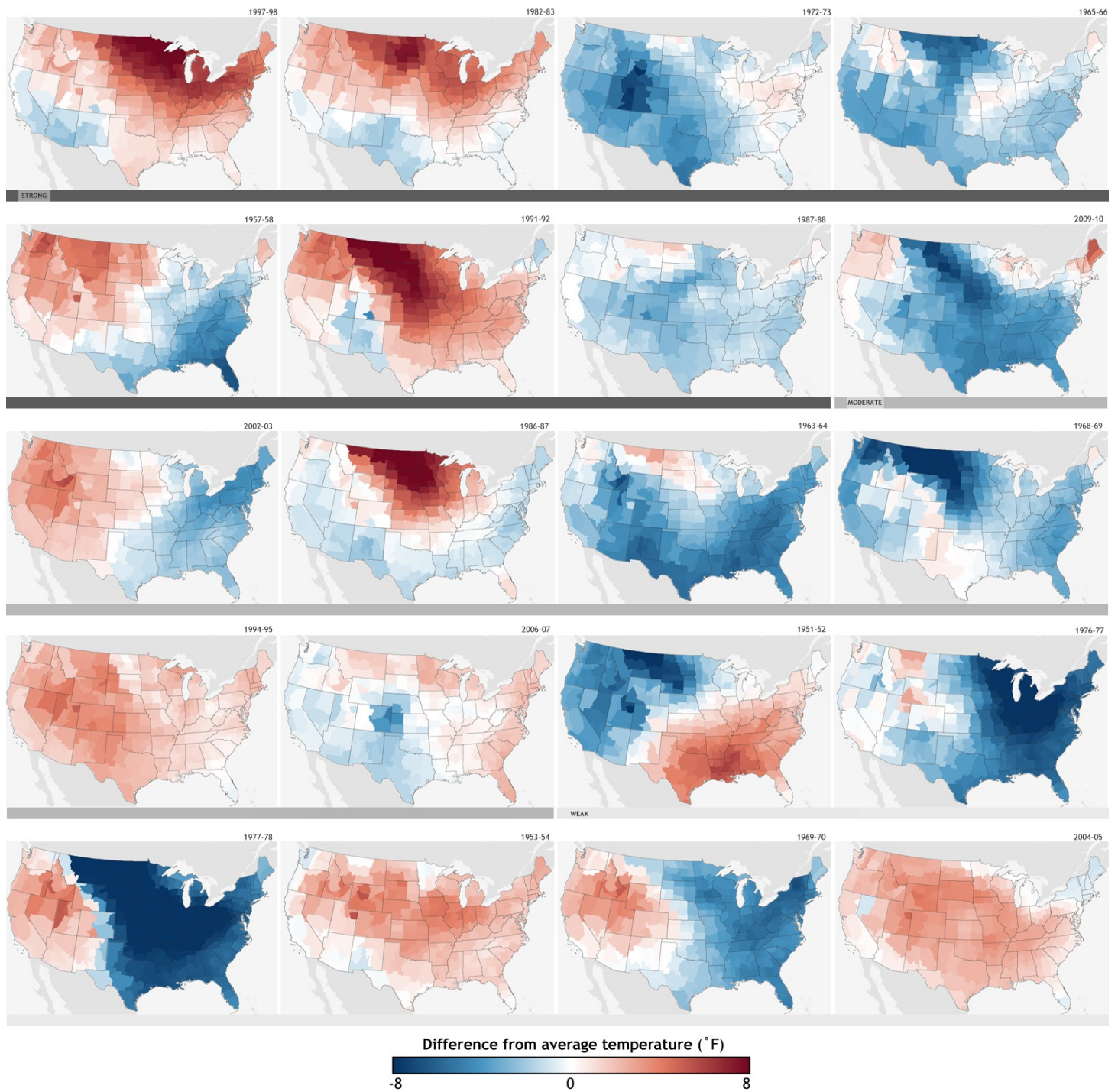


Figure 2. Difference (F) in average air temperature for El Niño events from 1950 to 2010 from strongest to weakest.

