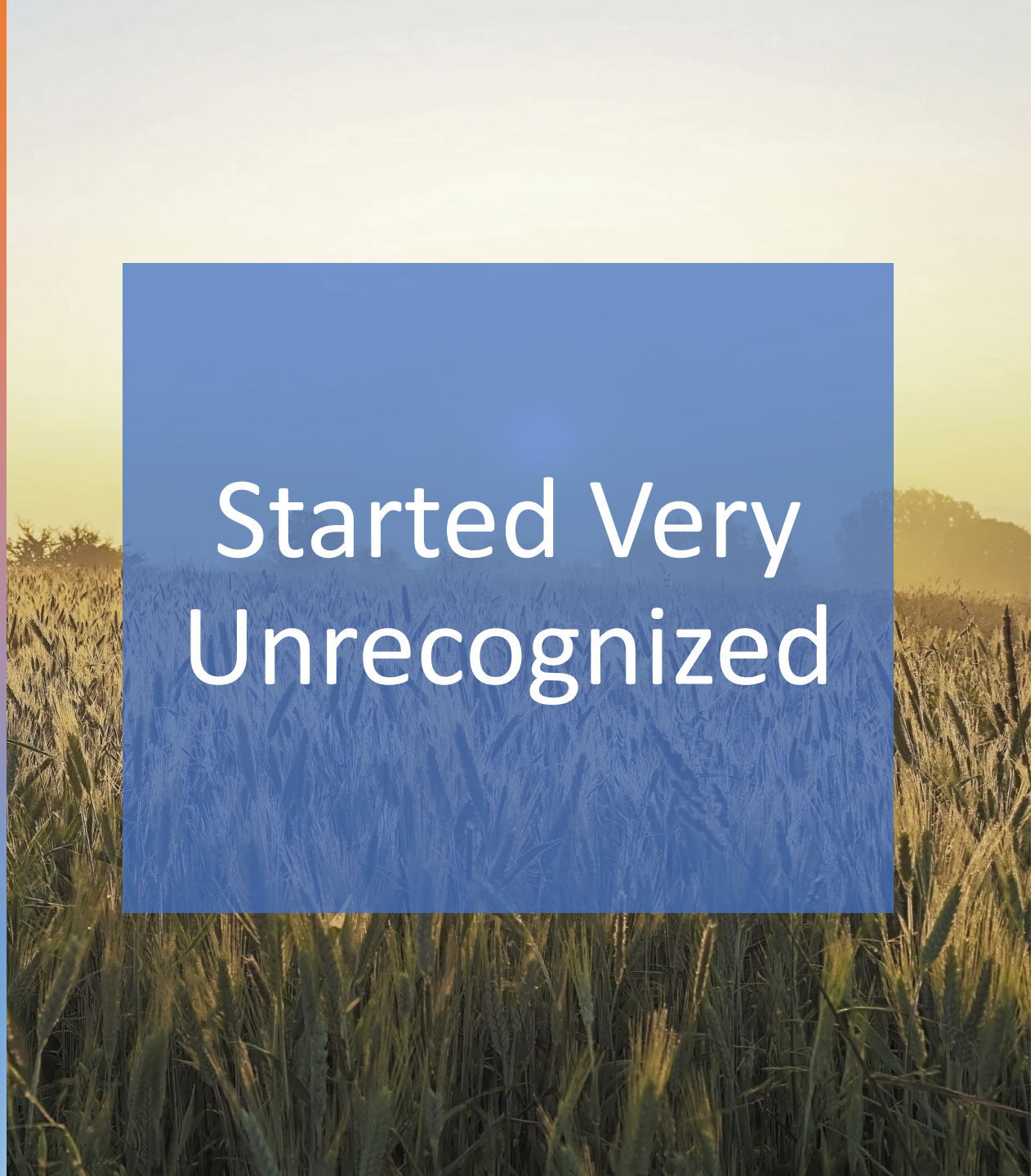
The Fertility Study

The Evolution of Exposing Excess Fertility

Sticking to What We Know Best

We are not accountants, we are agronomist.

