

# 2003 MICHIGAN Farmland Preservation Tax Credit Claim

Issued under authority of the Income Tax Act of 1967.

Attach to Form MI-1040. Read all instructions before completing this form. Type or print in blue or black ink.

**PART 1: IDENTIFICATION**

**Attachment Sequence No. 03**

▶ <b>1.</b> Primary Filer's First Name, Middle Initial, and Last Name	▶ <b>2.</b> Filer's Social Security Number
If a Joint Return, Spouse's First Name, Middle Initial, and Last Name	▶ <b>3.</b> Spouse's Social Security Number

**PART 2: COMPUTATION OF CREDIT**

Complete a Schedule CR-5 before completing Part 2.

- 4. Total taxes for all agreements from line 3, column F, Schedule CR-5 ..... ▶ **4.** \_\_\_\_\_ **.00**
- 5. Are all of the taxes that qualify for a homestead property tax credit included in the total on line 4?  
 Yes     No
- 6. If "No," enter the taxes on your home and farmland that qualify for a property tax credit but are not under a farmland preservation agreement ..... **6.** \_\_\_\_\_ **.00**
- 7. Total. Add lines 4 and 6 ..... ▶ **7.** \_\_\_\_\_ **.00**
- 8. Household income from MI-1040CR, line 29, or CR-2, line 29 ..... **8.** \_\_\_\_\_ **.00**
- 9. Depletion allowance claimed on your federal return ..... **9.** \_\_\_\_\_ **.00**
- 10. Total. Add lines 8 and 9 ..... **10.** \_\_\_\_\_ **.00**
- 11. Total taxes on land covered by Farmland Developmental Rights Agreement from line 4 ..... **11.** \_\_\_\_\_ **.00**
- 12. Taxes not eligible for credit. Multiply line 10 by 3.5% (.035) ..... **12.** \_\_\_\_\_ **.00**
- 13. Subtract line 12 from line 11 ..... **13.** \_\_\_\_\_ **.00**
- 14. Enter your Homestead Property Tax Credit from MI-1040CR or CR-2 **14.** \_\_\_\_\_ **.00**
- 15. Total Property Tax Credits. Add lines 13 and 14 ..... **15.** \_\_\_\_\_ **.00**

**IF LINE 15 IS LESS THAN LINE 7, ENTER THE AMOUNT FROM LINE 13 ON LINE 31 OF YOUR MI-1040 AND STOP HERE.**

- 16. If line 15 is greater than line 7, enter the amount from line 7 ..... **16.** \_\_\_\_\_ **.00**
- 17. Enter the amount from line 14 ..... **17.** \_\_\_\_\_ **.00**
- 18. Subtract line 17 from line 16. Enter here and on line 31 of your MI-1040 ..... ▶ **18.** \_\_\_\_\_ **.00**

**PART 3: SIGNED DISTRIBUTION STATEMENT FOR JOINT OWNERS**

Complete only if you are a joint owner with someone other than your spouse. Part 3 **must** be signed by all joint owners.

Agreement Number	Partner's or Joint Owner's Name	Partner's or Joint Owner's Social Security Number	Partner's or Joint Owner's Percentage of Income	Partner's or Joint Owner's Percentage of Ownership	Signatures are required of all partners or joint owners other than your spouse.

**Assemble your return and attachments in the following order, beginning on top:**

- *Michigan Individual Income Tax Return* (Form MI-1040).
- *Michigan MI-1040 Schedule 1*.
- *Nonresident and Part-Year Resident Schedule* (Schedule NR).
- *Farmland Preservation Tax Credit Claim* (Form MI-1040CR-5).
- *Schedule of Taxes and Allocation to Each Agreement* (Schedule CR-5).
- A completed *Homestead Property Tax Credit Claim* (Forms MI-1040CR or MI-1040CR-2), even if you are not qualified to receive a credit.
- *College Tuition and Fees Credit* (Schedule CT).
- A copy of any recorded Farmland Development Rights Agreement (FDRA) not claimed on your previous year's return.
- **A copy of your 2003 property tax statements that show the taxable value, the property taxes levied by millage rate and the corresponding agreement numbers.**
- An official allocation of your tax statement amount between property subject to an FDRA and property not covered by an FDRA.
- A copy of your receipt showing payment of your 2002 or 2003 property taxes.
- A copy of page 1 and 2 of your 2003 U.S. *1040*. (If you are not required to file a federal return, attach a schedule showing farm income and expenses used to arrive at net income.)
- Copies of federal schedules and forms which reflect adjustments to gross income (*Schedules C, D, E and F*, and U.S. *4797* and *4835*).
- Your *Application for Michigan Net Operating Loss Refund* (Form MI-1045), if you have reduced your household income by an operating loss or carryover.
- Partnerships must attach U.S. *1065* and *Schedule K-1*. S corporation shareholders must attach U.S. *1120S* and *Schedule K-1*.
- Joint owners must attach a statement signed by all owners specifying each owner's percent of income and expenses, or complete Part 3 of the MI-1040CR-5.
- *Schedule of Withholding* (Schedule W).