Winter (December-February) precipitation patterns during strong, moderate, and weak El Niño events since 1950

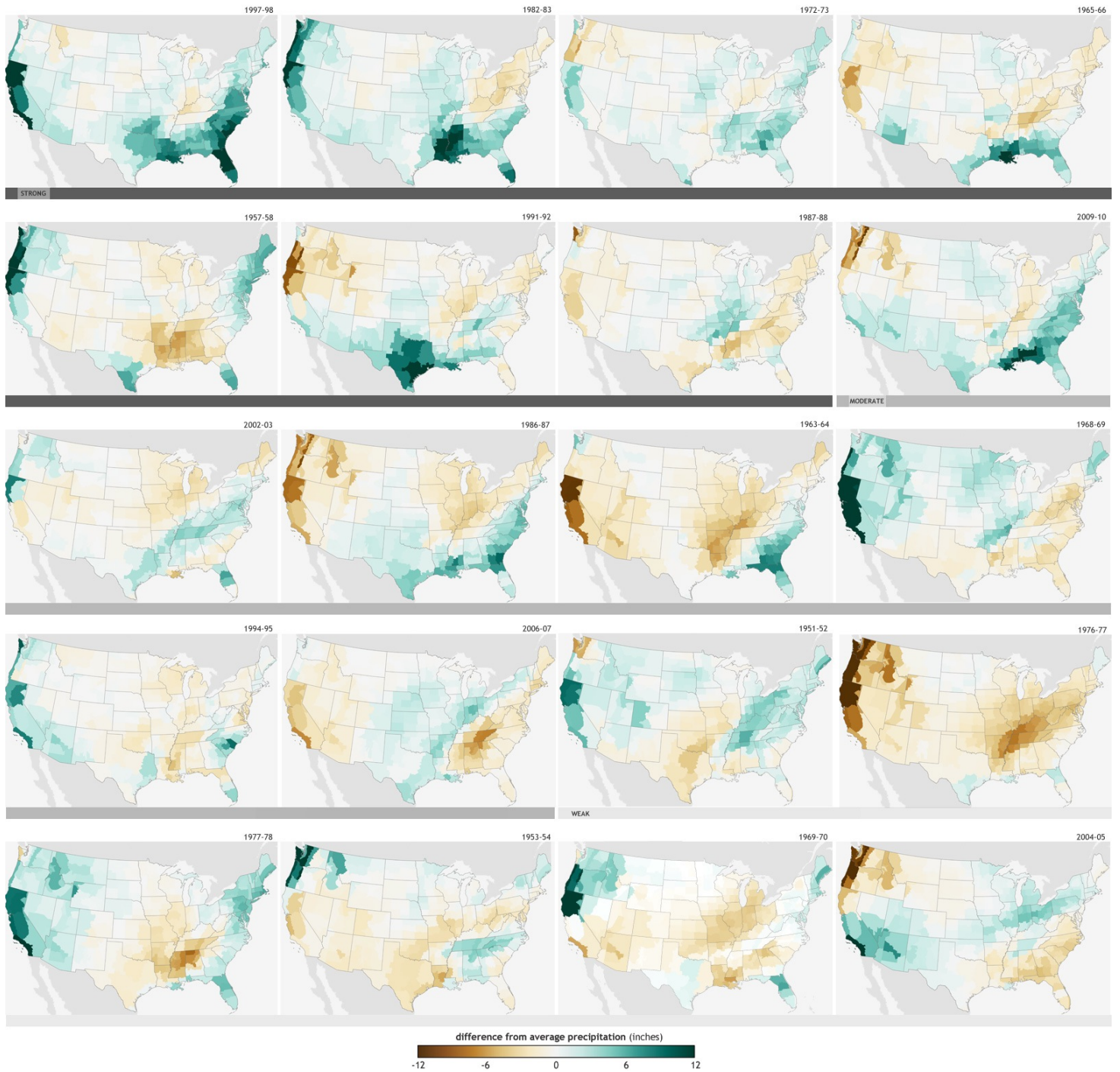
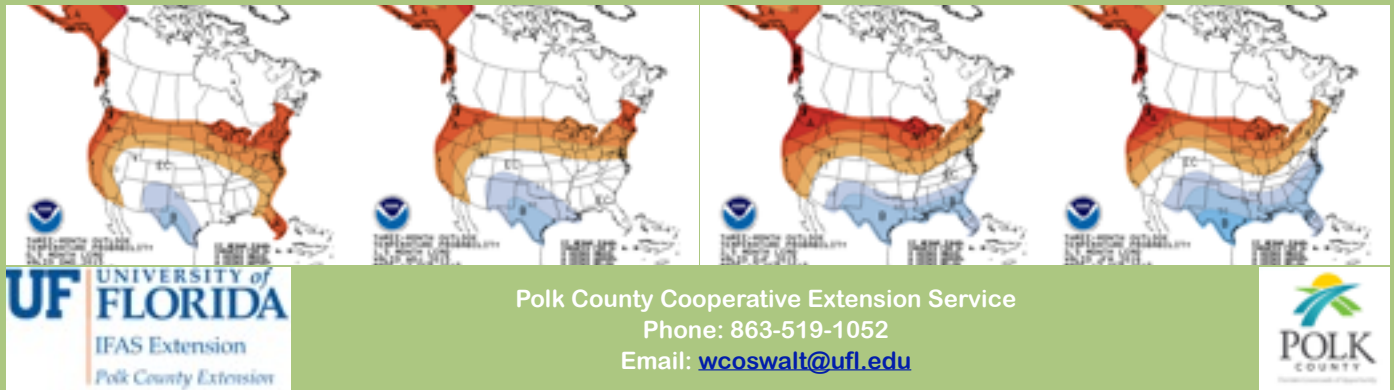