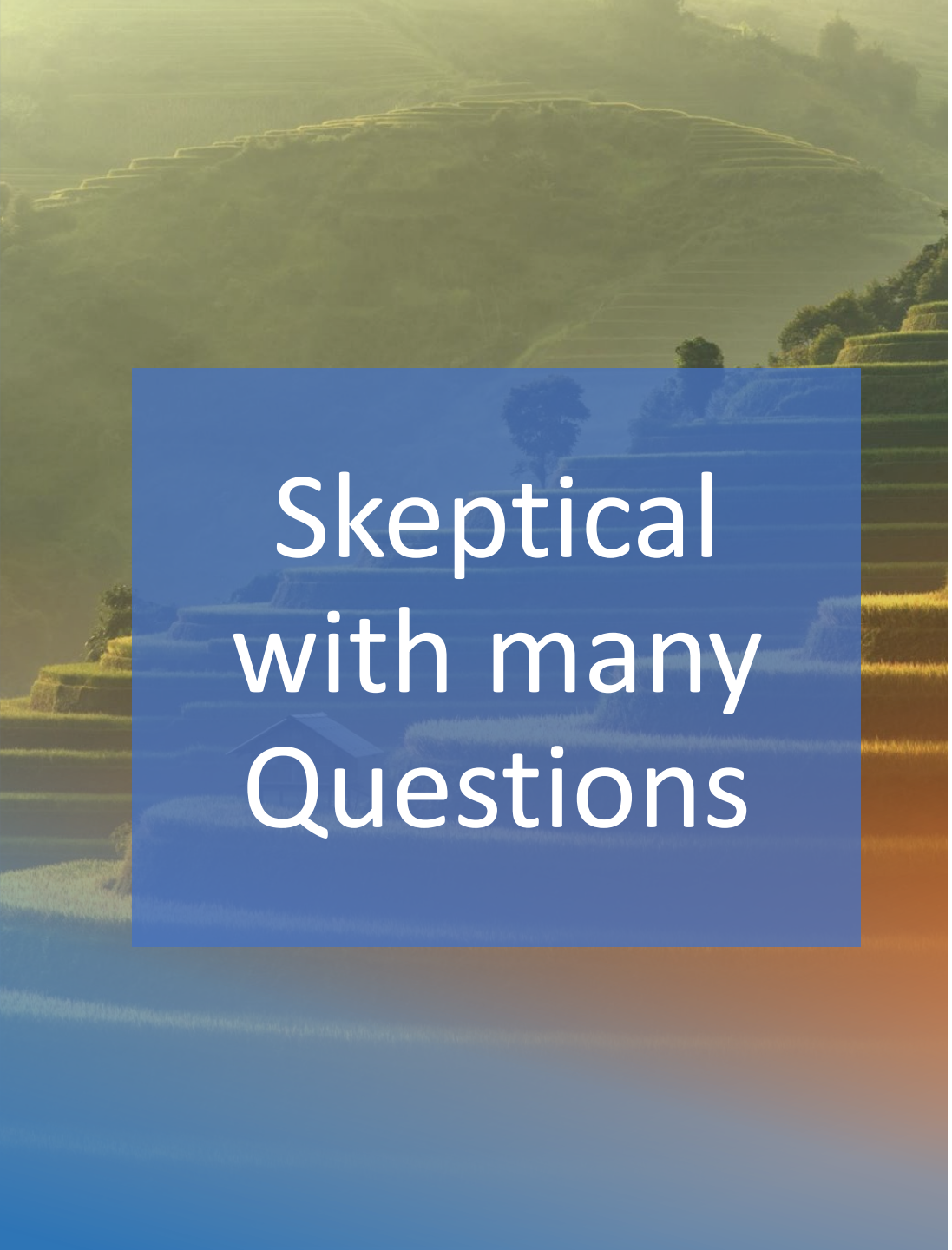
I reserve the right to say well intentioned but stupid things when it comes to the subject of accounting. And when I do, because it will happen, please correct me.



