FARM LAW: VERMONT FOOD DONATION AND TAX DEDUCTION

LAW:
As of 2015, all businesses - Class C-corporations, S-corporations, LLCs, partnerships and sole proprietorships are eligible.

HOW DOES IT WORK?
The donating business can deduct the lesser of:
(1) twice the basis value of the donated food OR
(2) the basis value of the donated food plus ½ of the food’s expected profit margin if sold at market value

Example deduction: A local farmer donates tomatoes with a market value of $100. The basis value of these tomatoes was $30. If the tomatoes sold at market value, the profit would be $100 - $30 = $70. Under the tax deduction law, the farm is eligible to deduct the smaller of either (1) twice the basis value, which is $30 x 2 = $60, OR (2) basis value plus ½ the expected profit margin, which is $30 + ($70/2) = $65. In this situation, the deduction would be option (1), which is still well above the original basis value of the tomatoes.

WITH YOUR DONATION OF FRESH, HEALTHY FOOD YOU WILL HELP IMPROVE FOOD SECURITY IN VERMONT

RESOURCES: VERMONT AGENCY OF NATURAL RESOURCES, VERMONT DEPARTMENT OF ENVIRONMENTAL CONSERVATION, HARVARD FOOD LAW AND POLICY CLINIC, VERMONT FOODBANK

HELP VERMONTERS
Prevent food waste and benefit the community and those in need.
1 in 4 Vermonters rely on Food Shelves for their basic sustenance.

HELP YOUR BUSINESS
Businesses can deduct up to 15% of their taxable income for food donations.
2016 VT Food Loss Study found that 92% of farms did not claim this deduction for food donations they had made in 2015.

FOOD REQUIREMENT
Must donate to charitable organization.
Must be used for the care of the ill, needy or infants.
Must maintain federal quality standards for donated food.