

Instructions for Schedule J

(Form 1040)

**Income Averaging for Individuals With Income
from Farming or Fishing**

2025



Department of the Treasury
Internal Revenue Service

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Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Schedule J (Form 1040) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/ScheduleJ](https://www.irs.gov/ScheduleJ).

What's New

Excess business loss limitation.

The limitation on excess business losses for noncorporate taxpayers has been made permanent.

Reminder

Schedule J (Form 1040) title changed.

The title for Schedule J (Form 1040) was changed from "Income Averaging For Farmers and Fishermen" to "Income Averaging for Individuals With Income from Farming or Fishing."

General Instructions

Use Schedule J (Form 1040) to elect to figure your 2025 income tax by averaging, over the previous 3 years (base years), all or part of your 2025 taxable income from your trade or business of farming or fishing.

This election may give you a lower tax if your 2025 income from farming or fishing is high and your taxable income for 1 or more of the 3 prior years was low.

In order to qualify for this election, you aren't required to have been in the business of farming or fishing during any of the base years.

You may elect to average farming or fishing income even if your filing status wasn't the same in the election year and the base years.

This election doesn't apply when figuring your alternative minimum tax on Form 6251. Also, you don't have to refigure, because of this election, the tax liability of any minor child who was required to use your tax rates in the prior years.

Prior Year Tax Returns

You may need copies of your original or amended income tax returns for 2022, 2023, and 2024 to figure your tax on Schedule J.

If you need copies of your tax returns, use Form 4506. There is a fee for each return requested. See Form 4506 for the fee amount. If your main home, principal place of business, or tax records are located in a federally declared disaster area, this fee will be waived. If you want a free transcript of your tax return or account, use Form 4506-T. See the Instructions for Form 1040 to find out how to get these forms.

Keep a copy of your 2025 income tax return to use for income averaging in 2026, 2027, or 2028.

Note: For tax years beginning in 2022, the filing status “Qualifying widow(er)” is called “Qualifying surviving spouse.” The rules for the filing status have not changed. The same rules that applied for Qualifying widow(er) apply to Qualifying surviving spouse. We will match the term to the year of use throughout these instructions.

Definitions

Farming business. A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

1. Operating a nursery or sod farm;
2. Raising or harvesting of trees bearing fruits, nuts, or other crops;
3. Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots);
4. Raising, shearing, feeding, caring for, training, and managing animals; and
5. Leasing land to a tenant engaged in a farming business but only if the lease payments are (a) based on a share of the tenant's production (not a fixed amount) and (b) determined under a written agreement entered into before

the tenant begins significant activities on the land. A farming business doesn't include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Fishing business. A fishing business is the trade or business of fishing in which the fish harvested, either in whole or in part, are intended to enter commerce or enter commerce through sale, barter, or trade. This includes:

1. The catching, taking, or harvesting of fish;
2. The attempted catching, taking, or harvesting of fish;

3. Any other activity that can reasonably be expected to result in the catching, taking, or harvesting of fish;
 4. Any operations at sea in support of or in preparation for any activity described in (1) through (3) above;
 5. Leasing a fishing vessel, but only if the lease payments are (a) based on a share of the catch (or a share of the proceeds from the sale of the catch) from the lessee's use of the vessel in a fishing business (not a fixed payment), and (b) determined under a written lease entered into before the lessee begins any significant fishing activities resulting in the catch; and
- A farming business doesn't include:
 - Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else,

or Merely buying or reselling plants or animals grown or raised by someone else.

Fishing business. A fishing business is the trade or business of fishing in which the fish harvested, either in whole or in part, are intended to enter commerce or enter commerce through sale, barter, or trade. This includes:

1. The catching, taking, or harvesting of fish;
2. The attempted catching, taking, or harvesting of fish;
3. Any other activity that can reasonably be expected to result in the catching, taking, or harvesting of fish;
4. Any operations at sea in support of or in preparation for any activity described in (1) through (3) above;

5. Leasing a fishing vessel, but only if the lease payments are (a) based on a share of the catch (or a share of the proceeds from the sale of the catch) from the lessee's use of the vessel in a fishing business (not a fixed payment), and (b) determined under a written lease entered into before the lessee begins any significant fishing activities resulting in the catch; and
6. Compensation as a crew member on a vessel engaged in a fishing business, but only if the compensation is based on a share of the catch (or a share of the proceeds from the sale of the catch).

The word "fish" means finfish, mollusks, crustaceans, and all other forms of marine animal and plant life other than marine mammals and birds.

A fishing business doesn't include any scientific research activity conducted by a scientific research vessel.

Additional Information

See Pub. 225 and Regulations section 1.1301-1 for more information.

Specific Instructions

Line 2a

Elected Farm Income

To figure your elected farm income, first figure your taxable income from farming or fishing. This includes all income, gains, losses, and deductions attributable to your farming or fishing business. If you conduct both farming and fishing businesses, you must figure your elected farm income by combining income, gains, losses, and deductions attributable to your farming and fishing businesses.

Elected farm income also includes any gain or loss from the sale or other disposition of property regularly used in your farming or fishing business for a substantial period of time. However, if such gain or loss is realized after cessation of the farming or fishing business, the gain or loss is treated as attributable to a farming or fishing business only if the property is sold within a reasonable time after cessation of the farming or fishing business. A sale or other disposition within 1 year of the cessation is presumed to be within a reasonable time.

Elected farm income doesn't include income, gain, or loss from the sale or other disposition of land or from the sale of development rights, grazing rights, and other similar rights.

You should find your income, gains, losses, and deductions from farming or fishing reported on different tax forms, such as:

- 2025 Form 1040 or 1040-SR, or Form 1040-NR, line 1a, income from wages and

other compensation you received (a) as a shareholder in an S corporation engaged in a farming or fishing business, or (b) as a crew member on a vessel engaged in a fishing business (but see *Fishing business*, earlier);

- 2025 Schedule 1 (Form 1040), line 15, deductible part of self-employment tax, but only to the extent that deduction is attributable to your farming or fishing business;
- 2025 Form 1040, 1040-SR, or 1040-NR, line 15, CCF reduction, except to the extent that any earnings (without regard to the carryback of any net operating or net capital loss) from the operation of agreement vessels in the fisheries of the United States or in the foreign or domestic commerce of the United States aren't attributable to your fishing business;
- Schedule C;

- Schedule D;
- Schedule E, Part II;
- Schedule F;
- Form 4797;
- Form 4835;
- Form 8903, Domestic Production Activities Deduction, but only to the extent that deduction is attributable to your farming or fishing business; and
- Form 8949.

