

## **Farmland Schedule K-1 Sample Worksheet Reconciliation to MI-1040CR5 Farmland Preservation Tax Credit**

When an owner of a farmland development rights agreement (FDRA) holds the farmland in a partnership, S corporation or a limited liability company, the property taxes claimed for the farmland preservation tax credit must be allocated to the owners of the partnership, S corporation or limited liability based on each owner's *Schedule K-1*. Partnership property taxes reported on a U.S. Form *1065* are allocated to each partner based on the partner's share of capital or distributive share of ordinary income reported on their *K-1*. S corporation property taxes reported on a U.S. Form *1120S* are allocated to each shareholder based on the shareholder's share of the corporation's stock. This percentage is on U.S. Form *1120S*, *Schedule K-1*. The claimant is required to provide information regarding the percentages they are allowed to claim for a farmland preservation tax credit. The Farmland *Schedule K-1* Worksheet is not a required attachment, however, submitting the worksheet could reduce the need for further correspondence and avoid delays in processing the return.

The Farmland *Schedule K-1* Worksheet allows claimants to identify the percentages they are allowed to claim for a farmland preservation tax credit. It also allows claimants to identify where the business activity is located, any prior year farmland preservation tax credit included in income, oil and gas income or loss and depletion. The Farmland *Schedule K-1* Sample Worksheet, or any similar worksheet which identifies the allowable percentages, may be attached as a PDF file to an e-filed return using the file name "FarmlandK1.pdf."