



# Instructions for Form IT-217

## Claim for Farmers' School Tax Credit

### Changes for 1998

- The base acreage amount is increased to 250 acres.
- *Engaged in the business of farming* has been expanded to include the production of maple syrup and cider, and the sale of wine from a licensed farm winery, regardless of whether the income from these operations is includable on federal Schedule F, *Profit or Loss From Farming*.
- Excess federal gross income is now used to determine if you are eligible for the credit (i.e., your income from farming must be  $\frac{2}{3}$  of your excess federal gross income). This change will enable more farmers with other sources of income to qualify for the credit. *Excess federal gross income* is federal gross income reduced by the sum, not to exceed \$30,000, of the following items included in federal gross income: wages, salaries, tips and other employee compensation; interest and dividends; pension payments, including social security payments; and those items of gross income that are includable in the computation of net earnings from self-employment for federal income tax purposes.
- Modified New York adjusted gross income is now used to determine the income level at which the credit begins to phase out. This change may allow higher income farmers to claim the credit, or to claim a larger credit. *Modified New York adjusted gross income* means New York adjusted gross income for the tax year reduced by the amount of principal paid on farm indebtedness during 1998.
- A credit recapture may be required if agricultural property on which a credit was claimed in 1997 was converted to nonqualified use during 1998.
- The amount of credit allowed in 1997 must be added to federal adjusted gross income in computing your New York adjusted gross income for 1998. See *New York Additions* in the instructions for Forms IT-201 and IT-203 and *Schedule B, Line 65* instructions for Form IT-205.

### General Information

#### Introduction

For tax years 1997 and thereafter, an individual, estate or trust engaged in the

business of farming may be entitled to an income tax credit for the amount of eligible school district property taxes paid on qualified agricultural property. In addition, if a partnership (including a limited liability company treated as a partnership), a New York S corporation, or estate or trust is engaged in the business of farming or owns qualified agricultural property, an individual, estate or trust that is a member, shareholder or beneficiary of the entity may be entitled to the credit. If the credit exceeds the taxpayer's tax for the year, the excess credit will be refunded, without interest. For more information concerning this credit, you may request a copy of Publication 51, *Questions and Answers on New York State's Farmers' School Tax Credit*.

#### Purpose of Form

Form IT-217 is used to determine if you are eligible to claim the farmers' school tax credit and to determine the amount of the credit. If you are engaged in the business of farming (see *Definitions* below), complete Part I of Form IT-217 to determine if you are eligible to claim the farmers' school tax credit.

#### Definitions

You are *engaged in the business of farming* if you cultivate, operate or manage a farm for gain or profit, even though the operation may not produce a profit every year.

You are engaged in the business of farming if you are a partner in a partnership, a shareholder in a New York S corporation, or the beneficiary of an estate or trust that operates or manages a farm for gain or profit.

You are also engaged in the business of farming if you rent your farm property to another person who uses the property in agricultural production and the rental arrangement meets one of the following conditions:

- The amount of the rental is a crop share (shared rental agreement); that is, the amount of rent is based upon the actual production of the land, whether paid to you in cash or in kind, **or**
- You have an arrangement with your tenant for your participation in the farm business and you meet **one** of the following four tests:

**Test 1** - You do **any** three of the following: (1) pay or stand good for at least half of the direct costs of producing the crop; (2) furnish at least half of the tools, equipment and livestock used in producing the crop; (3) consult with your tenant; and (4) inspect the production activities periodically.

**Test 2** - You regularly and frequently make, or take an important part in making, management decisions substantially contributing to or affecting the success of the enterprise.

**Test 3** - You work 100 hours or more spread over a period of 5 weeks or more in activities connected with crop production.

**Test 4** - You do things which, considered in their total effect, show that you are materially and significantly involved in the production of farm commodities.