Your elected farm income is the amount of your taxable income from farming or fishing that you elect to include on line 2a.



You don't have to include all of your taxable income from farming or fishing on line 2a. It may be to your advantage to include less than the entire amount, depending on how the amount you

include on line 2a affects your tax bracket for the current and prior 3 tax years.

The excess farm loss limitation rules don't apply for tax years beginning after 2017. The excess farm loss limitation rules are suspended for tax years beginning after 2017 and replaced by the excess business loss limitation rules for tax years beginning after 2020. The at-risk limits and the passive activity limits are applied before calculating the amount of any excess business loss. The amount of any excess business loss allocable to your farming or fishing business(es) is not used in calculating the amount of your elected farm income. See generally the Instructions for Schedule F (Form 1040) and Form 461.

Your elected farm income can't exceed your taxable income.

Lines 2b and 2c

Complete lines 2b and 2c if the amount of your elected farm income on line 2a includes

net capital gain. Net capital gain is the excess, if any, of net long-term capital gain over net short-term capital loss.

Line 2b. Enter on line 2b the portion of your elected farm income on line 2a treated as a net capital gain. The amount you enter on line 2b can't exceed the **smaller** of your total net capital gain or the net capital gain attributable to your farming or fishing business.

Line 2c. Enter on line 2c the **smaller** of line 2b or the unrecaptured section 1250 gain attributable to your farming or fishing business, if any.

Line 4

Figure the tax on the amount on line 3 using:

- The 2025 Tax Table, Tax Computation Worksheet, or Qualified Dividends and Capital Gain Tax Worksheet from the 2025 Instructions for Form 1040 or the 2025 Instructions for Form 1040-NR;

- The 2025 Foreign Earned Income Tax Worksheet from the 2025 Instructions for Form 1040; or
- The Schedule D Tax Worksheet in the 2025 Instructions for Schedule D.

Enter the tax on line 4.

Line 5

If you used Schedule J to figure your tax for:

- 2024 (that is, you entered the amount from the 2024 Schedule J, line 23, on your 2024 Form 1040, Form 1040-SR, or Form 1040-NR, line 16; or on your 2024 Form 1040-X, line 6), enter on line 5 the amount from your 2024 Schedule J, line 11;
- 2023 but not 2024, enter on line 5 the amount from your 2023 Schedule J, line 15; or

- 2022 but not 2023 or 2024, enter on line 5 the amount from your 2022 Schedule J, line 3.

If you figured your tax for 2022, 2023, and 2024 without using Schedule J, enter on line 5 the taxable income from your 2022 tax return (or as previously adjusted by the IRS, or corrected on an amended return). But if that amount is zero or less, complete the 2022 Taxable Income Worksheet to figure the amount to enter on line 5.

If you didn't file a tax return for 2022, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2022 for at least 3 years after April 15, 2026 (or the date you file your 2025 tax return, if later).

Instructions for 2022 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2022 Schedule D, line 21, isn't allowed for income averaging purposes to the extent it didn't reduce your capital loss carryover to 2023. This could happen if the taxable income—shown on your 2022 Form 1040, line 15, or your 2022 Form 1040-NR, line 15 (or as previously adjusted)—was less than zero. Enter on line 2 the amount by which your 2022 capital loss carryover to 2023 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2022 Schedule D, line 16, over the loss on your 2022 Schedule D, line 21. If you had any net operating loss (NOL) carrybacks to 2022, be sure you refigured your 2022 capital loss carryover to 2023.

2022 Taxable Income Worksheet—Line 5

Keep for Your Records 

Complete this worksheet if you **didn't** use Schedule J to figure your tax for 2023 and 2024 and your 2022 taxable income was zero or less. See the instructions for line 5 before completing this worksheet.

1. Figure the taxable income from your 2022 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2022, don't include any NOL carryovers or carrybacks to 2022. Enter the result as a positive amount	1.	<div></div>
2. If there is a loss on your 2022 Schedule D, line 21, add that loss (as a positive amount) and your 2022 capital loss carryover to 2023. Subtract from that sum the amount of the loss on your 2022 Schedule D, line 16, and enter the result	2.	<div></div>
3. If you had an NOL for 2022, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2022 that weren't used in 2022 and were carried to years after 2022	3.	<div></div>
4. Add lines 2 and 3	4.	<div></div>
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 5	5.	<div></div>

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Line 3. If you had an NOL for 2022, enter the amount of that NOL from the 2022 Form 1045, Schedule A, line 24, you filed with Form 1045 or Form 1040X. If you didn't have an NOL for 2022, enter the portion, if any, of the NOL carryovers and carrybacks to 2022 that weren't used in 2022 and were carried to years after 2022.

Example. A farmer, who is single, didn't use income averaging for 2022, 2023, or 2024. For 2025, the farmer has \$18,000 of elected farm income on Schedule J, line 2a. The taxable income on the farmer's 2022 Form 1040, line 15, is \$850. However, the farmer had a \$13,950 NOL for 2023, \$9,000 of which was remaining to carry to 2022 after the NOL was carried back to 2021. To complete line 1 of the 2022 Taxable Income Worksheet, the farmer combines the \$9,000 NOL carryover with the \$850 from the farmer's 2022 Form 1040, line 15.

The result is a negative \$8,150, the farmer's 2022 taxable income, which the farmer enters as a positive amount on line 1 of the 2022 Taxable Income Worksheet.

When the farmer filed the 2022 tax return, the farmer had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 7); a \$7,000 loss on Schedule D, line 16; and a \$4,000 capital loss carryover to 2023. However, when the farmer carried back the 2023 NOL (\$9,000 of which was carried to 2022), the farmer refigured the 2021 capital loss carryover to 2022 as \$7,000. The farmer adds the \$3,000 from Schedule D, line 21, and the \$7,000 capital loss carryover. The farmer subtracts from the \$10,000 result the \$7,000 loss on the Schedule D, line 16, and enters \$3,000 on line 2 of the worksheet.

