

XVII. Agricultural Chemicals Security Credit (Form [8931](#)) IRC Sec. 450

Qualified agricultural chemicals security costs are any of the following costs paid or incurred by an eligible agricultural business during the tax year to protect specified agricultural chemicals.

- Employee security training and background checks.
- Limitation and prevention of access to controls of specified agricultural chemicals stored at the facility.
- Tagging, locking tank valves, and chemical additives to prevent theft of specified agricultural chemicals or to make the chemicals unfit for illegal use.
- Perimeter protection of specified agricultural chemicals.
- Installation of security lighting, cameras, recording equipment, and intrusion detection sensors.
- Implementation of measures to increase computer or computer network security.
- Conducting a security vulnerability assessment.
- Implementing a site security plan.
- Other measures for protection of specified agricultural chemicals to be identified in future regulations

- A. Only qualified agricultural chemicals security costs paid or incurred after May 22, 2008, and before 2013 can be used to figure the credit. The credit is only available to eligible agricultural businesses. The credit is 30% of the qualified agricultural chemicals security costs paid or incurred during the tax year.
- B. The amount of the credit figured for any tax year cannot be more than \$2 million.
1. The amount of the credit for any facility for a tax year cannot be more than \$100,000 minus the total of the credits figured for the facility for the 5 prior tax years.
 2. This means there is a \$100,000 per building limit and a \$2,000,000 per taxpayer, per year limit.
- C. An eligible agricultural business is any person in either of the following trades or businesses.
1. Selling agricultural products, including specified agricultural chemicals, at retail to farmers and ranchers.
 2. Manufacturing, formulating, distributing, or aerially applying specified agricultural chemicals.
- D. Specified agricultural chemicals are the fertilizers and pesticides most commonly used in agriculture, including those fertilizers:



1. Listed as an "Extremely Hazardous Substance" (thus causing a facility to coordinate with state emergency planning commissions);
 2. That are hazardous materials subject to ground transport regulations; and
 3. Ammonium nitrate, ammonium nitrate fertilizers, fertilizer mixtures, nitro carbo nitrate, liquefied natural gas, or a petroleum oil;
 4. Any pesticide including plant regulators, defoliant, and desiccants; and any nitrogen stabilizer.
- E. No deduction may be claimed for the amount of the credit. Reduce the expense by the credit amount.
1. The agricultural chemicals security tax credit can be carried back one year and carried forward 20 years. However, no unused portion of the credit can be carried back to any tax year before the tax credit was effective (Year ending before 5/23/08)



Form **8931**
(October 2008)

Department of the Treasury
Internal Revenue Service

Agricultural Chemicals Security Credit

▶ See instructions.
▶ Attach to your tax return.

OMB No. 1545-2122

Attachment
Sequence No. **162**

Name shown on return

Identifying number

	Facility		
	(a)	(b)	(c)
1 Enter on the applicable line below the qualified agricultural chemicals security costs described (see instructions)			
a Employee security training and background checks	1a		
b Limitation and prevention of access to controls of agricultural chemicals stored	1b		
c Tagging, locking tank valves, and chemical additives to prevent theft or to render chemicals unfit for illegal use	1c		
d Perimeter protection of agricultural chemicals	1d		
e Installation of security lighting, cameras, recording equipment, and intrusion detection sensors	1e		
f Implementation of measures to increase computer or computer network security	1f		
g Conducting a security vulnerability assessment	1g		
h Implementing a site security plan	1h		
2 Total qualified agricultural chemicals security costs. Add the amounts in columns (a), (b), and (c) on lines 1a through 1h	2		
3 Multiply the amounts in columns (a), (b), and (c) on line 2 by 30%	3		
4 Maximum credit per facility. Subtract the total of the credits claimed for the facility in the 5 prior tax years from \$100,000	4		
5 Agricultural chemicals security credit. Enter the smaller of line 3 or 4 for each facility. For additional facilities, see instructions	5		
6 Add the amounts for all facilities on line 5. Enter the result, but not more than \$2,000,000			6
7 Credit from partnerships, S corporations, estates, and trusts			7
8 Add lines 6 and 7. Estates and trusts, go to line 9; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1v (but for tax years beginning in 2007 and ending in 2008, include this amount on Form 3800, line 2, and enter "ACSC" and the amount of the credit next to line 2)			8
9 Amount allocated to beneficiaries of the estate or trust (see instructions)			9
10 Estates and trusts, subtract line 9 from line 8. Report the credit on Form 3800, line 1v (but for tax years beginning in 2007 and ending in 2008, include this amount on Form 3800, line 2, and enter "ACSC" and the amount of the credit next to line 2)			10