Figure 4. Difference in average rainfall (in) for El Niño events from 1950 to 2010 from strongest to weakest.

Winter Weather Watch



Polk County Cooperative Extension Service
Phone: 863-519-1052
Email: wcoswalt@ufl.edu

UF UNIVERSITY of FLORIDA
IFAS Extension
Polk County Extension

POLK COUNTY

UF/IFAS Polk County Cooperative Extension Service

The 2015 - 16 version of the Winter Weather Watch will begin on Saturday, November 15, 2015. Time is short so send in your subscription form to receive timely agricultural winter weather forecasts and information.



The 2015-16 edition of the Polk County Winter Weather Watch program will begin on November 15, 2015. The program provides growers with winter weather forecast

information specifically geared toward agricultural interests in West Central and Southwest Florida. The program provides subscribers with an unlisted phone number for (24 hour/7 days a week) access to daily weather forecasts. The zone forecasts are from the National Weather Service (NWS) and are listed on the automated phone menu, so you can select the products you are interested in. Forecasts include the zone forecasts, 6-10 and 8-14 day outlook forecasts. In addition to the forecasts we have special weather narratives provided as needed in the event of freezing temperatures and a weekly outlook. When freezing temperatures are predicted in our area additional updates will include the afternoon zone forecast and the modified sunset brunt minimum temperature equation. If this is not enough we will also provide the weekly citrus leaf freezing temperatures and the 2015-16 Winter Weather Watch

manual. You will also have access to weather data from seven Polk County Citrus Extension Weather Stations.

Subscriptions for the Winter Weather Watch program are only \$100.00 for the entire 4 month period (Nov 15 to Mar 15). The cost is about the same as one tank of gas for your pickup truck. You can subscribe to the Winter Weather Watch by completing and returning the enclosed "subscription form".

Forecast Schedule

The following schedule lists the products available from the Winter Weather Watch. The times and specific days of week and the forecasted minimum temperature dictate when these forecast products will be



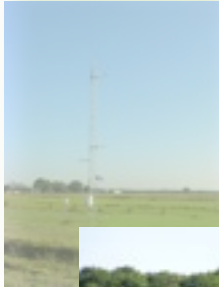
updated. Our Winter Weather Watch area includes the following areas by county: Pasco, Hillsborough, Polk, Highlands, Hardee, Manatee, Sarasota, DeSoto, Charlotte, Lee, Glades, Hendry and Inland Collier Counties.