The farmer had \$850 of taxable income in 2022 that reduced the 2023 NOL carryback. The \$3,000 net capital loss deduction reduced the amount of the 2023 NOL carryback. As a result, only \$5,150 ($\$9,000 - \$850 - \$3,000 = \$5,150$) was available to carry to 2024 and later years, as shown on the farmer's 2023 Form 1045, Schedule B, line 10. The farmer enters the \$5,150 on line 3 of the worksheet, and \$8,150 (\$5,150 plus the \$3,000 line 2 amount) on line 4. The farmer then subtracts the \$8,150 from the \$8,150 on line 1 and enters the result, \$0, on line 5 of the worksheet. The farmer enters a \$0 on Schedule J, line 5. The farmer combines that amount with the \$6,000 on Schedule J, line 6, and enters \$6,000 on Schedule J, line 7.

Line 8

If line 7 is zero, enter -0- on line 8.

Otherwise, figure the tax on the amount on line 7 using:

- The 2022 Tax Rate Schedules below;
- The 2022 Qualified Dividends and Capital Gain Tax Worksheet, later;
- The 2022 Schedule D Tax Worksheet in the 2022 Schedule D instructions (but use the 2022 Tax Rate Schedules below when figuring the tax on lines 34 and 36 of the Schedule D Tax Worksheet); or
- The 2022 Foreign Earned Income Tax Worksheet, later.

If your elected farm income includes net capital gain, you must use the 2022 Schedule D Tax Worksheet to figure the tax on the amount on line 7. However, if you filed Form 2555 for 2022, you must first complete the 2022 Foreign Earned Income Tax Worksheet, and then use the 2022 Schedule D Tax Worksheet to figure the tax on the amount on line 3 of the Foreign Earned Income Tax Worksheet.

When completing the Schedule D Tax Worksheet, you must allocate 1/3 of the amount on Schedule J, line 2b, (and 1/3 of the amount on line 2c, if any) to 2022. If for 2022 you had a capital loss that resulted in a capital loss carryover to 2023, don't reduce the elected farm income allocated to 2022 by any part of the carryover.

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2022 Tax Rate Schedules—Line 8

Schedule X—Use if your 2022 filing status was Single.					Schedule Y-2—Use if your 2022 filing status was Married filing separately.				
If Schedule J, line 7, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 8	<i>of the amount over—</i>		If Schedule J, line 7, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 8	<i>of the amount over —</i>	
\$0	\$10,275	.....	10%	\$0	\$0	\$10,275	.....	10%	\$0
10,275	41,775	\$1,027.50	+	12%	10,275	41,775	\$1,027.50	+	12%
41,775	89,075	4,807.50	+	22%	41,775	89,075	4,807.50	+	22%
89,075	170,050	15,213.50	+	24%	89,075	170,050	15,213.50	+	24%
170,050	215,950	34,647.50	+	32%	170,050	215,950	34,647.50	+	32%
215,950	539,900	49,335.50	+	35%	215,950	323,925	49,335.50	+	35%
539,900	.....	162,718	+	37%	323,925	.....	87,126.75	+	37%
Schedule Y-1—Use if your 2022 filing status was Married filing jointly or Qualifying widow(er).					Schedule Z—Use if your 2022 filing status was Head of household.				
If Schedule J, line 7, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 8	<i>of the amount over—</i>		If Schedule J, line 7, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 8	<i>of the amount over —</i>	
\$0	\$20,550	.....	10%	\$0	\$0	\$14,650	.....	10%	\$0
20,550	83,550	\$2,055	+	12%	14,650	55,900	\$1,465.00	+	12%
83,550	178,150	9,615	+	22%	55,900	89,050	6,415.00	+	22%
178,150	340,100	30,427	+	24%	89,050	170,050	13,708.00	+	24%
340,100	431,900	69,295	+	32%	170,050	215,950	33,148.00	+	32%
431,900	647,850	98,671	+	35%	215,950	539,900	47,836.00	+	35%
647,850	.....	174,253.50	+	37%	539,900	.....	161,218.50	+	37%



Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2025 Schedule J, line 2a, doesn't include any net capital gain.
- You **(a)** entered qualified dividends on your 2022 Form 1040, line 3a, or 2021 Form 1040-NR, line 3a; **(b)** entered capital gain distributions directly on your 2022 Form 1040, line 7, or your 2022 Form 1040-NR, line 7, and weren't required to file Schedule D; or **(c)** filed Schedule D in 2022 and you answered "Yes" on lines 17 and 20 of that Schedule D.

1.	Amount from your 2025 Schedule J, line 7. If for 2022 you filed Form 2555, enter the amount from line 3 of the 2022 Foreign Earned Income Tax Worksheet	1.	
2.	Amount from your 2022 Form 1040, line 3a* (or your 2022 Form 1040-NR, line 3a)	2.	
3.	Did you file Schedule D in 2022?*		
	<input type="checkbox"/> Yes. Enter the smaller of line 15 or 16 of your 2022 Schedule D, but don't enter less than -0-.		
	<input type="checkbox"/> No. Enter the amount from your 2022 Form 1040, line 7, or 2022 Form 1040-NR, line 7.	3.	
4.	Add lines 2 and 3	4.	
5.	Amount, if any, from your 2022 Form 4952, line 4g	5.	
6.	Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7.	Subtract line 6 from line 1. If zero or less, enter -0-	7.	
8.	Enter one of the following three amounts depending on your filing status. <ul style="list-style-type: none">• \$41,675 if single or married filing separately.• \$83,350 if married filing jointly or qualifying widow(er).• \$55,800 if head of household.	8.	
9.	Enter the smaller of line 1 or line 8	9.	
10.	Enter the smaller of line 7 or line 9	10.	
11.	Subtract line 10 from line 9. This amount is taxed at 0%	11.	
12.	Enter the smaller of line 1 or line 6	12.	
13.	Enter the amount from line 11	13.	
14.	Subtract line 13 from line 12	14.	
15.	Enter one of the following amounts depending on your filing status. <ul style="list-style-type: none">• \$459,750 if single.• \$258,600 if married filing separately.• \$517,200 if married filing jointly or qualifying widow(er).• \$488,500 if head of household.	15.	
16.	Enter the smaller of line 1 or line 15	16.	
17.	Add lines 7 and 11	17.	
18.	Subtract line 17 from line 16. If zero or less, enter -0-	18.	
19.	Enter the smaller of line 14 or line 18	19.	
20.	Multiply line 19 by 15% (0.15)	20.	
21.	Add lines 11 and 19	21.	
22.	Subtract line 21 from line 12	22.	
23.	Multiply line 22 by 20% (0.20)	23.	
24.	Figure the tax on the amount on line 7. Use the 2022 Tax Rate Schedules	24.	
25.	Add lines 20, 23, and 24	25.	
26.	Figure the tax on the amount on line 1. Use the 2022 Tax Rate Schedules	26.	
27.	Tax. Enter the smaller of line 25 or line 26 here and on your 2025 Schedule J, line 8. If for 2022 you filed Form 2555, don't enter this amount on Schedule J, line 8. Instead, enter it on line 4 of the 2022 Foreign Earned Income Tax Worksheet	27.	