*Farming* includes the operation or management of livestock, dairy, poultry, fish, fruit, fur-bearing animal, and vegetable (commonly referred to as truck) farms. Farming also includes the operation or management of plantations, ranches, ranges and orchards. For example, farming includes, but is not limited to, the raising or production of the following commodities:

- field crops, including corn, wheat, oats, rye, barley, hay, potatoes and dry beans;
- fruits, including apples, peaches, grapes, cherries and berries;
- vegetables, whether raised conventionally or hydroponically, including tomatoes, snap beans, cabbage, carrots, beets and onions;
- horticultural specialties, including nursery stock, ornamental shrubs and ornamental trees and flowers;
- livestock and livestock products, including cattle, sheep, hogs, goats, horses, poultry, farmed deer, farmed buffalo, ostrich, emus, fur-bearing animals, milk, and eggs;
- aquaculture products, including fish, fish products, water plants and shellfish (provided the aquaculture products are grown and raised as opposed to merely being harvested or caught);

- honey and beeswax produced from your own bees; and
- maple syrup or cider, regardless of whether the income from these operations is includable on federal Schedule F, *Profit or Loss From Farming*.

Farming also includes the sale of wine from a licensed farm winery as provided in Article 6 of the Alcoholic Beverage Control Law.

You are *not engaged in the business of farming* if your principal source of income is from providing agricultural services, such as soil preparation, veterinary services or farm labor. In addition, you are not engaged in farming if you manage or operate a farm for a salary or fee. Furthermore, if you are cultivating or operating a farm for recreation or leisure (e.g., a hobby farm), you are not engaged in the business of farming. Also, forestry and logging, including the growing of Christmas trees, is not farming unless the products are used in the operation of a farm or are connected with an otherwise qualifying farm operation as described above (i.e., the income from these operations is properly reportable on federal Schedule F).

### How to Claim the Credit

File Form IT-217 if you are an individual or the fiduciary of an estate or trust and you qualify for the farmers' school tax credit (see *Line Instructions* if you are the fiduciary of an estate or trust that distributes all its income).

A partnership or New York S corporation does not file Form IT-217. However, a partnership or S corporation must inform its partners or shareholders of their share of acres of qualified agricultural property, eligible taxes, and acres of qualified agricultural property converted to nonqualified use.

### How to File Your Claim Form

In order to claim the farmers' school tax credit you must file or have filed a New York State return for 1998. If you are filing this claim with your return, transfer the amount on line 19 to the appropriate line on Form IT-201-ATT, Form IT-203-ATT, or Form IT-205, and attach the form to your return. If you have previously filed your 1998 return, send your completed Form IT-217 to:

**State Processing Center**  
**PO Box 61000**  
**Albany NY 12261-0001**

### Private Delivery Services

The date recorded or marked by certain private delivery services, as designated by the U.S. Secretary of the Treasury or the Commissioner of Taxation and Finance, will be treated as a postmark, and that date will be considered to be the date of delivery in determining whether your return was filed on time. The private delivery service can tell you how to get written proof of this date. If you use **any** private delivery service, address your return to: **State Processing Center, 431C Broadway, Menands, NY 12204.**

The current designated delivery services are:

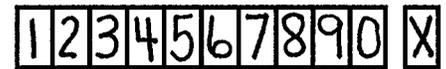
1. Airborne Express (Airborne):  
Overnight Air Express Service  
Next Afternoon Service  
Second Day Service
2. DHL Worldwide Express (DHL):  
DHL Same Day Service  
DHL USA Overnight
3. Federal Express (FedEx):  
FedEx Priority Overnight  
FedEx Standard Overnight  
FedEx 2 Day
4. United Parcel Service (UPS):  
UPS Next Day Air  
UPS Next Day Air Saver  
UPS 2nd Day Air  
UPS 2nd Day Air A.M.

### Filling in Your Claim Form

The front of Form IT-217 for 1998 has been designed to let us use the latest scanning and image-processing equipment. Rectangular boxes have been printed on the form to guide you in making your handwritten entries. This will enable our scanning equipment to read your claim more accurately and let us process it more efficiently. Please spend a moment reviewing the method below for making your entries:

- Please keep your name and address entries within the spaces provided. For example, your first name and middle initial should not go past the vertical line separating them from your last name, and your last name should start to the right of the vertical line. Similarly, your mailing address, ZIP code, etc., should be kept within the boxes provided.
- Please print (using a blue or black ballpoint pen; no pencils, please) or type all "X" marks, money amounts, and acreage amounts in the boxes or spaces provided.