FORECAST SCHEDULE

Forecast Product	Above 32	32°	Below 28
<i>Zone</i>	<i>Daily 8:30 a.m.</i>	<i>Daily 8:30 a.m.</i>	<i>Daily 8:30 a.m.</i>
<i>6-10 & 8-14 Day Outlooks</i>	<i>Mon/Wed/Fri 8:30 a.m.</i>	<i>Mon/Wed/Fri 8:30 a.m.</i>	<i>Mon/Wed/Fri 8:30 a.m.</i>
<i>Weekly Outlook</i>	<i>Friday 5:00 p.m.</i>	<i>Friday 5:00 p.m.</i>	<i>Friday 5:00 p.m.</i>
<i>Leaf Freezing Temperatures</i>	<i>Friday 5:00 p.m.</i>	<i>Friday 5:00 p.m.</i>	<i>Friday 5:00 p.m.</i>
<i>Special Weather Narratives</i>	<i>As Needed</i>	<i>Daily 4:00 p.m.</i>	<i>Daily 4:00 p.m.</i>
<i>Afternoon Zone</i>	<i>None</i>	<i>Daily 5:30 p.m.</i>	<i>Daily 5:30 p.m.</i>
<i>Sunset/Brunt</i>	<i>As Needed</i>	<i>As Needed</i>	<i>Daily 7:00 p.m.</i>

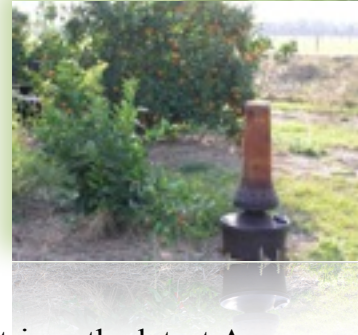
2015 – 2016 WINTER WEATHER WATCH PROGRAM

NOVEMBER 15, 2015 TO MARCH 15, 2016
REGISTRATION FEE: \$100.00



It's once again time to register for the upcoming 2015 - 2016 Winter Weather Watch Program. Upon receiving your \$100.00 registration payment, you will be sent an unlisted telephone

number with which you can retrieve the latest **Ag Forecasts**, 24 hours a day. **Please do not give this number to others.** The *Winter Weather Watch Program* is funded by the registration fees to pay for telephone equipment rentals, long distance calls, repairs and our meteorologist.



2015 - 2016 Winter Weather Watch Program

NAME: _____ PHONE NUMBER: _____

COMPANY: _____

MAILING ADDRESS: _____

EMAIL ADDRESS: _____

CITY: _____ ZIP CODE: _____

REGISTRATION FEE \$100.00

PLEASE RETURN THIS REGISTRATION FORM AND YOUR CHECK PAYABLE TO:

**POLK COUNTY EXTENSION CITRUS ADVISORY COMMITTEE
PO BOX 9005, DRAWER HS03
BARTOW, FL 33831-9005**

Please mark your calendar and plan to attend.

CRDF Thermotherapy Field Day- Dec 3 at CREC and Lake Wales

Pre-registration for BBQ lunch & Field Day is required by Dec 1.

Date: Thursday Dec 3, 2015, 12 noon 2:30 PM (following the Polk Co. OJ Break).

Field Day will showcase D. Wheeler's TT trials conducted cooperatively with Premier Energy, Dr. R. Ehsani and CRDF.

Afternoon presenters will be: Mr. David Wheeler, Premier Energy Team and Mr. Brandon Page (CRDF)

Four Easy Ways to Register by Dec 1 for lunch and to Attend the TT Field Day on Thursday Dec 3.

1. Online at <https://thermotherapyfieldday2015.eventbrite.com>
2. Fax the registration form below to 863-956-8767
3. Call Sarah White 863-956-8632
4. Email completed registration form to Sarah White sewhite@ufl.edu

Address for Field Day site: 2033 Tindel Camp Rd. Lake Wales, FL 33898
Latitude and Longitude: 27.982987, -81.570449

REGISTRATION FORM TT Field Day Thursday, Dec 3, 2015

Submit form to: Sarah White, sewhite@ufl.edu Phone: 863-956-8632 Fax: 863-956-8767

Participant Name: _____

Company Name: _____

Mailing Address: _____

Phone: _____ Fax: _____

Email: _____