* If for 2022 you filed Form 2555, see the footnote in the 2022 Foreign Earned Income Tax Worksheet before completing this line.

2022 Foreign Earned Income Tax Worksheet—Line 8

Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2022 Form 1040 using Form 2555. However, if Schedule J, line 7, is zero or less, don't complete this worksheet.

1. Enter the amount from your 2025 Schedule J, line 7	1.	
2a. Enter the amount from your (and your spouse's, if filing jointly) 2022 Form 2555, lines 45 and 50	2a.	
b. Enter the total amount of any itemized deductions or exclusions you could not claim for 2022 because they were related to excluded income	b.	
c. Subtract line 2b from line 2a. If zero or less, enter -0-	c.	
3. Add lines 1 and 2c	3.	
4. Figure the tax on the amount on line 3. Use the 2022 Tax Rate Schedules, the 2022 Qualified Dividends and Capital Gain Tax Worksheet,* or the 2022 Schedule D Tax Worksheet in the 2022 Schedule D instructions,* whichever applies	4.	
5. Figure the tax on the amount on line 2c. Use the 2022 Tax Rate Schedules	5.	
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2025 Schedule J, line 8	6.	

** Enter the amount from line 3 above on line 1 of the 2022 Qualified Dividends and Capital Gain Tax Worksheet or the 2022 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2025 Schedule J, line 7, from line 6 of your 2022 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2022 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

If you didn't have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.

If you had a capital gain excess, complete a second 2022 Qualified Dividends and Capital Gain Tax Worksheet or 2022 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2022 Foreign Earned Income Tax Worksheet above.

- 1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your 2022 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2022 Schedule D Tax Worksheet by your capital gain excess.*
- 2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your 2022 Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your 2022 Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.*
- 3. Reduce (but not below zero) the amount on your 2022 Schedule D (Form 1040), line 18, by your capital gain excess.*
- 4. Include your capital gain excess as a loss on line 16 of your 2022 Unrecaptured Section 1250 Gain Worksheet in the 2022 Instructions for Schedule D (Form 1040).*

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Line 9

If you used Schedule J to figure your tax for:

- 2024 (that is, you entered the amount from the 2024 Schedule J, line 23, on your 2024 Form 1040, Form 1040-SR, or Form 1040-NR, line 16; or 2024 Form 1040-X, line 6), enter on line 9 the amount from your 2024 Schedule J, line 15; or
- 2023 but not 2024, enter on line 9 the amount from your 2023 Schedule J, line 3.

If you figured your tax for both 2023 and 2024 without using Schedule J, enter on line 9 the taxable income from your 2023 tax return (or as previously adjusted by the IRS, or corrected on an amended return). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 9.

If you didn't file a tax return for 2023, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2023 until at least 3 years after April 15, 2026 (or the date you file your 2025 tax return, if later).

Instructions for 2023 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2023 Schedule D, line 21, isn't allowed for income averaging purposes to the extent it didn't reduce your capital loss carryover to 2024. This could happen if the taxable income—shown on your 2023

Form 1040, Form 1040-SR, or Form 1040-NR, line 15 (or as previously adjusted)—was less than zero. Enter on line 2 the amount by which your 2023 capital loss carryover to 2024 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of

the loss on your 2023 Schedule D, line 16, over the loss on your 2023 Schedule D, line 21. If you had any NOL carrybacks to 2023, be sure you refigured your 2023 capital loss carryover to 2024.

Line 3. If you had an NOL for 2023, enter the amount of that NOL from the 2023 Form 1045, Schedule A, line 24, you filed with Form 1045 or Form 1040-X. If you didn't have an NOL for 2023, enter the portion, if any, of the NOL carryovers and carrybacks to 2023 that weren't used in 2023 and were carried to years after 2023.

Example. The farmer didn't use income averaging for 2022, 2023, or 2024. The taxable income on the farmer's 2023 Form 1040, line 15, is a negative \$29,900. The deduction for exemptions has been suspended. The farmer subtracts from the \$29,900 loss the \$0 deduction for the suspended exemptions.

The result is a negative \$29,900, the farmer's 2023 taxable income, which the farmer enters as a positive amount on line 1 of the 2023 Taxable Income Worksheet.

When the farmer filed their 2023 tax return, the farmer had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 7), and a \$7,000 loss on Schedule D, line 16 (as adjusted). The farmer also had a \$7,000 capital loss carryover to 2024.

The farmer adds the \$3,000 from Schedule D, line 21, and the \$7,000 capital loss carryover. The farmer subtracts from the \$10,000 result the \$7,000 loss on the Schedule D, line 16, and enters \$3,000 on line 2 of the worksheet.

The farmer enters \$14,500 on line 3 of the worksheet, the 2023 NOL from their 2023 Form 1045, Schedule A, line 24. Of the \$29,900 negative taxable income, the \$0 deduction for the suspended exemptions, the \$3,000 capital loss deduction, and the

farmer's \$12,400 standard deduction weren't allowed in figuring the NOL. The farmer had a \$14,500 loss on the 2023 Schedule F, the only other item on the farmer's 2023 tax return.