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 37745A

Form **8931** (10-2008)



General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8931 to claim the tax credit for qualified agricultural chemicals security costs paid or incurred by eligible agricultural businesses. All the costs must be paid or incurred to protect specified agricultural chemicals at a facility.

The credit is part of the general business credit. Your deduction for otherwise deductible agricultural chemicals security costs is reduced by the amount of the agricultural chemicals security credit.

If you have more than one facility, the costs are reported in columns (a), (b), and (c) as needed.

Taxpayers (other than partnerships, S corporations, estates, and trusts) whose only source of this credit is from those pass-through entities are not required to complete or file this form. Instead, report this credit directly on line 1v of the 2008 Form 3800, General Business Credit.

Who Can Claim the Credit

An eligible agricultural business that paid or incurred qualified agricultural chemicals security costs after May 22, 2008, and before January 1, 2013, may claim the credit. This includes an eligible individual, corporation, partnership, S corporation, estate, or trust.

Definitions

Eligible Agricultural Business

An eligible agricultural business is one that:

- Sells agricultural products, including specified agricultural chemicals, at retail predominantly to farmers and ranchers; or
• Manufactures, formulates, distributes, or aerially applies specified agricultural chemicals.

Specified Agricultural Chemicals

A specified agricultural chemical is either of the following:

- 1. Fertilizer commonly used in agricultural operations that is listed under any of the following.
• Section 302(a)(2) of the Emergency Planning and Community Right-to-Know Act of 1986.
• Section 101 of part 172 of title 49, Code of Federal Regulations.
• Part 126, 127, or 154 of title 33, Code of Federal Regulations.
2. Any pesticide (as defined in section 2(u) of the Federal Insecticide, Fungicide, and Rodenticide Act), including all active and inert ingredients, that are customarily used on crops grown for food, feed, or fiber.

Member of a Controlled Group or Business Under Common Control

For purposes of figuring the credit, all members of a controlled group of corporations (as defined in section 41(f)(1)(A) and (f)(5)) and all members of a group of

businesses under common control (as defined in section 41(f)(1)(B)), are treated as a single taxpayer. As a member, you must figure your credit using only your proportionate share of the \$100,000 facility limit and the \$2 million annual limit giving rise to the group's credit on lines 4 and 5. Attach a statement showing how your share of the amounts on these lines was figured, and write "See attached" next to the entry spaces for lines 4 and 5.

Specific Instructions

Line 1

Enter only costs (as described on each line) to the extent they were paid or incurred during the tax year after May 22, 2008, and before January 1, 2013, to protect specified agricultural chemicals.

Line 5

If you have more than three facilities, complete and attach as many Forms 8931 as you need. Also, attach an additional Form 8931 showing the total for all the facilities and enter "Total for all facilities" at the top of the form.

Line 6

Enter the total credit for all facilities. The amount of the credit for any taxpayer for any tax year cannot exceed \$2 million.

Line 9

Allocate the credit on line 8 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries' share on line 9.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-2122 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping 3 hrs., 35 min.

Learning about the law or the form 30 min.

Preparing and sending the form to the IRS 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

