



IRS Grants Tax Relief to Drought-Stricken Farmers and Ranchers in 48 States and Puerto Rico

If you are a farmer or rancher forced to sell your livestock because of the drought that affects much of the nation, special IRS tax relief may help you. The IRS has extended the time to replace livestock that their owners were forced to sell due to drought. If you're eligible, this may help you defer tax on any gains you got from the forced sales. The relief applies to all or part of 48 states and Puerto Rico affected by the drought. Here are several points you should know about this relief:

- **Defer Tax on Drought Sales.** If the drought caused you to sell more livestock than usual, you may be able to defer tax on the extra gains from those sales.
- **Replacement Period.** You generally must replace the livestock within a four-year period to postpone the tax. The IRS can extend that period if the drought continues.
- **IRS Grants More Time.** The IRS has added one more year to the replacement period for eligible farmers and ranchers. The one-year extension of time generally applies to certain sales due to drought.
- **Livestock Sales that Apply.** If you are eligible, your gains on sales of livestock that you held for draft, dairy or breeding purposes apply.
- **Livestock Sales that Do Not Apply.** Sales of other livestock, such as those you raised for slaughter or held for sporting purposes and poultry, are not eligible.
- **Areas Eligible for Relief.** The IRS relief applies to any farm in areas suffering exceptional, extreme or severe drought conditions during any weekly period between Sept. 1, 2014, and Aug. 31, 2015. The National Drought Mitigation Center has listed all or parts of 48 states and Puerto Rico that qualify for relief. Any county that borders a county on the NDMC's list also qualifies.
- **2011 Drought Sales.** This extension immediately impacts drought sales that occurred during 2011.
- **Prior Drought Sales.** However, the IRS has granted previous extensions that affect some of these localities. This means that some drought sales before 2011 are also affected. The IRS will grant additional extensions if severe drought conditions persist.

Get more on this relief in [Notice 2015-69](#) on IRS.gov. This includes a list of states and counties where the IRS relief applies. For more on these tax rules see [Publication 225](#), Farmer's Tax Guide on IRS.gov.