Started Very Unrecognized

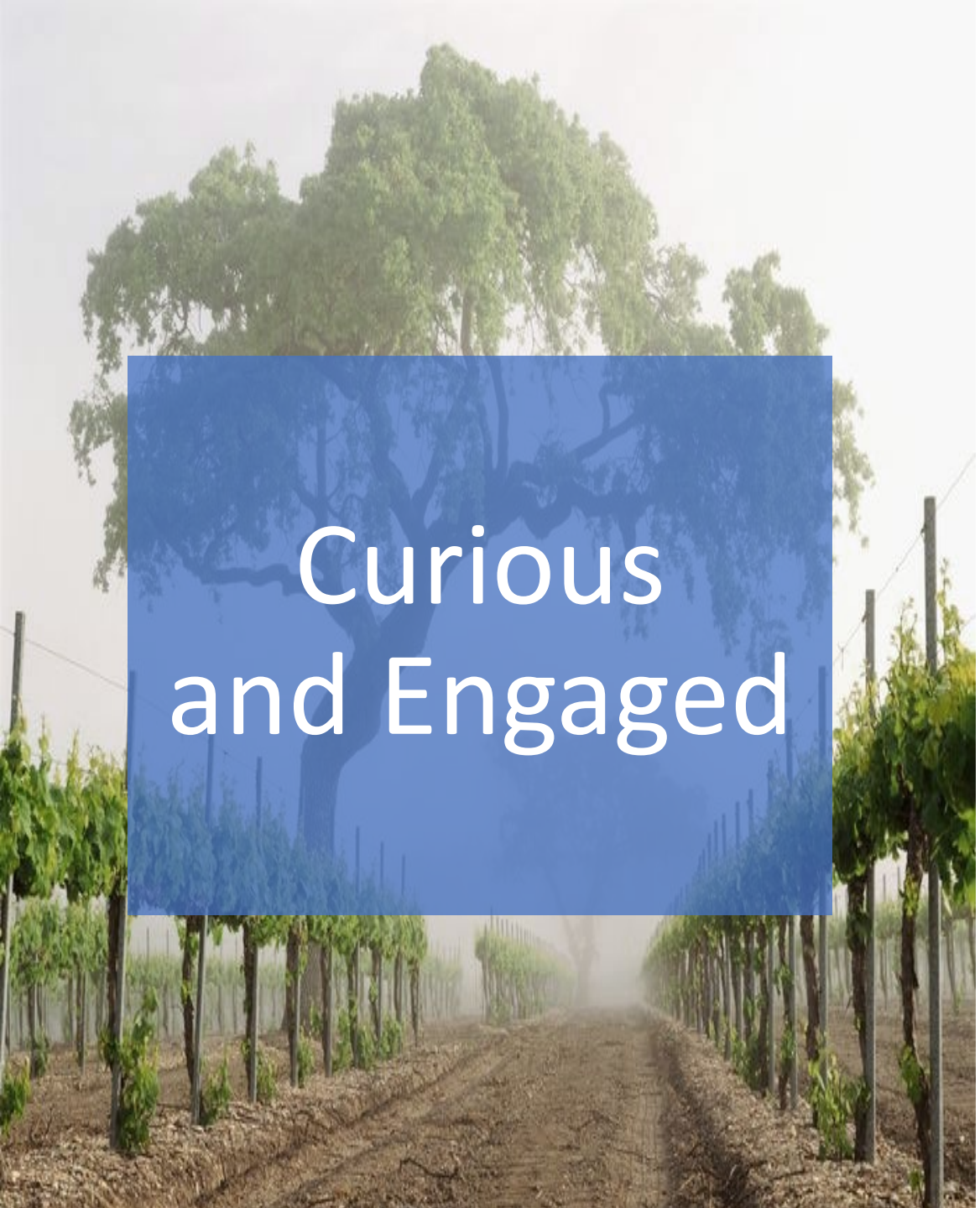
2020

- a client asked about excess fertility
- First time CQ had heard of the idea
- 2 Nutrients (P & K) & 1 Report



