

FARM INCOME AVERAGING

FORM **573**

Enclose this form with your Oklahoma tax return.

Taxpayer's First Name and Initial	Last Name

Taxpayer Social Security Number									

INSTRUCTIONS...

Use Form 573 to elect to figure your 2006 tax by averaging, over the previous 3 years (base years), all or part of your 2006 taxable income from your trade or business of farming. Making this election may give you a lower tax if your 2006 income from farming is high and your taxable income for one or more of the 3 prior years was low.

Line 2 Your "elected farm income" is the amount of your taxable income from your farming business, as defined in IRC Section 263A(e)(4), that you elect to include on line 2. You do not have to include all of your taxable income from farming on line 2.

A gain from the sale or other disposition of property, other than land, regularly used by you in your farming business for a substantial period shall be treated as attributable to such farming business.

Lines 5, 9, 14, 18, 23 and 27 If your deductions exceed your gross income for any year that is a base year for 2006 (2003, 2004 or 2005), your taxable income for farm income averaging purposes for such year may be a negative amount. **However**, when you enter your taxable income,

- do not include such year's NOL. The amount of the NOL, from your 511-NOL Schedule A or your 511NR-NOL Schedule A "Federal Amount Column", that is being carried to another year should be added back to arrive at the amount of the taxable income to enter.
- do not include any of an NOL carryover or carryback that was not used (absorbed) in such year. The amount of the NOL, from your 511-NOL Schedule B or your 511NR-NOL Schedule B "Federal Amount Column", that is being carried over to the following year should be added back to arrive at the amount of the taxable income to enter.

Line 37 Enter your tax on Form 511, line 14 or Form 511NR, line 32 and check the box for "Farm Income Averaging".

1 Enter the 2006 taxable income from Form 511, line 13 or Form 511NR, line 31	00
2 Enter your elected farm income, but not more than the amount on line 1. (see instructions)	00
3 Subtract line 2 from line 1	00
4 Figure the tax on the amount on line 3. Use the 2006 Tax Table	00
<hr style="border: 1px solid black;"/>	
5 Enter the 2003 Method 1 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
6 Divide the amount on line 2 by 3.0	00
7 Combine lines 5 and 6. If zero or less, enter -0-	00
8 Figure the tax on the amount on line 7 using 2003 Method 1 tax rates. (see page 4 for tax rate schedule)	00
9 Enter the 2003 Method 2 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
10 Divide the amount on line 2 by 3.0	00
11 Combine lines 9 and 10. If zero or less, enter -0-	00
12 Figure the tax on the amount on line 11 using 2003 Method 2 tax rates. (see page 4 for tax rate schedule)	00
13 Enter the lesser of line 8 or line 12	00

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14	Enter the 2004 Method 1 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
15	Enter the amount from line 6	00
16	Combine lines 14 and 15. If less than zero, enter as a negative amount	00
17	Figure the tax on the amount on line 16 using 2004 Method 1 tax rates. (see page 4 for tax rate schedule)	00
18	Enter the 2004 Method 2 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
19	Enter the amount from line 6	00
20	Combine lines 18 and 19. If zero or less, enter as a negative amount	00
21	Figure the tax on the amount on line 20 using 2004 Method 2 tax rates. (see page 4 for tax rate schedule)	00
22	Enter the lesser of line 17 or line 21	00
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23	Enter the 2005 Method 1 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
24	Enter the amount from line 6	00
25	Combine lines 23 and 24. If less than zero, enter as a negative amount	00
26	Figure the tax on the amount on line 25 using 2005 Method 1 tax rates. (see page 4 for tax rate schedule)	00
27	Enter the 2005 Method 2 taxable income. To determine taxable income, see page 3. (if zero or less, see instructions)	00
28	Enter the amount from line 6	00
29	Combine lines 27 and 28. If zero or less, enter as a negative amount	00
30	Figure the tax on the amount on line 29 using 2005 Method 2 tax rates. (see page 4 for tax rate schedule)	00
31	Enter the lesser of line 26 or line 30	00
32	Add lines 4, 13, 22 and 31	00
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33	Enter the tax for 2003. To determine tax, see page 3	00
34	Enter the tax for 2004. To determine tax, see page 3	00
35	Enter the tax for 2005. To determine tax, see page 3	00
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36	Add lines 33 through 35	00
37	Subtract line 36 from line 32, enter here and on Form 511, line 14 or Form 511NR, line 32. (Be sure and check the box for "Farm Income Averaging")	00

Determination of Taxable Income and Tax for Tax Years 2003, 2004 and 2005

2003 Taxable Income

Line 5

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 21. Stop here, go to line 6.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 30. Stop here, go to line 6.
- **2003** but not 2004 nor 2005 enter the amount from your 2003 Form 573, line 3. Stop here, go to line 6.