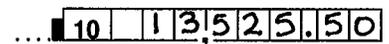
- Do not use dollar signs, commas, decimal points, dashes or any other punctuation marks or symbols.
- Write your numerals like this:



Carefully enter your money amounts so that the whole **dollar amount** ends in the box immediately to the **left** of the cents decimal and the **cents amount** starts in the box immediately to the **right** of the cents decimal.

- Make your money amount entries in the boxes allowing one numeral for each area.

**Example:** If your entry for line 10 is \$13,525.50, your money field entry should look like:



- Leave blank any spaces and boxes that do not apply to you. However, treat these lines as zero.

### Line Instructions

*Individuals:* complete Parts I, II, and VI.  
*Partners, S corporation shareholders and beneficiaries of estates and trusts:* complete Parts I, II, III, IV, and VI.  
*Fiduciaries:* complete Parts I, II, III, IV, V, and VI. **Note:** If you are the fiduciary of an estate or trust that distributes **all** its income to its beneficiaries, complete only Part I, items A, B, and F, and Parts III, IV, V, and VI.

**Caution:** If you are married, your eligibility for the credit (see Part I, items C and D) and the amount of the credit (see Part II, line 15) may depend on whether you file a joint or separate New York return. However, in order to file separate New York returns, you generally must file separate federal returns. Since many federal and state tax benefits are eliminated or reduced when separate returns are filed, you may want to figure your federal and state taxes both ways to determine the most beneficial way to file.

### Part I - Eligibility

This part is used to determine if you are eligible to claim the farmers' school tax credit.

**Item A** – If you owned qualified agricultural property during 1998, or were a partner in a partnership, shareholder of a New York S corporation, or beneficiary of an estate or trust that owned qualified agricultural property during 1998, check the Yes box.

**Qualified agricultural property** includes land and land improvements located in New York State that are used in agricultural production. It also includes structures and buildings (except for buildings used by the taxpayer for residential purposes) that are located on the land and used or occupied to carry out agricultural production.

Agricultural production means those activities discussed under *engaged in the business of farming* on page 1.

Land used in agricultural production includes land under structures or buildings which are qualified agricultural property, and land in support of a farm operation, such as farm ponds, drainage swamps, wetlands and access roads.

A structure or building qualifies if it is used (1) in the raising and production for sale of agricultural or horticultural commodities, or (2) for the storage of agricultural commodities for sale at a future time, or (3) for the storage of supplies or for the storage or servicing of equipment necessary for agricultural or horticultural production.

A structure or building is not qualified agricultural property if it is used for (1) the processing of agricultural commodities, or (2) the retail merchandising of agricultural commodities, or (3) the storage of commodities for the personal consumption of you or your family, or (4) your residence or the residence of your immediate family.

Note: In the case of the production of maple syrup, cider, and the sale of wine from a farm winery, buildings and structures used to process the sap into syrup, the apples into cider, or grapes into wine are considered qualified agricultural property even though the property is used in processing.

Processing means doing something to a farm commodity beyond what is needed to make it initially marketable. The mere sorting, washing, and packaging of fruits and vegetables is not considered processing.

Your residence includes a house, mobile home, etc., and any other buildings associated with it, such as garages or sheds, that are used by you or your immediate family for residential purposes.

**Item B** – If you paid eligible school district property taxes on qualified agricultural property during 1998, or you were a partner in a partnership, shareholder of a New York S corporation, or beneficiary of an estate or trust that paid eligible school district property taxes on qualified property during 1998, check the *Yes* box.

**Eligible school district property taxes** are real property taxes levied by a school district on qualified agricultural property **owned** by you. Real property taxes levied by towns, villages, cities or other municipal governments are not eligible taxes. Eligible taxes include taxes paid on qualified agricultural property which you own but rent to someone else. However, eligible taxes do not include taxes paid on qualified agricultural property that you rent from someone else, even if the rental agreement provides that you must actually pay the taxes.

