

# Worksheet for Farm and Non-Farm Income Tests

2017 Tax Year

(for Active Farmer Category, lines 3 and 4, on application form)

## Occupant information

First name and initial	Last name
If married, spouse's first name and initial	Last name

Address of farm residence
City, state, ZIP

## Farm income test (Active Farmer Category, Line 3)

### Net profit or (loss) from farming - From Schedule F (Form 1040)

1. Net farm profit (loss) from Schedule F, line 34. If a loss, enter as negative number.....		<b>1</b>	
2. a. Depreciation and section 179 expense from Schedule F, line 14.....	<b>2a</b>		
b. Interest expense from Schedule F, lines 21a and 21b.....	<b>2b</b>		
c. Depreciation and interest expense adjustment. Add lines 2a and 2b.....		<b>2c</b>	0
3. Add lines 1 and 2c.....		<b>3</b>	0
4. a. Non-farm income less related expenses included on Schedule F If loss, enter as negative number.....	<b>4a</b>		
b. Non-farm depreciation, section 179, and interest expenses included on line 2c.....	<b>4b</b>		
c. Non-farm income adjustment. Add lines 4a and 4b.....		<b>4c</b>	0
5. Farm income from Schedule F, as adjusted. Subtract line 4c from line 3.....		<b>5</b>	0

### Capital gain - From Schedule D (Form 1040)

6. a. Capital gain from Schedule D, line 11.....	<b>6a</b>		
b. Non-farm capital gain(s) included on line 6a.....	<b>6b</b>	0	
c. Farm capital gain. Subtract line 6b from line 6a.....		<b>6c</b>	0
d. Adjusted basis of the property generating the farm capital gain on line 6c.....		<b>6d</b>	
7. Farm income from Schedule D, as adjusted. Add lines 6c and 6d.....		<b>7</b>	0

### Ordinary gain or (loss) - From Form 4797 (Form 1040)

8. a. Ordinary gain or (loss) from Form 1040, line 14. If loss, enter as a negative number.....	<b>8a</b>		
b. Non-farm gains and (losses) included on line 8a. If a loss, enter as negative number.....	<b>8b</b>	0	
c. Farm gain or (loss). Subtract line 8b from line 8a.....		<b>8c</b>	0
d. Adjusted basis of the property generating the farm ordinary gain or (loss) on line 8c. (Do not include any basis amount already entered on line 6d.).....		<b>8d</b>	
9. Farm income from Form 4797, as adjusted. Add lines 8c and 8d.....		<b>9</b>	0

### Income or (loss) from partnerships and S corporations - From Schedule E (Form 1040)

10. Income or (loss) from Schedule E, line 32. If a loss, enter as a negative number.....		<b>10</b>	
11. a. Depreciation and section 179 expense included in amount on line 10.....	<b>11a</b>		
b. Interest expense included in amount on line 10.....	<b>11b</b>		
c. Depreciation and interest expense adjustment. Add lines 11a and 11b.....		<b>11c</b>	0
d. Add lines 10 and 11c.....		<b>11d</b>	0
12. a. Non-farm income less related expenses included on line 10. If loss, enter as a negative number.....	<b>12a</b>		
b. Non-farm depreciation, section 179, and interest expenses included in amount on line 11c.....	<b>12b</b>		
c. Non-farm income adjustment. Add lines 12a and 12b.....		<b>12c</b>	0
13. Farm income from partnerships and S corporations, as adjusted.....			

Subtract line 12c from line 11d.....

**13** | **0**

**Income or (loss) from estates and trusts - From Schedule E (Form 1040)**

<b>14.</b> Income or (loss) from Schedule E, line 37. If a loss, enter as a negative number.....			<b>14</b>	
<b>15. a.</b> Depreciation and section 179 expense included in amount on line 14.....	<b>15a</b>			
<b>b.</b> Interest expense included in amount on line 14.....	<b>15b</b>			
<b>c.</b> Depreciation and interest expense adjustment. Add lines 15a and 15b.....			<b>15c</b>	0
<b>d.</b> Add lines 14 and 15c.....			<b>15d</b>	0
<b>16. a.</b> Non-farm income less related expenses included on line 14. If loss, enter as a negative number.....	<b>16a</b>			
<b>b.</b> Non-farm depreciation, section 179, and interest expenses included in amount on line 15c.....	<b>16b</b>			
<b>c.</b> Non-farm income adjustment. Add lines 16a and 16b.....			<b>16c</b>	0
<b>17.</b> Farm income from estates and trusts, as adjusted. Subtract line 16c from 15d.....			<b>17</b>	0

