

WORKSHEET
FCG

**FARM LIQUIDATION LONG-TERM
CAPITAL GAIN TAX RATE**

For Tax Year

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ORS 316.045

A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent termination of all your ownership interests in a farming business, or a termination of all your ownership interests in property that is used in a farming business. If you have a net loss from the sale or exchange from **all** assets during the year, you will not qualify for the reduced rate on the sale of farm assets.

Farming activities include:

- Raising, harvesting, and selling crops.
- Feeding, breeding, managing, or selling livestock, poultry, fur-bearing animals, or honeybees or the produce thereof.
- Dairying and selling dairy products.
- Stabling or training equines, including providing riding lessons, training clinics, and schooling shows.
- Propagating, cultivating, maintaining, or harvesting aquatic species, birds, and other animal species.
- Growing and harvesting cultured Christmas trees or certain hardwood timber.
- On-site constructing and maintaining equipment and facilities used in farming activities.
- Preparing, storing, or disposing of products or by-products raised for human or animal use on land employed in farming activities.
- Any other agricultural activity, horticultural activity, animal husbandry, or any combination of these three.

Farming activities **do not** include growing and harvesting trees of a marketable species other than growing and harvesting cultured Christmas trees or certain hardwood timber.

You may not claim the special tax rate on a sale or exchange to a relative, as defined under Internal Revenue Code Section 267. A farm dwelling or farm home site is not considered to be property used in the trade or business of farming.

Partnerships or S corporations. The sale of ownership interests in a farming corporation, partnership, or other entity qualify for the special tax rate. The taxpayer must have had at least a 10 percent ownership interest in the entity before the sale or exchange.

Worksheet FCG, Farm Capital Gain

Follow the steps in the worksheet below to determine your qualifying farm assets' net long-term capital gain (NLTCG).

The NLTCG eligible for the special tax rate is computed as follows:

A. Enter your NLTCG from farm assets	A	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
B. Enter the gain included in Form 40, line 8 (this is the gain shown on federal Form 1040, line 13); or from the Oregon column of Form 40N or Form 40P, line 14	B	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
C. Enter the smaller of A or B here and on line 2 below.....	C	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
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1. Oregon taxable income from Form 40, line 28; Form 40N, line 50; or Form 40P, line 48	1	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
2. Farm NLTCG from line C above	2	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
3. Modified taxable income. Subtract line 2 from line 1 (but not less than zero).....	3	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
4. Oregon tax on the amount on line 3. See tables or tax rate charts in the full year resident or part-year/nonresident income tax booklets	4	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
5. Enter the smaller of line 1 or 2 above	5	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
6. Multiply line 5 by 5% (.05).....	6	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
7. Add lines 4 and 6. This is your Oregon tax. Enter the result here and on your Oregon return. Check the box on your Oregon return labeled "Worksheet FCG"	7	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
8. Form 40P filers only. Compute your Oregon income tax by multiplying line 7 by your Oregon percentage. This is your Oregon tax. Enter the result here and on your Form 40P, line 50. Check the box on your Form 40P labeled "Worksheet FCG"	8	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>

Do not attach this form to your return. Keep it with your tax records.