Real property taxes levied by a school district include all property taxes, special ad valorem levies and special assessments levied by a school district. Also included are taxes levied by a school district for the support of local libraries. Penalties and interest are not included.

If you were a partner in a partnership, a shareholder of a New York S corporation, or the beneficiary of an estate or trust that owned qualified agricultural property during 1998, eligible taxes includes your pro rata or distributive share of the taxes paid by the partnership, S corporation or estate or trust for the year.

If you own both qualified agricultural property and nonqualified property, and you receive only one school tax bill for all the property, you must apportion the total school taxes paid between the qualified and nonqualified property based upon the value of the properties. Your local assessor may be able to tell you the value of your qualified and nonqualified property. If your assessor is unable to provide this information, you may use any other reasonable method, such as basing the value on the recent sale price of similar property in your area, to determine the value. In either case, you should keep records to substantiate how you allocated the taxes.

**Item C** – In order to qualify for this credit, the amount shown on Worksheet A, line 3 below, must be less than \$150,000.

**Worksheet A**

1. Enter your New York adjusted gross income from Form IT-201 or IT-203, line 31 or Form IT-205, line B..... 1. \_\_\_\_\_
2. Enter the amount of **principal** paid on farm indebtedness during 1998 (see instructions below) . . . 2. \_\_\_\_\_
3. Subtract line 2 from line 1. If less than \$150,000, check the *Yes* box in item C..... 3. \_\_\_\_\_

*Farm indebtedness* means debt incurred or refinanced that is secured by farm property, where the proceeds of the debt are used for expenditures incurred in the business of farming. Include your share of farm indebtedness from your partnership, New York S corporation, or estate or trust. Debt, or that portion of the debt, that is secured by your principal residence does not qualify, even if the proceeds of the loan are used for farm expenditures.

For filing status ③, *Married filing separate return*: if the debt is a joint obligation of you and your spouse, the amount of principal paid on farm indebtedness may be divided in any manner you wish.

**Item D** – Complete Worksheet B on page 6 or Worksheet C on page 7, whichever is applicable.

**Item E** – If you and one or more related persons each owned qualified agricultural property on March 1, 1998, check the box at Item E. Also, be sure to read the instructions for Part II, line 5.

A **related person** includes your spouse (unless you are filing a joint return), and any C corporation (a corporation that is not a New York S corporation) of which you (and your spouse, if filing a joint return) collectively own more than 50% of the stock. A related person also includes any estate or trust in which you (and your spouse, if filing a joint return) collectively own more than 50% of the beneficial interest.

Example: You owned qualified agricultural property individually on March 1, 1998. You also are a 75% shareholder in a C corporation that owned qualified agricultural property on

March 1, 1998. You and the corporation are related persons.

The following are also examples of related persons:

- If an estate or trust (or the grantor of the trust) owns more than 50% of a C corporation, or the corporation owns more than 50% of the estate or trust, the estate or trust and the corporation are related persons.
- If an estate or trust (or grantor of the trust) owns more than 50% of another estate or trust, the first estate or trust and the second estate or trust are related persons.
- If the same person owns more than 50% of a C corporation and more than 50% of an estate or trust, the corporation and the estate or trust are related persons.
- If the same person owns more than 50% of more than one estate or trust, the estates and trusts are related persons.

**Item F** – You cannot claim the farmers' school tax credit for qualified agricultural property which is converted to nonqualified use during the tax year. If only part of your qualified agricultural property is converted to nonqualified use during the tax year, you can claim a credit for the part of the property that is not converted. In addition, you may be subject to the recapture provision (see *Part VI* on page 5).

*Conversion to nonqualified use* means an outward or affirmative act changing the use of agricultural land. The idling, non-use or sale of the land is not by itself a conversion.

**Example 1:** You sell 100 acres of land to a developer in 1998. The developer actually builds a housing development on the land during 1998, and as a result the land is no longer used in agricultural production. This is a conversion to nonqualified use.