**Net farm rental income or (loss) - From Form 4835 (Form 1040)**

<b>18.</b> Net farm rental income or (loss) from Form 4835, line 32. If loss, enter as a negative number.....			<b>18</b>	
<b>19. a.</b> Depreciation and section 179 expense from Form 4835, line 12.....	<b>19a</b>			
<b>b.</b> Interest expense from Form 4835, lines 19a and 19b.....	<b>19b</b>			
<b>c.</b> Depreciation and interest expense adjustment. Add lines 19a and 19b.....			<b>19c</b>	0
<b>20.</b> Add lines 18 and 19c.....			<b>20</b>	0
<b>21. a.</b> Non-farm income and related expenses included on 18. If loss, enter as a negative number.....	<b>21a</b>			
<b>b.</b> Non-farm depreciation, section 179, and interest expenses included on line 19c.....	<b>21b</b>			
<b>c.</b> Non-farm income adjustment. Add lines 21a and 21b.....			<b>21c</b>	0
<b>22.</b> Farm income from Form 4835, as adjusted. Subtract line 21c from line 20.....			<b>22</b>	0

**Dividend income from C corporation engaged in farming activity**

<b>23.</b> Dividend income from Form 1040, line 9a, that is attributable to a C corporation engaged in farming.....			<b>23</b>	
<b>24. a.</b> Taxable income from Form 1120, page 1, line 28.....	<b>24a</b>			
<b>b.</b> Depreciation and section 179 expense claimed on Form 1120.....	<b>24b</b>			
<b>c.</b> Interest expense claimed on Form 1120.....	<b>24c</b>			
<b>d.</b> Depreciation and interest expense adjustment. Add lines 24b and 24c.....			<b>24d</b>	0
<b>e.</b> Add lines 24a and 24d.....			<b>24e</b>	0
<b>25. a.</b> Non-farm income less related expenses included on line 24a.....	<b>25a</b>			
<b>b.</b> Non-farm depreciation, section 179, and interest expenses included on line 24d.....	<b>25b</b>			
<b>c.</b> Non-farm income adjustment. Add lines 25a and 25b.....			<b>25c</b>	0
<b>26. a.</b> Farm income on Form 1120, as adjusted. Subtract line 25c from line 24e.....	<b>26a</b>			0
<b>b.</b> Farm income ratio: Divide line 26a by line 24e.....			<b>26b</b>	0%
<b>27.</b> Farm income from C corporation engaged in farming activity. Multiply line 23 by line 26b.....			<b>27</b>	0

<b>28. Total farm income, as adjusted. Add lines 5, 7, 9, 13, 17, 22, and 27.....</b>	<b>28</b>			0
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29. Total income from Form 1040, line 22. If loss, enter as a negative number.....						<b>29</b>	
30. If Form 1040, line 22, includes a net operating loss deduction carried over from another tax year, enter the net operating loss as a positive number on this line.....						<b>30</b>	
31. Add lines 29 and 30.....						<b>31</b>	0
32. a. Total depreciation and section 179 expense adjustment. Add lines 2a, 11a, 15a, and 19a.....	<b>32a</b>		0				
b. Total interest expense adjustment. Add lines 2b, 11b, 15b, and 19b.....	<b>32b</b>		0				
c. Add lines 32a and 32b.....	<b>32c</b>		0				
d. Non-farm depreciation, section 179, and interest expense adjustment. Add lines 4b, 12b, 16b, and 21b.....	<b>32d</b>		0				
e. Farm depreciation, section 179, and interest expense adjustment. Subtract line 32d from line 32c.....				<b>32e</b>		0	
33. Farm adjusted basis adjustment. Add lines 6d and 8d.....				<b>33</b>		0	
34. Total farm adjustments. Add lines 32e and 33.....						<b>34</b>	0
35. Total income, as adjusted. Add lines 31 and 34.....						<b>35</b>	0

<b>36. Farm income ratio (Line 3 of Active Farmer Category on application form)</b> Divide line 28 by line 35. (Note: If line 28 is equal to or less than zero, enter 0%. If line 28 is greater than zero and line 35 is equal to or less than zero, enter 100%.).....	<b>36</b>		<b>0%</b>
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- The ratio on line 36 must be 50% or more to meet the farm income test for the year.
- The 50% farm income test needs to be met in only one of the three years preceding the year for which the farm residence property tax exemption is requested.
- The farm income test and the non-farm income test (see lines 37 through 39 below) do not have to be met in the same year.

**Non-farm income test (Active Farmer Category, Line 4)**

37. Total income (excluding adjustments for depreciation, section 179, and interest expenses, and adjusted basis). Enter amount from line 31.....						<b>37</b>	0
38. a. Farm income, as adjusted. Enter amount from line 28.....	<b>38a</b>		0				
b. Total farm adjustments. Enter amount from line 34.....	<b>38b</b>		0				
c. Farm income (excluding adjustments for depreciation, section 179, and interest expenses, and adjusted basis). Subtract line 38b from line 38a.....				<b>38c</b>		0	
39. <b>Non-farm income (Line 4 of Active Farmer Category on application form)</b> Subtract line 38c from line 37. If a loss, enter 0.....						<b>39</b>	0

- The amount on line 39 must be \$40,000 or less to meet the non-farm income test for the year.
- The \$40,000 non-farm income test needs to be met in only one of the three years preceding the year for which the exemption is requested.
- The non-farm income test and the farm income test (see lines 1 through 36 above) do not have to be met in the same year.