If you did not use Form 573 in 2005, 2004 or 2003, enter the taxable income from your **2003** Form 511, line 13, or Form 511NR, line 31. If zero or less, see instructions.

Line 9

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 25. Stop here, go to line 10.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 34. Stop here, go to line 10.
- **2003** but not 2004 nor 2005 enter the amount from your 2003 Form 573, line 7. Stop here, go to line 10.

If you did not use Form 573 in 2005, 2004 or 2003, enter the taxable income from your **2003** Form 511, line 16, or Form 511NR, line 34. If zero or less, see instructions.

2004 Taxable Income

Line 14

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 30. Stop here, go to line 15.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 3. Stop here, go to line 15.

If you did not use Form 573 in 2005 or 2004, enter the taxable income from your **2004** Form 511, line 13, or Form 511NR, line 31. If zero or less, see instructions.

Line 18

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 34. Stop here, go to line 19.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 7. Stop here, go to line 19.

If you did not use Form 573 in 2005 or 2004, enter the taxable income from your **2004** Form 511, line 16, or Form 511NR, line 34. If zero or less, see instructions.

2005 Taxable Income

Line 23

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 3. Stop here, go to line 24.

If you did not use Form 573 in 2005, enter the taxable income from your **2005** Form 511, line 13, or Form 511NR, line 31. If zero or less, see instructions.

Line 27

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 7. Stop here, go to line 28.

If you did not use Form 573 in 2005, enter the taxable income from your **2005** Form 511, line 16, or Form 511NR, line 34. If zero or less, see instructions.

2003, 2004 & 2005 Tax

Line 33

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 27. Stop here, go to line 34.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 36. Stop here, go to line 34.
- **2003** but not 2004 nor 2005 enter the amount from your 2003 Form 573, line 9. Stop here, go to line 34.

Otherwise, enter the tax from your **2003** Form 511, line 18 or Form 511NR, line 36.

Line 34

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 36. Stop here, go to line 35.
- **2004** and not 2005 enter the amount from your 2004 Form 573, line 9. Stop here, go to line 35.

Otherwise, enter the tax from your **2004** Form 511, line 18 or Form 511NR, line 36.

Line 35

If you used Form 573 to figure your tax for:

- **2005** enter the amount from your 2005 Form 573, line 9. Stop here, go to line 36.

Otherwise, enter the tax from your **2005** Form 511, line 18 or Form 511NR, line 36.

OKLAHOMA TAX RATES FOR TAX YEARS 2004 AND 2005

METHOD 1 Married Joint, Head of Household and Surviving Spouse Filers

If taxable income is:

-0-	-	2,000	Pay		0.50%		
2,000	-	5,000	Pay	10.00	+ 1%	over	2,000
5,000	-	7,500	Pay	40.00	+ 2%	over	5,000
7,500	-	9,800	Pay	90.00	+ 3%	over	7,500
9,800	-	12,200	Pay	159.00	+ 4%	over	9,800
12,200	-	15,000	Pay	255.00	+ 5%	over	12,200
15,000	-	21,000	Pay	395.00	+ 6%	over	15,000
21,000	-	over	Pay	755.00	+6.65%	over	21,000

METHOD 1 Single and Married Separate Filers

If taxable income is:

-0-	-	1,000	Pay		0.50%		
1,000	-	2,500	Pay	5.00	+ 1%	over	1,000
2,500	-	3,750	Pay	20.00	+ 2%	over	2,500
3,750	-	4,900	Pay	45.00	+ 3%	over	3,750
4,900	-	6,200	Pay	79.50	+ 4%	over	4,900
6,200	-	7,700	Pay	131.50	+ 5%	over	6,200
7,700	-	10,000	Pay	206.50	+ 6%	over	7,700
10,000	-	over	Pay	344.50	+6.65%	over	10,000

METHOD 2 Married Joint, Head of Household and Surviving Spouse Filers

If taxable income is:

-0-	-	2,000	Pay		0.50%		
2,000	-	5,000	Pay	10.00	+ 1%	over	2,000
5,000	-	7,500	Pay	40.00	+ 2%	over	5,000
7,500	-	8,900	Pay	90.00	+ 3%	over	7,500
8,900	-	10,400	Pay	132.00	+ 4%	over	8,900
10,400	-	12,000	Pay	192.00	+ 5%	over	10,400
12,000	-	13,250	Pay	272.00	+ 6%	over	12,000
13,250	-	15,000	Pay	347.00	+ 7%	over	13,250
15,000	-	18,000	Pay	469.50	+ 8%	over	15,000
18,000	-	24,000	Pay	709.50	+ 9%	over	18,000
24,000	-	over	Pay	1249.50	+ 10%	over	24,000

METHOD 2 Single and Married Separate Filers

If taxable income is:

-0-	-	1,000	Pay		0.50%		
1,000	-	2,500	Pay	5.00	+ 1%	over	1,000
2,500	-	3,750	Pay	20.00	+ 2%	over	2,500
3,750	-	4,900	Pay	45.00	+ 3%	over	3,750
4,900	-	6,100	Pay	79.50	+ 4%	over	4,900
6,100	-	7,500	Pay	127.50	+ 5%	over	6,100
7,500	-	9,000	Pay	197.50	+ 6%	over	7,500
9,000	-	10,500	Pay	287.50	+ 7%	over	9,000
10,500	-	12,500	Pay	392.50	+ 8%	over	10,500
12,500	-	16,000	Pay	552.50	+ 9%	over	12,500
16,000	-	over	Pay	867.50	+ 10%	over	16,000

OKLAHOMA TAX RATES FOR TAX YEARS 2003

METHOD 1 Married Joint, Head of Household and Surviving Spouse Filers

If taxable income is:

-0-	-	2,000	Pay		0.50%		
2,000	-	5,000	Pay	10.00	+ 1%	over	2,000
5,000	-	7,500	Pay	40.00	+ 2%	over	5,000
7,500	-	9,800	Pay	90.00	+ 3%	over	7,500
9,800	-	12,200	Pay	159.00	+ 4%	over	9,800
12,200	-	15,000	Pay	255.00	+ 5%	over	12,200
15,000	-	21,000	Pay	395.00	+ 6%	over	15,000
21,000	-	over	Pay	755.00	+ 7%	over	21,000

METHOD 1 Single and Married Separate Filers

If taxable income is:

-0-	-	1,000	Pay		0.50%		
1,000	-	2,500	Pay	5.00	+ 1%	over	1,000
2,500	-	3,750	Pay	20.00	+ 2%	over	2,500
3,750	-	4,900	Pay	45.00	+ 3%	over	3,750
4,900	-	6,200	Pay	79.50	+ 4%	over	4,900
6,200	-	7,700	Pay	131.50	+ 5%	over	6,200
7,700	-	10,000	Pay	206.50	+ 6%	over	7,700
10,000	-	over	Pay	344.50	+ 7%	over	10,000

METHOD 2 Married Joint, Head of Household and Surviving Spouse Filers

If taxable income is:

-0-	-	2,000	Pay		0.50%		
2,000	-	5,000	Pay	10.00	+ 1%	over	2,000
5,000	-	7,500	Pay	40.00	+ 2%	over	5,000
7,500	-	8,900	Pay	90.00	+ 3%	over	7,500
8,900	-	10,400	Pay	132.00	+ 4%	over	8,900
10,400	-	12,000	Pay	192.00	+ 5%	over	10,400
12,000	-	13,250	Pay	272.00	+ 6%	over	12,000
13,250	-	15,000	Pay	347.00	+ 7%	over	13,250
15,000	-	18,000	Pay	469.50	+ 8%	over	15,000
18,000	-	24,000	Pay	709.50	+ 9%	over	18,000
24,000	-	over	Pay	1249.50	+ 10%	over	24,000

METHOD 2 Single and Married Separate Filers

If taxable income is:

-0-	-	1,000	Pay		0.50%		
1,000	-	2,500	Pay	5.00	+ 1%	over	1,000
2,500	-	3,750	Pay	20.00	+ 2%	over	2,500
3,750	-	4,900	Pay	45.00	+ 3%	over	3,750
4,900	-	6,100	Pay	79.50	+ 4%	over	4,900
6,100	-	7,500	Pay	127.50	+ 5%	over	6,100
7,500	-	9,000	Pay	197.50	+ 6%	over	7,500
9,000	-	10,500	Pay	287.50	+ 7%	over	9,000
10,500	-	12,500	Pay	392.50	+ 8%	over	10,500
12,500	-	16,000	Pay	552.50	+ 9%	over	12,500
16,000	-	over	Pay	867.50	+ 10%	over	16,000