**Example 2:** You discontinue farming during 1998, but continue to hold the farm property for investment purposes. This is not a conversion to nonqualified use.

**Example 3:** You sell qualified agricultural property to another person who continues to use the property in agricultural production. This is not a conversion to nonqualified use.

## Part II - Computation of Credit

**Line 1** – Enter the total acres of qualified agricultural property owned by you (and your spouse if filing a joint return) during 1998. Be sure to include the number of acres under buildings or structures that are qualified agricultural property.

For filing status ③, *Married filing separate return*: enter only the total acres of qualified property owned by you during 1998. If you and your spouse owned the qualified agricultural property jointly (such as joint tenants or tenants in common), each spouse can claim only one-half of the acreage amount unless you both agree to split the acreage in a different manner. If you both agree, you may split the acreage in any manner you wish.

If you checked the box at item F, do not include on line 1 the acres of property converted to nonqualified use.

**Line 5** – If you did not check box E in Part I, enter 250 on line 5. If you did check box E in Part I, you must allocate the 250 base acres among yourself and the other related parties. The base acres must be divided equally between the parties unless you all agree to a different division. If you all agree, you may divide the base acres in any manner you wish. If you elect an unequal division, you must attach a statement to Form IT-217, setting forth the following information:

- the name, address and taxpayer identification number of the related person(s) and
- the amount of base acreage allocated to you and the related person(s).

The statement must be signed by you, and by the related person(s) or by any person who is duly authorized to act on behalf of the related person(s).

**Line 10** – Enter the eligible school taxes paid by you (and your spouse if filing a joint return) in 1998.

For filing status ③, *Married filing separate return*: enter only the eligible taxes paid on qualified agricultural property owned by you. If you and your spouse owned the qualified agricultural property jointly, you must divide the eligible taxes in the same manner as you divided the acres of qualified property (see the instructions for line 1).

If you checked the box at item F, do not include on line 10 the school taxes paid

during the year on property that was converted to nonqualified use.

If you continue to own the property after the conversion to nonqualified use, and the converted property is included as part of your total tax bill, you may allocate the total taxes to the converted property on the basis of the amount of acreage converted to the total acreage covered by the tax bill.

If the converted property is sold, the closing documents will show the amount of school taxes reimbursed to you by the buyer. You must reduce your current year's eligible school taxes by the amount of these reimbursed taxes in determining the credit.

**Line 15** – If line 15 is more than \$100,000, your credit is limited.

## Part III - Partnership, S Corporation, and Estate or Trust Information

Enter the appropriate information for each partnership, S corporation or estate or trust that owned qualified agricultural property. If you need more space, attach a separate schedule.

### Part IV - Partner's, Shareholder's, or Beneficiary's Share of Qualified Agricultural Property and Eligible Taxes

Partners, shareholders, or beneficiaries must complete Part IV.

Enter your share of the acres of qualified agricultural property and eligible taxes from a partnership, New York S corporation or estate or trust on the appropriate lines in Part IV. Obtain your share of acres of qualified property and eligible taxes from the partnership, corporation, or estate or trust. If you belong to more than one partnership, New York S corporation or estate or trust, enter the total of all your shares on the appropriate line. Estates and trusts: Include on lines 5 and 6 only your share of acres of qualified agricultural property and eligible taxes from another estate or trust.

### Part V - Beneficiary's and Fiduciary's Share of Acres of Qualified Agricultural Property and Eligible Taxes

An estate or trust must complete Part V. **Columns C and D**

Include in the total line both (1) the acres of qualified property owned by the estate

or trust and the eligible taxes paid by the estate or trust, and (2) the estate's or trust's share of each item from Part IV, line 7. If you checked the box at item F, do not include the acres of property converted or the taxes paid on that property.