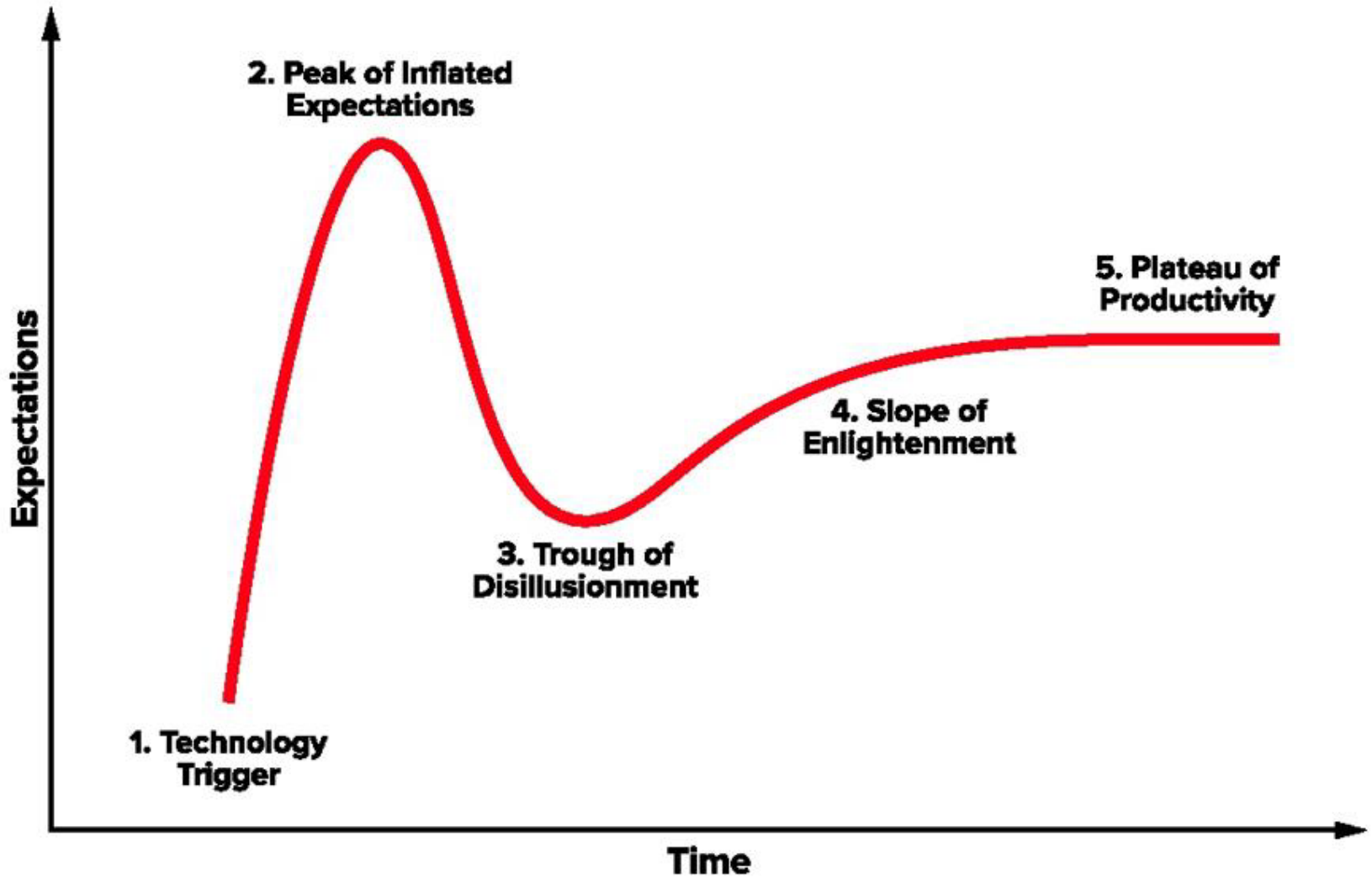
Skeptical with many Questions

- 2023
  - Few familiar with the concept but the idea was spreading
  - Many were skeptical and had lots of questions
  - 6 Nutrients & 2 Reports



- 2025
  - Concept is well known
  - Fewer questions about the details and more questions about the process
  - 11 Nutrients & 4 Reports

Hype Cycle


2. Peak of Inflated Expectations
5. Plateau of Productivity
4. Slope of Enlightenment
3. Trough of Disillusionment
1. Technology Trigger
Expectations
Time

Are there perfect guidelines in the tax code?

In my opinion, No

There are grey areas

There are various interpretation

Thus, the multitude of upgrades and revisions in the fertility study

Follow the experts, ask questions, look for the best practices

The Grey

I leased the land before I purchased it, can I still deduct excess fertilizer?