The farmer enters \$17,500 (the \$3,000 line 2 amount plus the \$14,500 line 3 amount) on line 4 and \$12,400 (the \$29,900 line 1 amount minus the \$17,500 line 4 amount) on line 5. The farmer enters \$12,400 as a negative amount on Schedule J, line 9. The farmer enters \$6,000 on Schedule J, line 10, and a negative \$6,200 on Schedule J, line 11. If the farmer uses Schedule J to figure their tax for 2026, the farmer will enter the negative \$6,200 amount on their 2026 Schedule J as the farmer's 2023 taxable income for income averaging purposes.

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2023 Taxable Income Worksheet—Line 9

Keep for Your Records



Complete this worksheet if you **didn't** use Schedule J to figure your tax for 2024 and your 2023 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2023 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2023, don't include any NOL carryovers or carrybacks to 2023. Enter the result as a positive amount	1.	
2. If there is a loss on your 2023 Schedule D, line 21, add that loss (as a positive amount) and your 2023 capital loss carryover to 2024. Subtract from that sum the amount of the loss on your 2023 Schedule D, line 16, and enter the result	2.	
3. If you had an NOL for 2023, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2023 that weren't used in 2023 and were carried to years after 2023	3.	
4. Add lines 2 and 3	4.	
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 9	5.	

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Line 12

If line 11 is zero or less, enter -0- on line 12. Otherwise, figure the tax on the amount on line 11 using:

- The 2023 Tax Rate Schedules below;
- The 2023 Qualified Dividends and Capital Gain Tax Worksheet, later;
- The 2023 Schedule D Tax Worksheet in the 2023 Schedule D instructions (but use the 2023 Tax Rate Schedules below when figuring the tax on the Schedule D Tax Worksheet, lines 42 and 44); or
- The 2023 Foreign Earned Income Tax Worksheet, later.

If your elected farm income includes net capital gain, you must use the 2023 Schedule D Tax Worksheet to figure the tax on the amount on line 11. However, if you filed Form 2555 for 2023,

you must first complete the 2023 Foreign Earned Income Tax Worksheet, and then use the 2023 Schedule D Tax Worksheet to figure the tax on the amount on line 3 of the Foreign Earned Income Tax Worksheet.

When completing the Schedule D Tax Worksheet, you must allocate $\frac{1}{3}$ of the amount on Schedule J, line 2b, (and $\frac{1}{3}$ of the amount on line 2c, if any) to 2023. If for 2023 you had a capital loss that resulted in a capital loss carryover to 2024, don't reduce the elected farm income allocated to 2023 by any part of the carryover.

2023 Tax Rate Schedules—Line 12

Schedule X—Use if your 2023 filing status was Single.					Schedule Y-2—Use if your 2023 filing status was Married filing separately.				
If Schedule J, line 11, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 12		<i>of the amount over—</i>	If Schedule J, line 11, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 12		<i>of the amount over —</i>
\$0	\$11,000	.....	10%	\$0	\$0	\$11,000	.....	10%	\$0
11,000	44,725	\$1,100.00	+	12%	11,000	44,725	\$1,100.00	+	12%
44,725	95,375	5,147.00	+	22%	44,725	95,375	5,147.00	+	22%
95,375	182,100	16,290.00	+	24%	95,375	182,100	16,290.00	+	24%
182,100	231,250	37,104.00	+	32%	182,100	231,250	37,104.00	+	32%
231,250	578,125	52,832.00	+	35%	231,250	346,875	52,832.00	+	35%
578,125	.....	174,238.25	+	37%	346,875	.....	93,300.75	+	37%
Schedule Y-1—Use if your 2023 filing status was Married filing jointly or Qualifying widow(er).					Schedule Z—Use if your 2023 filing status was Head of household.				
If Schedule J, line 11, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 12		<i>of the amount over—</i>	If Schedule J, line 11, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 12		<i>of the amount over —</i>
\$0	\$22,000	.....	10%	\$0	\$0	\$15,700	.....	10%	\$0
22,000	89,450	\$2,200.00	+	12%	15,700	59,850	\$1,570.00	+	12%
89,450	190,750	10,294.00	+	22%	59,850	95,350	6,868.00	+	22%
190,750	364,200	32,528.00	+	24%	95,350	182,100	14,678.00	+	24%
364,200	462,500	74,208.00	+	32%	182,100	231,250	35,498.00	+	32%
462,500	693,750	105,664.00	+	35%	231,250	578,100	51,226.00	+	35%
693,750	.....	186,601.50	+	37%	578,100	.....	172,623.50	+	37%

Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2025 Schedule J, line 2a, doesn't include any net capital gain.
- You **(a)** entered qualified dividends on your 2023 Form 1040, 1040-SR, or 1040-NR, line 3a; **(b)** entered capital gain distributions directly on your 2023 Form 1040, 1040-SR, or 1040-NR, line 7, and weren't required to file Schedule D; or **(c)** filed Schedule D in 2023 and you answered "Yes" on lines 17 and 20 of that Schedule D.

1.	Amount from your 2025 Schedule J, line 11. If for 2023 you filed Form 2555, enter the amount from line 3 of the 2023 Foreign Earned Income Tax Worksheet	1.	
2.	Amount from your 2023 Form 1040, 1040-SR, or 1040-NR, line 3a*	2.	
3.	Did you file Schedule D in 2023?*		
	<div><div><input type="checkbox"/> Yes. Enter the smaller of line 15 or 16 of your 2023 Schedule D, but don't enter less than -0-.</div><div><input type="checkbox"/> No. Enter the amount from your 2023 Form 1040, 1040-SR, or 1040-NR, line 7.</div></div>	3.	
4.	Add lines 2 and 3	4.	
5.	Amount, if any, from your 2023 Form 4952, line 4g	5.	
6.	Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7.	Subtract line 6 from line 1. If zero or less, enter -0-	7.	
8.	Enter one of the following three amounts depending on your filing status. <ul style="list-style-type: none">• \$44,625 if single or married filing separately.• \$89,250 if married filing jointly or qualifying widow(er).• \$59,750 if head of household.	8.	
9.	Enter the smaller of line 1 or line 8	9.	
10.	Enter the smaller of line 7 or line 9	10.	
11.	Subtract line 10 from line 9. This amount is taxed at 0%	11.	
12.	Enter the smaller of line 1 or line 6	12.	
13.	Enter the amount from line 11	13.	
14.	Subtract line 13 from line 12	14.	
15.	Enter one of the following amounts depending on your filing status. <ul style="list-style-type: none">• \$492,300 if single.• \$276,900 if married filing separately.• \$553,850 if married filing jointly or qualifying widow(er).• \$523,050 if head of household.	15.	
16.	Enter the smaller of line 1 or line 15	16.	
17.	Add lines 7 and 11	17.	
18.	Subtract line 17 from line 16. If zero or less, enter -0-	18.	
19.	Enter the smaller of line 14 or line 18	19.	
20.	Multiply line 19 by 15% (0.15)	20.	
21.	Add lines 11 and 19	21.	
22.	Subtract line 21 from line 12	22.	
23.	Multiply line 22 by 20% (0.20)	23.	
24.	Figure the tax on the amount on line 7. Use the 2023 Tax Rate Schedules	24.	
25.	Add lines 20, 23, and 24	25.	
26.	Figure the tax on the amount on line 1. Use the 2023 Tax Rate Schedules	26.	
27.	Tax. Enter the smaller of line 25 or line 26 here and on your 2025 Schedule J, line 12. If for 2023 you filed Form 2555, don't enter this amount on Schedule J, line 12. Instead, enter it on line 4 of the 2023 Foreign Earned Income Tax Worksheet	27.	

