

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 – Mark an **X** in the **Yes** box if during the tax year:

- you paid eligible school district property taxes on qualified agricultural property, 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, or
- your parent, grandparent, or sibling paid eligible school district property taxes on qualified agricultural property and you have a written agreement and waiver document as described in *Item A, 3*), or
- you are the immediate family member of the settlor of a trust that paid eligible school district property taxes on qualified agricultural property, under the terms of the trust, the title to the property will pass to you upon the death of the settlor, and you have a waiver document as described in *Item A, 4*),

Eligible school district property taxes are real property taxes levied by a school district on qualified agricultural property:

- owned by you, or
- owned by your:
 - parent;
 - grandparent; or
 - sibling; **and**
 - you have a written agreement with the owner(s) that you intend to eventually purchase that qualified agricultural property, even if you did not actually pay the school district property taxes on the qualified agricultural property, and
 - the owner(s) has given you a document stating that the owner(s) is waiving their right to claim the credit, if any, on the qualified agricultural property that is subject to the written agreement.

If the qualified agricultural property is owned by a **trust** where **you** are an immediate family member of the settlor, the real property taxes levied by a school district are also considered eligible school district property taxes, as long as:

- under the terms of the trust the title to the property passes to you upon the death of the settlor, and
- the trust has given you a document stating that the trust is waiving its right to claim the credit, if any, on the qualified agricultural property that is subject to the terms of the trust.

Note: Qualified agricultural property you purchased under a land sales contract is considered owned by you if you are obligated under the land sales contract to pay the school district property taxes on the purchased property and you are entitled to deduct those taxes as a tax expense for federal income tax purposes.

Note: For purposes of claiming the farmers' school tax credit, you must reduce the amount of eligible school district property taxes by any school tax relief (STAR) credit claimed under Tax Law section 606(eee).

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, eligible taxes include 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 – Complete Worksheet A below. In order to qualify for this credit, the amount shown on Worksheet A, line 6, must be less than \$300,000.

Worksheet A

1	Enter your New York adjusted gross income from Form IT-201, line 33, Form IT-203, line 32, or Form IT-205, line B	1	_____
2	If your New York C corporation has a special gross income from farming election, enter your pro rata share of your New York C corporation's entire net income (obtain this information from your corporation)	2	_____
3	If your partnership or New York S corporation is a shareholder of a New York C corporation that has a special gross income from farming election, enter your share of the partnership's or S corporation's pro rata share of the New York C corporation's entire net income (obtain this information from your partnership or S corporation)	3	_____
4	Add lines 1 through 3	4	_____
5	Enter the amount of principal paid on farm indebtedness during the tax year (see instructions below)	5	_____
6	Subtract line 5 from line 4. If less than \$300,000, mark an X in the Yes box in item C	6	_____

Farm indebtedness means debt incurred or refinanced that is secured by farm property, when the proceeds of the debt are used for expenditures incurred in the business of farming. 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.

Also include on line 5 your share of the amount of principal paid on farm indebtedness from your partnership, New York S corporation, New York C corporation (if the New York C corporation has a special gross income from farming election), or estate or trust (obtain this information from your partnership, corporation, or estate or trust).

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.