

Program – Agency:

Federal Reforestation Tax Credit and Amortization – Internal Revenue Service (IRS)

Landowner Requirements:

There are no specific landowner requirements for this program.

Lands Eligible:

The land must be managed for timber to be eligible.

Agreement Length:

Tax credits for reforestation expenses can be deducted annually over a 7-year period, Amortization (deduction) of reforestation expenses from your declared income occurs over an 8-year period.

Benefits:

There are 2 parts of this program, a direct tax credit and an amortization (deduction) of expenses from your declared income. Reforestation expenses up to \$10,000 per year are eligible for a 10% direct tax credit (using IRS Form 3468). Amortization allows you to deduct 95% of your reforestation expenses from your income over eight years (using IRS Form 4562).

Acceptable Practices:

Reforestation costs eligible for tax credit include purchasing seeds/acorns or seedlings, hiring labor and supervision for site preparation and tree planting or buying tools and herbicides for the landowner to prepare the site him/herself.

Prohibited Practices:

Landowners may not deduct their own time or time from other family members who also own part of the property receiving the tax credit.