* If for 2023 you filed Form 2555, see the footnote in the 2023 Foreign Earned Income Tax Worksheet before completing this line.

2023 Foreign Earned Income Tax Worksheet—Line 12

Keep for Your Records



Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2023 Form 1040 or 1040-SR using Form 2555. However, if Schedule J, line 11, is zero or less, don't complete this worksheet.

1. Enter the amount from your 2025 Schedule J, line 11	1.	
2a. Enter the amount from your (and your spouse's, if filing jointly) 2023 Form 2555, lines 45 and 50	2a.	
b. Enter the total amount of any itemized deductions or exclusions you could not claim for 2023 because they were related to excluded income	b.	
c. Subtract line 2b from line 2a. If zero or less, enter -0-	c.	
3. Add lines 1 and 2c	3.	
4. Figure the tax on the amount on line 3. Use the 2023 Tax Rate Schedules, the 2023 Qualified Dividends and Capital Gain Tax Worksheet,* or the 2023 Schedule D Tax Worksheet in the 2023 Schedule D instructions,* whichever applies	4.	
5. Figure the tax on the amount on line 2c. Use the 2023 Tax Rate Schedules	5.	
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2025 Schedule J, line 12	6.	

* Enter the amount from line 3 above on line 1 of the 2023 Qualified Dividends and Capital Gain Tax Worksheet or the 2023 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2025 Schedule J, line 11, from line 6 of your 2023 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2023 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.

If you didn't have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.

If you had a capital gain excess, complete a second 2023 Qualified Dividends and Capital Gain Tax Worksheet or 2023 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2023 Foreign Earned Income Tax Worksheet above.

1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your 2023 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2023 Schedule D Tax Worksheet by your capital gain excess.
2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your 2023 Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your 2023 Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.
3. Reduce (but not below zero) the amount on your 2023 Schedule D (Form 1040), line 18, by your capital gain excess.
4. Include your capital gain excess as a loss on line 16 of your 2023 Unrecaptured Section 1250 Gain Worksheet in the 2023 Instructions for Schedule D (Form 1040).

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Line 13

If you used Schedule J to figure your tax for 2024 (that is, you entered the amount from the 2024 Schedule J, line 23, on your 2024 Form 1040, 1040-SR, or 1040-NR, line 16; or on Form 1040-X, line 6, for 2024), enter on line 13 the amount from your 2024 Schedule J, line 3.

If you didn't use Schedule J to figure your tax for 2024, enter on line 13 the taxable income from your 2024 tax return (or as previously adjusted by the IRS, or corrected on an amended return). But if that amount is zero or less, complete the worksheet below to figure the amount to enter on line 13.

If you didn't file a tax return for 2024, use the amount you would have reported as your taxable income had you been required to file a tax return. Be sure to keep all your records for 2024 until at least 3 years after April 15, 2026 (or the date you file your 2025 tax return, if later).

Instructions for 2024 Taxable Income Worksheet

Line 2. Any net capital loss deduction on your 2024 Schedule D, line 21, isn't allowed for income averaging purposes to the extent it didn't reduce your capital loss carryover to 2025. This could happen if the taxable income—shown on your 2024 Form 1040, 1040-SR, or 1040-NR, line 15 (or as previously adjusted)—would have been less than zero if you could have entered a negative amount on that line. Enter on line 2 the amount by which your 2024 capital loss carryover to 2025 (the sum of your short- and long-term capital loss carryovers) exceeds the excess of the loss on your 2024 Schedule D, line 16, over the loss on your 2024 Schedule D, line 21.

Line 3. If you had an NOL for 2024, enter the amount of that NOL from the 2024 Form 1045, Schedule A, line 24, you filed with Form 1045 or Form 1040-X.

If you didn't have an NOL for 2024, enter the portion, if any, of the NOL carryovers and carrybacks to 2024 that weren't used in 2024 and were carried to years after 2024.

Example. The farmer didn't use income averaging for 2022, 2023, or 2024. The taxable income on the farmer's 2024 Form 1040, line 15, would have been a negative \$1,000 if the farmer could have entered a negative number on that line. This amount includes an NOL deduction on the farmer's 2024 Schedule 1 (Form 1040), line 8a, of \$5,150. The \$5,150 is the portion of the 2023 NOL that was remaining from 2022 to be carried to 2024. See the examples earlier. The farmer's taxable income is limited to zero and the farmer doesn't have an NOL for 2024. The result is a negative \$1,000, the farmer's 2024 taxable income, which the farmer enters as a positive amount on line 1 of the 2024 Taxable Income Worksheet.

When the farmer filed the 2024 tax return, the farmer had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 7); a \$7,000 loss on Schedule D, line 16; and a \$5,000 capital loss carryover to 2025 (the farmer's 2024 capital loss carryover to 2025 was \$5,000, not \$4,000, because the amount on the Form 1040, line 15, would have been a negative \$1,000 if the farmer could have entered a negative number on that line). The farmer adds the \$3,000 from Schedule D, line 21, and the \$5,000 carryover. The farmer subtracts from the \$8,000 result the \$7,000 loss on the Schedule D, line 16, and enters \$1,000 on line 2 of the worksheet.