### Column E

Include in the total line the acres of qualified agricultural property which were converted to nonqualified use in 1998 on which you claimed a credit in 1997. See *Part VI* below. The converted acreage includes both (1) the acres of qualified agricultural property converted by the estate or trust and (2) the estate's or trust's share of acres of qualified agricultural property converted by a partnership, New York S corporation, or another estate or trust (obtain the estate's or trust's share of these amounts from the partnership, S corporation, or estate or trust).

The total acres of qualified agricultural property, total eligible taxes, and total acres of qualified agricultural property converted to nonqualified use are allocated between the estate or trust and its beneficiaries on the same basis as the income of the estate or trust is allocated.

## Part VI - Credit Recapture on Qualified Agricultural Property Converted to Nonqualified Use

### General Information

If all of your qualified agricultural property is converted to nonqualified use (see Item F on page 4) before the end of the second tax year following the year in

which you first claimed a credit, the entire credit you claimed on the converted property in the two previous years must be added back in the year of the conversion. If only a portion of the qualified agricultural property is converted to nonqualified use, a proportionate share of the credit claimed must be added back.

For conversions in 1998, the addback applies only to credit claimed in 1997, since 1997 was the first year for which the credit could be claimed.

**Example 1:** A farmer first claims the credit for tax year 1997. On August 1, 1998, all the farmer's qualified agricultural property is converted to nonqualified use. In this instance, no credit will be allowed for 1998, and the entire amount of the credit claimed for 1997 must be added back in 1998.

**Example 2:** A farmer first claims the credit for tax year 1997. On June 1, 2000, the entire property is converted to nonqualified use. In this instance, no credit is allowed for the year 2000. However, since the conversion takes place after the end of the second year (1999) following the year in which the credit was first claimed (1997), the farmer is not required to add back the credit claimed in 1997 or 1998.

**Example 3:** A farmer first claims the credit for tax year 1997. The credit is based on 500 acres of qualified agricultural property owned by the farmer. On September 1, 1998, 100 acres of that property is converted to nonqualified use. In this instance, a credit will be allowed for

1998 based on the 400 acres of qualified agricultural property not converted to nonqualified use, and one-fifth (100/500) of the credit claimed in 1997 must be added back in 1998.

## Column Instructions

### Column A -

**Individuals** - Enter the total acres of qualified agricultural property converted to nonqualified use in 1998 on which you claimed a credit in 1997. Also include your share of acres of qualified agricultural property converted to nonqualified use from your partnership, New York S corporation, or estate or trust (obtain your share of these amounts from your partnership, New York S corporation, or estate or trust).

**Fiduciaries** - Enter the fiduciary's share of acres of qualified agricultural property converted to nonqualified use from Part V, column E, line 3.

**Column B** - Enter the total acres of qualified agricultural property which you owned immediately prior to the conversion (including your share of property owned by your partnership, New York S corporation, or estate or trust).

**Column D** - Enter the total farmers' school tax credit claimed in 1997 (from your 1997 Form IT-217; line 19).

**Column E** - Transfer the column E amount to Form IT-201-ATT, Part II, line 21, Form IT-203-ATT, Part II, line 21 or Form IT-205, line 12.