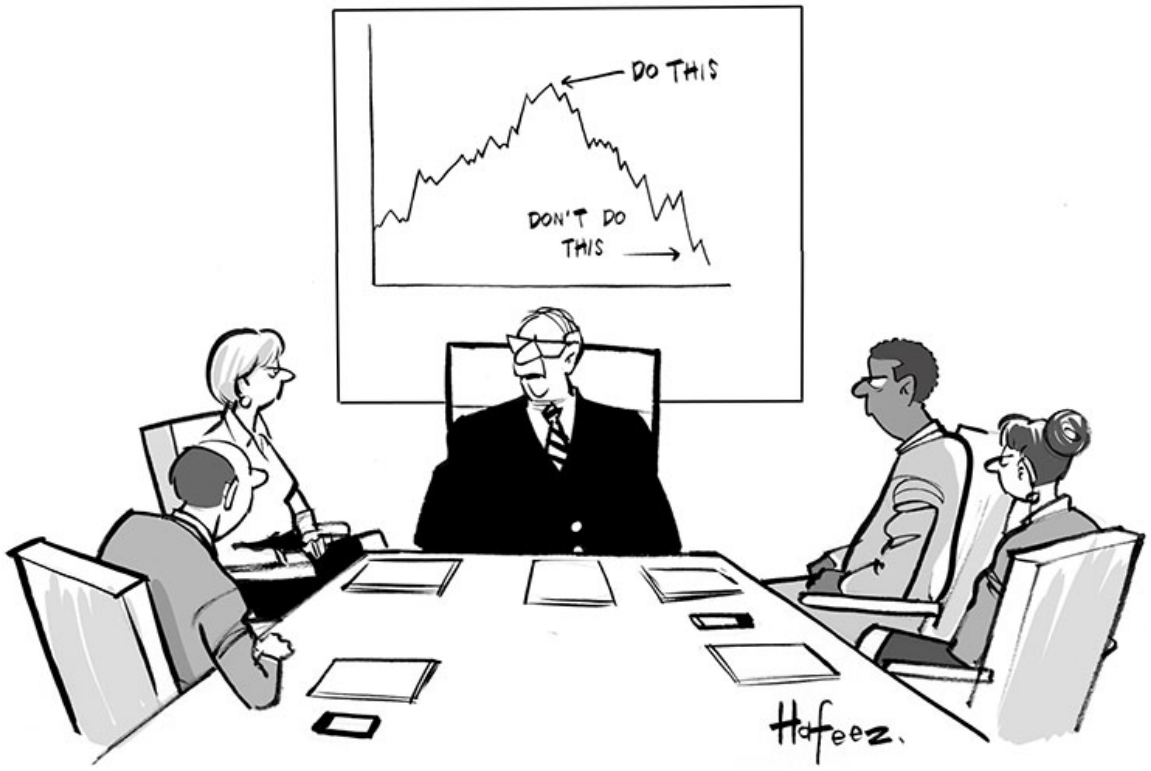
How do entities fit into this equation?

Can I use this on grassland?

How many samples are needed?

How are the tax deductions connected to IRS Section 180?

How much excess fertility can be deducted?



"Any questions?"

The Grid Sample

Industry Standard

2.5 acre grid

Accurate

with more data points

Unbiased

documentation of the current fertility levels

Lab Analysis

N, P, K, Ca, Mg, S, Fe, Zn, Cu, Mn, B, pH, buffer pH, OM, Na, CEC, %H, %K, %Ca, %Mg

Questions the Fertility Studies Evaluate

- How much fertilizer is present?
- If the fertilizer is being exhausted at what rate is that occurring?

Fertility Study

PHOSPHORUS (P_2O_5)	
Soil Sample (ppm)	28
Base Level (ppm)	20
Excess Nutrient (lbs/ac)	144
Excess Nutrient Cost ($/lb)	$1.00
Grain Depletion Period (years)	4
Forage Depletion Period (years)	3
Value ($/ac)	$144
Total Value ($/100 ac field)	$14,400.00

Fertility Ledger

Evaluates historic fertility levels

Makes use of the production and fertility history

The farther back one goes the more difficult the documentation

Best Practices Summarized

Soil sample as close to the date of acquisition as feasible. When possible, prior to fertilizer application or crop harvest.

Clear documentation of the nutrient value and depletion periods.

A well-informed accountant is key to avoid pitfalls and ensure success.

Thank You and have a Blessed Day!