The farmer enters -0- on line 3 of the worksheet because the farmer doesn't have an NOL for 2024 and didn't have an NOL carryover from 2024 available to carry to 2025 and later years.

The NOL deduction for 2024 of \$5,150 was reduced to zero because it didn't exceed the farmer's modified taxable income of \$7,150. Modified taxable income is figured by adding back the \$3,000 net capital loss deduction to taxable income (figured without regard to the NOL deduction) of \$4,150. The farmer enters \$1,000 on line 4 and \$0 on line 5 of the worksheet. The farmer enters \$0 on Schedule J, line 13. The farmer enters \$6,000 on Schedule J, line 14, and \$6,000 on Schedule J, line 15. If the farmer uses Schedule J to figure the farmer's tax for 2026, the farmer will enter \$6,000 on the farmer's 2026 Schedule J as the 2024 taxable income for income averaging purposes.

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2024 Taxable Income Worksheet—Line 13

Keep for Your Records 

Complete this worksheet if your 2024 taxable income was zero or less. See the instructions above before completing this worksheet.

1. Figure the taxable income from your 2024 tax return (or as previously adjusted) without limiting it to zero. If you had an NOL for 2024, don't include any NOL carryovers or carrybacks to 2024. Enter the result as a positive amount		1. <input type="text"/>
2. If there is a loss on your 2024 Schedule D, line 21, add that loss (as a positive amount) and your 2024 capital loss carryover to 2025. Subtract from that sum the amount of the loss on your 2024 Schedule D, line 16, and enter the result	2. <input type="text"/>	
3. If you had an NOL for 2024, enter it as a positive amount. Otherwise, enter as a positive amount the portion, if any, of the NOL carryovers and carrybacks to 2024 that weren't used in 2024 and were carried to years after 2024	3. <input type="text"/>	
4. Add lines 2 and 3		4. <input type="text"/>
5. Subtract line 4 from line 1. Enter the result as a negative amount on Schedule J, line 13		5. <input type="text"/>

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Line 16

If line 15 is zero or less, enter -0- on line 16. Otherwise, figure the tax on the amount on line 15 using:

- The 2024 Tax Rate Schedules below;
- The 2024 Qualified Dividends and Capital Gain Tax Worksheet, later;
- The 2024 Schedule D Tax Worksheet in the 2024 Schedule D instructions (but use the 2024 Tax Rate Schedules when figuring the tax on the Schedule D Tax Worksheet, lines 44 and 46); or
- The 2024 Foreign Earned Income Tax Worksheet, later.

If your elected farm income includes net capital gain, you must use the 2024 Schedule D Tax Worksheet to figure the tax on the amount on line 15.

However, if you filed Form 2555 for 2024, you must first complete the 2024 Foreign Earned Income Tax Worksheet and then use the 2024 Schedule D Tax Worksheet to figure the tax on the amount on line 3 of the Foreign Earned Income Tax Worksheet.

When completing the Schedule D Tax Worksheet, you must allocate $\frac{1}{3}$ of the amount on Schedule J, line 2b, (and $\frac{1}{3}$ of the amount on line 2c, if any) to 2024. If for 2024 you had a capital loss that resulted in a capital loss carryover to 2025, don't reduce the elected farm income allocated to 2024 by any part of the carryover.

2024 Tax Rate Schedules—Line 16

Schedule X—Use if your 2024 filing status was Single.					Schedule Y-2—Use if your 2024 filing status was Married filing separately.				
If Schedule J, line 15, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 16		<i>of the amount over—</i>	If Schedule J , line 15, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 16		<i>of the amount over—</i>
\$0	11,600	.....	10%	\$0	\$0	\$11,600	.....	10%	\$0
11,600	47,150	\$1,160.00	+	12%	11,600	47,150	\$1,160.00	+	12%
47,150	100,525	5,426.00	+	22%	47,150	100,525	5,426.00	+	22%
100,525	191,950	17,168.50	+	24%	100,525	191,950	17,168.50	+	24%
191,950	243,725	39,110.50	+	32%	191,950	243,725	39,110.50	+	32%
243,725	609,350	55,678.50	+	35%	243,725	365,600	55,678.50	+	35%
609,350	.....	183,647.25	+	37%	365,600	.....	98,334.75	+	37%
Schedule Y-1—Use if your 2024 filing status was Married filing jointly or Qualifying surviving spouse.					Schedule Z—Use if your 2024 filing status was Head of household.				
If Schedule J, line 15, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 16		<i>of the amount over—</i>	If Schedule J , line 15, is: <i>Over—</i>	<i>But not over—</i>	Enter on Schedule J, line 16		<i>of the amount over—</i>
\$0	\$23,200	.....	10%	\$0	\$0	\$16,550	.....	10%	\$0
23,200	94,300	\$2,320.00	+	12%	16,550	63,100	\$1,655.00	+	12%
94,300	201,050	10,852.00	+	22%	63,100	100,500	7,241.00	+	22%
201,050	383,900	34,337.00	+	24%	100,500	191,950	15,469.00	+	24%
383,900	487,450	78,221.00	+	32%	191,950	243,700	37,417.00	+	32%
487,450	731,200	111,357.00	+	35%	243,700	609,350	53,977.00	+	35%
731,200	.....	196,669.50	+	37%	609,350	.....	181,954.50	+	37%

Use this worksheet **only** if both of the following apply.

- Your elected farm income on your 2025 Schedule J, line 2a, doesn't include any net capital gain.
- You **(a)** entered qualified dividends on your 2024 Form 1040, 1040-SR, or 1040-NR, line 3a; **(b)** entered capital gain distributions directly on your 2024 Form 1040, 1040-SR, or 1040-NR, line 7, and weren't required to file Schedule D; or **(c)** filed Schedule D in 2024 and you answered "Yes" on lines 17 and 20 of that Schedule D.

