Three-year averaging method

If your gross farm income was not two-thirds (at least 0.6667) of your excess federal gross income for the current year, you may still meet this eligibility requirement using the three-year averaging method. If your average federal gross income from farming for the tax year and the two consecutive tax years immediately preceding the tax year is at least two-thirds (at least 0.6667) of your tax year's excess federal gross income, you are an eligible farmer. To determine this average, complete the below worksheet.

Worksheet 1

Description	Amount
1. Excess federal gross income for this tax year	1. _______
2. Gross income from farming for this tax year	2. _______
3. Gross income from farming for the tax year that was one year prior to this tax year	3. _______
4. Gross income from farming for the tax year that was two years prior to this tax year	4. _______
5. Add lines 2, 3, and 4. Divide this sum by 3	5. _______
6. Divide line 5 by line 1, and round the result to four decimal places	6. _______

Instructions

Lines 1 and 2: These amounts can be found on the worksheet for your entity type:

- Worksheet A for Forms CT-3 and CT-3A filers, lines 6 and 11, respectively
- Worksheet B for Form CT-3-S filers, lines 8 and 13, respectively
- Worksheet C for sole proprietors, lines 18 and 24, respectively
- Worksheet D for Form IT-205 filers, lines 17 and 22, respectively
- Worksheet E for Form IT-204 filers, lines 16 and 22, respectively

Lines 3 and 4: If you did not calculate the amounts for the prior year, use the worksheet for your entity to calculate your gross farming income for the two prior tax years. If you did not have any farm income in the previous one or two years, enter ***0*** on lines 3 or 4.

Line 6: If the result on line 6 is at least 0.6667 (66.67%), you meet the definition of *eligible farmer*. If the result is less than 0.6667, you are not an eligible farmer.