

# Form OR-CROP Instructions

## Crop Donation Tax Credit

**2023**

Oregon allows a tax credit for crops donated to a gleaning cooperative, food bank, or other charitable organization engaged in the distribution of food without charge.

The organization receiving the donation must have a principal or ongoing purpose of distribution of food to children or homeless, unemployed, elderly, or low-income individuals.

The organization must be located in Oregon and be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

To qualify for this credit:

- You must be in the business of growing the crop to be sold for cash;
- The crop must be fit for human consumption; and
- The food must meet all quality and labeling standards imposed by federal, state, or local laws, even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition.

Eligible crops include, but aren't limited to:

- Bedding plants that produce food;
- Orchard stock intended for the production of food; and
- Livestock that may be processed into food for human consumption.

Donated food meeting the above qualifications will meet the definition of *apparently wholesome food* as required for this credit.

### How much is the credit?

The credit is 15 percent of the value of the quantity of the crop donated, computed at the wholesale market price at the time of donation. The wholesale market price is determined by either:

- The amount paid to the grower by the last previous cash buyer of the particular crop; or
- In the event there is no previous cash buyer, a market price based upon the market price of the nearest regional wholesale buyer or regional u-pick market price.

**Example:** 5,000 pounds of potatoes at \$0.10/lb.  
 $5,000 \times 0.10 = \$500$  (market value)  
 $15\% (0.15) \times \$500 = \$75$  (credit allowed)

**Don't fill cents in the credit amount (line 9).** You **must** round cents to the nearest dollar amount for the credit that will be entered on your tax return. For example, \$99.49 becomes \$99, and \$99.50 becomes \$100.

### How to claim the credit

Keep Form OR-CROP with your tax records to verify your donation. If there was a previous cash buyer, you must keep a copy of an invoice or other statement identifying the price received for crops of comparable grade or quality.

Individuals, partners, S corporation shareholders, or corporations can take the credit. S corporation shareholders or partners may claim the credit based on their pro rata share of the value of the donated crop. Using code 843, individual filers claim the credit on Schedule OR-ASC or OR-ASC-NP and corporation filers claim the credit on Schedule OR-ASC-CORP.

**Part-year resident and nonresident individuals.** You are allowed the credit subject to the same limitations as a credit allowed to a resident. Prorate the credit by multiplying your total credit by your Oregon percentage (Form OR-40-N or OR-40-P, line 35) to figure the amount you can claim on your Schedule OR-ASC-NP.

**Carryforward.** Your credit can't be more than your tax liability for Oregon. You can carry forward any unused credit for the next three years. If the credit carryforward isn't used within three years, it's lost.

### Do you have questions or need help?

[www.oregon.gov/dor](http://www.oregon.gov/dor)  
503-378-4988 or 800-356-4222  
[questions.dor@dor.oregon.gov](mailto:questions.dor@dor.oregon.gov)

Contact us for ADA accommodations or assistance in other languages.