1.	Amount from your 2025 Schedule J, line 15. If for 2024 you filed Form 2555, enter the amount from line 3 of the 2024 Foreign Earned Income Tax Worksheet	1.	
2.	Amount from your 2024 Form 1040, 1040-SR, or 1040-NR, line 3a*	2.	
3.	Did you file Schedule D in 2024?*		
	<div><div><input type="checkbox"/> Yes. Enter the smaller of line 15 or 16 of your 2024 Schedule D, but don't enter less than -0-.</div><div><input type="checkbox"/> No. Enter the amount from your 2024 Form 1040, 1040-SR, or 1040-NR, line 7.</div></div>	3.	
4.	Add lines 2 and 3	4.	
5.	Amount, if any, from your 2024 Form 4952, line 4g	5.	
6.	Subtract line 5 from line 4. If zero or less, enter -0-	6.	
7.	Subtract line 6 from line 1. If zero or less, enter -0-	7.	
8.	Enter one of the following three amounts depending on your filing status. <div><div><div>• \$47,025 if single or married filing separately.</div><div>• \$94,050 if married filing jointly or qualifying surviving spouse.</div><div>• \$63,000 if head of household.</div></div></div>	8.	
9.	Enter the smaller of line 1 or line 8	9.	
10.	Enter the smaller of line 7 or line 9	10.	
11.	Subtract line 10 from line 9. This amount is taxed at 0%	11.	
12.	Enter the smaller of line 1 or line 6	12.	
13.	Enter the amount from line 11	13.	
14.	Subtract line 13 from line 12	14.	
15.	Enter one of the following amounts depending on your filing status. <div><div><div>• \$518,900 if single.</div><div>• \$291,850 if married filing separately.</div><div>• \$583,750 if married filing jointly or qualifying surviving spouse.</div><div>• \$551,350 if head of household.</div></div></div>	15.	
16.	Enter the smaller of line 1 or line 15	16.	
17.	Add lines 7 and 11	17.	
18.	Subtract line 17 from line 16. If zero or less, enter -0-	18.	
19.	Enter the smaller of line 14 or line 18	19.	
20.	Multiply line 19 by 15% (0.15)	20.	
21.	Add lines 11 and 19	21.	
22.	Subtract line 21 from line 12	22.	
23.	Multiply line 22 by 20% (0.20)	23.	
24.	Figure the tax on the amount on line 7. Use the 2024 Tax Rate Schedules	24.	
25.	Add lines 20, 23, and 24	25.	
26.	Figure the tax on the amount on line 1. Use the 2024 Tax Rate Schedules	26.	
27.	Tax. Enter the smaller of line 25 or line 26 here and on your 2025 Schedule J, line 16. If for 2024 you filed Form 2555, don't enter this amount on Schedule J, line 16. Instead, enter it on line 4 of the 2024 Foreign Earned Income Tax Worksheet	27.	

* If for 2024 you filed Form 2555, see the footnote in the 2024 Foreign Earned Income Tax Worksheet before completing this line.

Use this worksheet if you claimed the foreign earned income exclusion or housing exclusion on your 2024 Form 1040 or 1040-SR using Form 2555. However, if Schedule J, line 15, is zero or less, don't complete this worksheet.

1. Enter the amount from your 2025 Schedule J, line 15	1.	
2a. Enter the amount from your (and your spouse's, if filing jointly) 2024 Form 2555, lines 45 and 50	2a.	
b. Enter the total amount of any itemized deductions or exclusions you could not claim for 2024 because they were related to excluded income	b.	
c. Subtract line 2b from line 2a. If zero or less, enter -0-	c.	
3. Add lines 1 and 2c	3.	
4. Figure the tax on the amount on line 3. Use the 2024 Tax Rate Schedules, the 2024 Qualified Dividends and Capital Gain Tax Worksheet,* or the 2024 Schedule D Tax Worksheet in the 2024 Schedule D instructions,* whichever applies	4.	
5. Figure the tax on the amount on line 2c. Use the 2024 Tax Rate Schedules	5.	
6. Subtract line 5 from line 4. Enter the result. If zero or less, enter -0-. Also include this amount on your 2025 Schedule J, line 16	6.	

** Enter the amount from line 3 above on line 1 of the 2024 Qualified Dividends and Capital Gain Tax Worksheet or the 2024 Schedule D Tax Worksheet if you use either of those worksheets to figure the tax on line 4 above. Complete the rest of that worksheet through line 6 (line 10 if you use the Schedule D Tax Worksheet). Next, you must determine if you had a capital gain excess. To find out if you had a capital gain excess, subtract the amount from your 2025 Schedule J, line 15, from line 6 of your 2024 Qualified Dividends and Capital Gain Tax Worksheet (line 10 of your 2024 Schedule D Tax Worksheet). If the result is more than zero, that amount is your capital gain excess.*

If you didn't have a capital gain excess, complete the rest of either of those worksheets according to the worksheet's instructions. Then complete lines 5 and 6 above.

If you had a capital gain excess, complete a second 2024 Qualified Dividends and Capital Gain Tax Worksheet or 2024 Schedule D Tax Worksheet (whichever applies) as instructed above but in its entirety and with the following additional modifications. Then complete lines 5 and 6 above. These modifications are to be made only for purposes of filling out the 2024 Foreign Earned Income Tax Worksheet above.

- 1. Reduce (but not below zero) the amount you would otherwise enter on line 3 of your 2024 Qualified Dividends and Capital Gain Tax Worksheet or line 9 of your 2024 Schedule D Tax Worksheet by your capital gain excess.*
- 2. Reduce (but not below zero) the amount you would otherwise enter on line 2 of your 2024 Qualified Dividends and Capital Gain Tax Worksheet or line 6 of your 2024 Schedule D Tax Worksheet by any of your capital gain excess not used in (1) above.*
- 3. Reduce (but not below zero) the amount on your 2024 Schedule D (Form 1040), line 18, by your capital gain excess.*
- 4. Include your capital gain excess as a loss on line 16 of your 2024 Unrecaptured Section 1250 Gain Worksheet in the 2024 Instructions for Schedule D (Form 1040).*

Lines 19, 20, and 21

For example, your “tax” line may, in addition to the tax imposed by section 1, include amounts from Form 8814 or 4972; amounts from the recapture of an education credit; or a repayment amount for any excess of advance monthly payments of the health coverage tax credit.

If you amended your return or the IRS made changes to it, make sure you enter the corrected amount.

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