**Mail the above documents to the address on the *MI-1040 Individual Income Tax Return*.**

**For assistance, call 1-800-827-4000. Persons who are deaf, hard of hearing, or have a speech impairment may call 517-636-4999 (TTY).**

# Line-by-Line Instructions: Schedule CR-5 and MI-1040CR-5

*Lines not listed are explained on the form.*

## Schedule CR-5

**Column A:** Agreement number or contract number is found in the lower right corner of each agreement. The first two numbers represent the county where the property is located. The middle set of numbers is the actual contract number. The final six numbers are the year of expiration, i.e., 123103 (December 31, 2003). The contract number retains its original series throughout the term of the agreement. However, a letter may be added to indicate that the agreement was split into multiple agreements. The final six numbers change when the agreement is reduced or extended. Always use the contract number on your most recently recorded agreement and attach a copy of each 2003 tax statement that corresponds to the agreement number listed.

**Column B:** List the 2003 taxable value for each parcel of land that you owned in 2003. The taxable value is found on your property tax statement(s) for each agreement. The total taxable value for each agreement must be listed; do not list each individual parcel. You may also contact your local assessor for this information.

**Notes:** If the property tax statement includes taxable value for land not covered by an FDRA, the taxable value reported in column B must be adjusted accordingly. The taxable value that cannot be claimed must be determined by the local assessor's office and submitted on his or her official letterhead.

If the property tax statement includes taxable value for land on more than one agreement, the taxable value reported in column B must be separated according to land in each agreement. The local assessor will be able to determine what the breakdown is based on the legal descriptions of the land enrolled under each agreement.

**Column C:** For each agreement, check the "Yes" box if you attached paid tax receipts for 2002 or 2003. If paid receipts are not attached, check the "No" box. If you do not check a box, your Farmland

Preservation Credit will be issued jointly to you and the treasurer for the county where the property is located.

**Note: 2003 property tax statements must be attached regardless of which box is checked in column B. If you e-file your MI-1040CR-5, you do not need to send your property tax statements unless requested by mail.**

**Column D:** Enter "I" if you are the individual owner or co-own the land with your spouse, "J" if you are a joint owner with someone other than your spouse, "P" if the land is owned by a partnership, or "S" if the land is owned by an S corporation.

**Column E:** If the land is owned by you and someone other than your spouse, enter your percent of income from the signed statement or your percent of ownership based on the number of owners. If the land is owned by a partnership, enter your percent of income or ownership. All partners must use the same basis for filing. If the land is owned by an S corporation, enter your percent of stock ownership.

**Column F: Individuals** enter the taxes from each tax agreement for the portion of land enrolled under an agreement. **Joint owners, partners, and shareholders** enter only their allocated share of taxes from each tax statement for the portion of land enrolled under an agreement.

**Note:** If the property tax statement includes taxes for land not covered by an FDRA, the taxes reported in column F must be reduced accordingly. The amount of taxes that cannot be claimed must be determined by the local assessor's office and submitted on his or her official letterhead. The 1 percent collection fee may be included. Do not include penalties, interest or special assessments.

If the property tax statement includes taxes for land on more than one agreement, the taxes reported in column F must be separated according to land in each agreement. The local assessor will be able to determine what the breakdown is based on the legal descriptions of the land enrolled under each agreement.

## MI-1040CR-5

**Line 4:** Enter the amount from line 3, column F, Schedule CR-5.

**Line 5:** If all of the taxes which qualify for a homestead property tax credit are included in the total on line 4, check the "Yes" box. Otherwise, check the "No" box.

**Line 6:** If you answered "Yes" to line 5, enter "NONE." If you answered "No" to line 5, enter the taxes on your home and farmland that qualify for a homestead property tax credit but are not included in your FDRA.

**Line 7:** Add the total of line 4 to line 6. If you wrote "NONE" on line 6, carry the total on line 4 to line 7.

Before completing line 8, read "Computing the Homestead Property Tax Credit" on page 4.

**Line 8:** Enter your total household income from your MI-1040CR or MI-1040CR-2. If you are a part-year or nonresident, include total 2003 household income, regardless of source.

**Line 9:** Enter the depletion allowance claimed on your federal income tax return. If you are not entitled to a depletion allowance, enter "NONE."

**Line 11:** Enter amount of property tax from line 4. This line **must be completed**.

**Line 15:** If line 15 is less than line 7, enter the amount from line 13 on line 31 of your MI-1040. If line 15 is greater than line 7, complete lines 16 through 18.

Complete columns G and H of Schedule CR-5 only if you have entered into more than one agreement.

**Schedule CR-5, Column H:** Multiply line 13 or 18 from the CR-5, whichever applies, by the percentage computed in column G for each agreement and enter in column H.

**PART 3:** If you own farmland jointly with someone other than your spouse, complete Part 3. For each agreement, enter the information for each owner.

Partners may use this part to show percentage of income or ownership if no U.S. 1065 was required. All partners must sign.