**Worksheet B Individuals - Farming Gross Income**

**(to be completed by Form IT-201 and IT-203 filers; keep for your records.)**

1	Add the income (not loss) amounts on federal Form 1040, lines 7, 8a, 9, 10, 11, 15b, 16b, 19, 20b, and 21 (see instructions) .....	1	_____
2	Enter the income (not loss) from federal Schedule C, line 7 .....	2	_____
3	Enter the amount from federal Schedule C-EZ, line 1 .....	3	_____
4	Add the gain (not loss) amounts on federal Schedule D, column (f), lines 1, 2, 4, 8, 9, 11, and 13 (see instructions) ....	4	_____
5	Add the amounts on federal Schedule E, lines 3, 4, 36, and 38 .....	5	_____
6	Enter the income (not loss) from federal Schedule F, line 11 .....	6	_____
7	Add the gain (not loss) amounts on federal Form 4797, column (g), lines 2-6, 10, and 13-17 (see instructions) ....	7	_____
8	Enter amount from federal Form 4835, line 7 .....	8	_____
9	Add the amounts on federal Schedule K-1 (Form 1065), lines 15b and 15c (less any partnership items included in lines 1-7) ...	9	_____
10	Enter your share of S corporation gross income (see instructions).....	10	_____
11	Add lines 1 through 10 .....	11	_____
12	Add the amounts on federal Form 1040, lines 7, 8a, 9, 15b, 16b, and 20b .....	12	_____
13	Add the amounts from lines 2, 3, and 6 above .....	13	_____
14	Certain partnership gross income (see instructions).....	14	_____
15	Add lines 12, 13, and 14 .....	15	_____
16	Enter the lesser of line 15 or \$30,000 .....	16	_____
17	Subtract line 16 from line 11 (if line 16 is greater than line 11, enter "0").....	17	_____
18	Enter the amount from line 6 above .....	18	_____
19	Enter the amount from federal Schedule E, line 41 (see instructions) .....	19	_____
20	Add the amounts on federal Form 4797, column g, that represent gains from the sale of livestock used for draft, breeding, sport or dairy purposes (see instructions).....	20	_____
21	Enter the amount from lines 2 and 3 above if these amounts represent gross income from the production of maple syrup, cider or gross income from the sale of wine (see instructions)..	21	_____
22	Enter your share of gross income from the production of maple syrup, cider or sale of wine from a partnership, S corporation, or estate or trust (see instructions).....	22	_____
23	Add lines 18 through 22 .....	23	_____
24	Enter amount from line 17 above (see instructions) .....	24	_____
25	Divide line 23 by line 24 and carry the result to four decimal places .....	25	_____

**Instructions for Worksheet B**

**Line 1** – If federal Form 1040, line 21, includes both income and loss items, include only the income amounts on line 1. For example, on federal Form 1040, line 21, you report gambling winnings of \$2,000 and a net operating loss carryover of (\$3,000), for a net amount of (\$1,000). In computing the amount on line 1 of the worksheet, include only the gambling winnings of \$2,000.

**Line 4** – Include on line 4 only gains used in figuring the amounts reported in column (f) of Schedule D. Loss transactions cannot be netted against gain transactions. For example, on Schedule D-1, column (f), you include a gain of \$200 for one transaction and a loss of \$300 for another transaction, for a net loss of \$100 which you include on Schedule D, line 2, column (f). Include on line 4 only the gain of \$200. However, do not include on line 4 any gain from federal Form 4797 reported on line 11, column (f) of Schedule D.

**Line 7** – Include on line 7 only gains used in figuring the amounts entered in column (g) of Form 4797. Loss transactions cannot be netted against gain transactions.

**Line 10** – Obtain your share of S corporation gross income from the S corporation. Do not include on line 10 any S corporation income included in lines 1-7.

**Line 14** – If you were a partner in a partnership and your federal Schedule K-1 shows any amount (including a loss) on line 15(a), enter the sum of lines 15(b) and 15(c).

**Line 19** – Do not include on line 19 gross income from fishing included in federal Schedule E, line 41.

**Line 20** – Include in line 20 only gains (not losses) reported on federal Form 4797 that represent gains from the sale of livestock used for draft, breeding, sport or dairy purposes. Do not include any other gains or losses reported on federal Form 4797 (such as gains from the sale of farm machinery) even though these gains may be related to your farming business.

**Line 21** – Include in line 21 only the amounts from lines 2 and 3 that represent gross income (gross receipts less cost of goods sold) from the production of maple syrup (including maple syrup related products), cider or gross income from the sale of wine from a licensed farm winery. Do not include gross income reported on lines 2 and 3 that are from other types of businesses or products.

**Line 22** – Obtain these amounts from your partnership, S corporation or estate or trust.

**Line 25** – If the line 24 amount is "0," and you have an amount (other than "0") on line 23, enter 1.00 (100%) on line 25.

