



Massachusetts Department of Revenue
Schedule FAF
Farming and Fisheries Credit

2016

Name as shown on Massachusetts tax return

Social Security number(s)

Address (do **not** enter PO box)

City/Town

State

Zip

Type of business. (Fill in one oval only. Complete a separate schedule for each type of business.)

Agricultural/farming Commercial fishing

If lessor or lessee, fill in applicable oval, skip Part 1 and complete Part 2. (If lessor, see instructions.)

Lessor Lessee

Description of property, or address if real property

Part 1. Calculation of current year farming and fisheries credit

- 1 Amount of qualifying property acquired, constructed or erected during 2016 (see instructions) **1**
- 2 Farming and fisheries credit available for 2016. Multiply line 1 by .03 (3%). Enter here and on Schedule CMS, Credit Manager Schedule. You **must** enclose Schedule FAF with your return. Failure to do so will result in this credit being disallowed on your tax return and an adjustment of your reported tax. **2**

Part 2. Calculation of current year farming and fisheries credit for lessor or lessee

- 1 Adjusted basis of qualifying property acquired, constructed or erected during 2016 (see instructions) **1**
- 2 Multiply line 1 by .03 (3%) **2**
- 3 Number of days in the tax year during which the lessee leases the qualifying property **3**
- 4 Number of days in the useful life of property. **4**
- 5 Divide line 3 by line 4. Be sure to carry out division to six places **5**
- 6 Farming and fisheries credit available for 2016. Multiply line 2 by line 5. Enter here and on Schedule CMS, Credit Manager Schedule. You **must** enclose Schedule FAF with your return. Failure to do so will result in this credit being disallowed on your tax return and an adjustment of your reported tax. **6**

General information

What is the Farming and Fisheries Credit?

The farming and fisheries credit is similar to the investment credit available to manufacturing, R&D corporations and corporations primarily engaged in agriculture or commercial fishing. The new credit applies to personal income taxpayers who are primarily engaged in agriculture, farming or commercial fishing. The amount of the credit is 3% of the cost or other basis for federal income tax purposes of qualifying property acquired, constructed or erected during the tax year. This credit is effective for tax years beginning on or after January 1, 2015.

What is qualifying property?

Qualifying property is defined as tangible personal property and other tangible property including buildings and structural components thereof which are located in Massachusetts, used solely in farming, agriculture or fishing, and are depreciable with a useful life of at least four years.

What if I am a lessor or lessee?

The law allows the same credit to lessees calculated as follows: 3% of a lessor's adjusted basis in qualifying property for federal income tax purposes at the beginning of the lease term, multiplied by a fraction, the numerator of which is the number of days of the tax year during which the lessee leases the qualifying property and the denominator of which is the number of days in the useful life of the property. Where the lessee is eligible for the credit, the lessor is generally not eligible, with the exception of "equine-based businesses where care and boarding of horses is a function of the agricultural activity".

Is there a recapture provision?

If the property on which a credit is taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and allowed for actual use must be added back as additional taxes due in the year of disposition, unless the property has been in qualified use for more than 12 years.