SCHEDULE **J**

Form 740
42A740-J
(12-00)

Revenue Cabinet

KENTUCKY
FARM INCOME AVERAGING

➤ **Attach to Form 740.** ➤ **See federal instructions for Schedule J.**

For Taxable Year Ended

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Enter name(s) as shown on tax return.

Your Social Security Number

*Note: Compute tax using the Tax Rate Schedule found on Schedule TC. This is tax before the $20 personal tax credit and low income credit. **Do not use the Tax Tables.***

1. Enter your taxable income from Form 740 1

2. Enter your **elected farm income**. Do not exceed amount on federal Schedule J, line 2 2

3. Subtract line 2 from line 1. If zero or less, enter -0- 3

4. Compute the tax on the amount on line 3. Use Tax Rate Schedule 4

5. If you used Schedule J to compute your tax for the previous year, enter the amount from line 11 of that Schedule J. Otherwise, enter the taxable income from Form 740, Form 740-S or Form 740-EZ for the third preceding year. If zero or less, see federal instructions 5

6. Divide the amount on line 2 by 3.0 6

7. Add lines 5 and 6 7

8. Compute the tax on the amount on line 7. Use Tax Rate Schedule 8

9. If you used Schedule J to compute your tax for the previous year, enter the amount from line 15 of that Schedule J. Otherwise, enter the taxable income from Form 740, Form 740-S or Form 740-EZ for the second preceding year. If zero or less, see federal instructions 9

10. Enter the amount from line 6 10

11. Add lines 9 and 10 11

12. Compute the tax on the amount on line 11. Use Tax Rate Schedule 12

13. If you used Schedule J to compute your tax for the previous year, enter the amount from line 3 of that Schedule J. Otherwise, enter the taxable income from Form 740, Form 740-S or Form 740-EZ for the first preceding year. If zero or less, see federal instructions 13

14. Enter the amount from line 6 14

15. Add lines 13 and 14 15

16. Compute the tax on the amount on line 15. Use Tax Rate Schedule 16

17. Add lines 4, 8, 12 and 16 17

18. Compute the tax on the income amount on line 5. Use Tax Rate Schedule 18

19. Compute the tax on the income amount on line 9. Use Tax Rate Schedule 19

20. Compute the tax on the income amount on line 13. Use Tax Rate Schedule 20

21. Add lines 18 through 20 21

22. Subtract line 21 from line 17. If the result is less than the tax on the taxable income on line 1, enter the tax on line 2, Schedule TC 22

Caution: If income from another state is included in the elected farm income on line 2, you must also compute the tax without the other state's income to determine the state tax limitation for credit for taxes paid to other states.

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