**Worksheet C Estates, Trusts - Farming Gross Income**  
**(to be completed by Form IT-205 filers; keep for your records.)**

1	Add the income (not loss) amounts on federal Form 1041, lines 1, 2, and 8 .....	1	_____
2	Enter the income (not loss) from federal Schedule C, line 7 .....	2	_____
3	Enter the amount from federal Schedule C-EZ, line 1 .....	3	_____
4	Add the gain (not loss) amounts on federal Schedule D (Form 1041), lines 1, 2, 6, 7, and 9 (see instructions) .....	4	_____
5	Add the amounts on federal Schedule E, lines 3, 4, 36, and 38 .....	5	_____
6	Enter the income (not loss) amount on federal Schedule F, line 11 .....	6	_____
7	Add the gain (not loss) amounts on federal Form 4797, column g, lines 2-6, 10, and 13-17 (see instructions) .....	7	_____
8	Enter amount from federal Form 4835, line 7 .....	8	_____
9	Add the amounts on federal Schedule K-1 (Form 1065), lines 15b and 15c (less any partnership items included in lines 1-7) .....	9	_____
10	Enter the estate's or trust's share of S corporation gross income (see instructions) .....	10	_____
11	Add lines 1 through 10 .....	11	_____
12	Add the income amounts on federal Form 1041, lines 1 and 2 .....	12	_____
13	Enter the amount of any pension payments included on federal Form 1041, line 8 .....	13	_____
14	Add the amounts from lines 2, 3 and 6 above .....	14	_____
15	Certain partnership gross income (see instructions) .....	15	_____
16	Add lines 12, 13, 14, and 15 .....	16	_____
17	Enter the lesser of line 16 or \$30,000 .....	17	_____
18	Subtract line 17 from line 11 (if line 17 is greater than line 11, enter "0") .....	18	_____
19	Enter the amount from line 6 above .....	19	_____
20	Enter the amount from federal Schedule E, line 41 (see instructions) .....	20	_____
21	Add the amounts on federal Form 4797, column g, that represent gains from the sale of livestock used for draft, breeding, sport or dairy purposes (see instructions) .....	21	_____
22	Enter the amount from lines 2 and 3 above if these amounts represent gross income from the production of maple syrup, cider or gross income from the sale of wine (see instructions) .....	22	_____
23	Enter the estate's or trust's share of gross income from the production of maple syrup, cider, or sale of wine from a partnership, S corporation, or estate or trust (see instructions) .....	23	_____
24	Add lines 19 through 23 .....	24	_____
25	Enter amount from line 18 above (see instructions) .....	25	_____
26	Divide line 24 by line 25 and carry the result to four decimal places .....	26	_____

**Instructions for Worksheet C**

**Line 4** – Include on line 4 only gains used in figuring the amounts reported in column (f) of Schedule D. Loss transactions cannot be netted against gain transactions.

**Line 7** – Include on line 7 only gains used in figuring the amounts entered in column (g) of Form 4797. Loss transactions cannot be netted against gain transactions.

**Line 10** – Obtain your share of S corporation gross income from the S corporation. Do not include on line 10 any S corporation items included in lines 1-7.

**Line 15** – If you were a partner in a partnership and your federal schedule K-1 shows any amount (including a loss) on line 15(a), enter the sum of lines 15(b) and 15(c).

**Line 20** – Do not include on line 20 any gross income from fishing included in federal Schedule E, line 41.

**Line 21** – Include in line 21 only gains (not losses) reported on federal Form 4797 that represent gains from the sale of livestock used for draft, breeding, sport or dairy purposes. Do not include any other gains or losses reported on federal Form 4797 (such as gains from the sale of farm machinery), even though these gains may be related to your farming business.

**Line 22** – Include in line 22 only the amounts from lines 2 and 3 that represent gross income (gross receipts less cost of goods sold) from the production of maple syrup (including maple syrup related products), cider or gross income from the sale of wine from a licensed farm winery. Do not include gross income reported on lines 2 and 3 that are from other types of businesses or products.

**Line 23** – Obtain these amounts from your partnership, S corporation or estate or trust.

**Line 26** – If the line 25 amount is "0," and you have an amount (other than "0") on line 24, enter 1.00 (100%) on line 26.