

Harvesting Timber and Timber Taxes



www.oregon.gov/dor/timber

Important information for first-time timber harvesters

Before harvesting timber, a *Notification of Operation* (NOAP), must be obtained from the Oregon Department of Forestry (ODF). No fee is charged for filing the report, which contains information related to the harvest, including:

1. The name and address of the **operator**. The operator is the person or company who performs the harvest, such as, "the logger."
2. The name and address of the **landowner**.
3. The name and address of the **timber owner**. The timber owner is the owner of the timber at the time logs are first measured. The timber owner and the landowner are usually the same person. Logs are first measured when they are delivered and sold to a mill.

ODF provides notification information to the Oregon Department of Revenue, which uses the information to determine who and where to mail timber tax return(s). For timber tax purposes, the timber owner is responsible for filing and paying the timber taxes (ORS 321.005 and 321.550).

A *Notification of Operation* is valid during a calendar year (January 1 through December 31). You will need to file a new notification to ODF if the operation continues into the following calendar year. Civil penalties may result for logging without notifying ODF [ORS 321.550(3)(a)].

What records do I keep?

You will need to keep all records that relate to the harvest, including:

1. Mill receipts/records that show the volume of timber harvested,
2. Written agreements relative to the ownership and harvest of timber,
3. A map showing the location of the harvest unit,
4. Original records of scaling, measuring and grading of harvested timber, and
5. Any other bills, receipts, invoices or documents used in the preparation of tax returns.

Oregon Administrative Rule (OAR) 150-321-0590 requires these records to be maintained for six years from the completion of a harvest or final resolution of an appeal relating to such harvest, whichever is later.

What timber taxes do I need to pay?

All timber harvested in Oregon is subject to the Forest Products Harvest Tax (FPHT). In addition, harvests may be subject to the Small Tract Forestland (STF) severance tax.

What am I taxed on?

Timber taxes are calculated using the volume of timber harvested. Harvested timber is measured in board feet (BF) or in thousands of board feet (MBF), or weighed in tons.

The volume is reported on the return in thousands of board feet MBF. You will need to round the volume to the nearest MBF.

Examples:

41,499 BF = 41.499 MBF rounds to = 41 MBF

41,500 BF = 41.500 MBF rounds to = 42 MBF

Timber that is sold by weight must be converted from tons to MBF using the conversion factors on the back of the timber tax forms.

Examples:

Net weight converted to ton = 554,200 pounds ÷ 2000 = 277 ton

Tons converted to MBF = 277 ton ÷ 7.5 = 36.9 rounds to 37MBF

Forest products harvest tax (ORS 321.005 to 321.185)

The FPHT is computed by applying the tax rate to the "taxable volume." The first 25,000 board feet (25 MBF) per taxpayer per year is exempt. To figure the taxable volume, subtract 25 MBF from the total net MBF harvested.

The tax rate is reviewed and set each legislative session. The tax rate can be found on our website www.oregon.gov/dor/timber. It's determined each year and is preprinted on the tax forms.

How to calculate FPHT: (Example)

Taxpayer harvests 41,400 net board feet. Volume is rounded to 41 MBF.

The tax calculation is:

41	MBF total volume harvested
– 25	MBF exemption/exclusion
16	MBF taxable volume
× \$3.7287*	Tax rate per MBF
\$59.66	Total tax due

* The current year tax rate can be found on our website at www.oregon.gov/dor/timber.

How do I obtain payment coupons to make quarterly payments?

If you have not received coupons, please contact us at timber.tax.help@oregon.gov for payment coupons.

Taxpayers expecting to owe more than \$1,500 for the FPHT in a calendar year are required to make quarterly “Estimate of timber tax liability” payments, [ORS 321.045(4)].

Small tract forestland severance tax (ORS 321.726–321.754)

For owners of forestland that also qualified for the STF program, they receive a reduction in their property taxes; they are assessed at 20 percent of forestland values annually. At the time of harvest, STF owners will also pay the Small Tract Forestland Severance taxes on harvested timber. This only applies to sawmill grades or better.

The severance tax is calculated by applying the tax rate to the total volume of timber harvested. Unlike the FPHT, there is no 25 MBF exemption/exclusion on the STF severance tax.

There are two tax rates, depending on whether the timber was harvested in western or eastern Oregon.

How to calculate STF severance tax: (Example)

Taxpayer harvested 41,400 net board feet from STF land in **Western Oregon**.

41,400 net board feet divided by 1,000 = 41 MBF (rounded)

41	MBF total volume harvested
× \$5.49*	Tax rate per MBF (Western)
\$225.09	Total tax due

Taxpayer harvested 41,400 net board feet from STF land in **Eastern Oregon**.

41,400 net board feet divided by 1,000 = 41 MBF (rounded)

41	MBF total volume harvested
× \$4.27*	Tax rate per MBF (Eastern)
\$175.07	Total tax due

* The current year tax rate can be found on our website at www.oregon.gov/dor/timber.

The STF severance tax rates are indexed annually to reflect the increase or decrease in forestland value. The tax rate is printed on the tax forms.

Harvests occurring in the following 19 counties use the **western rate**: Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Hood River, Jackson, Josephine, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, and Yamhill. The current year tax rate can be found on our website at www.oregon.gov/dor/timber.

Harvests occurring in the following 17 counties use the **eastern rate**: Baker, Crook, Deschutes, Gilliam, Grant, Harney, Jefferson, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, Wallowa, Wasco, and Wheeler. The current year tax rate can be found on our website at www.oregon.gov/dor/timber.

There is no requirement for quarterly estimated payments on the STF severance tax.

How do I obtain returns?

Timber tax returns are mailed by DOR in January of the year following the harvest. The department identifies potential harvesters and mails the forms based on information provided on the *Notification of Operation* supplied by ODF and the STF application from the county assessors. You are required to file even if you didn't harvest and don't owe tax.

There is detailed information printed and used on the form; blank forms are not available.

If you harvested timber and didn't receive forms by February of the year following the harvest, email us at timber.tax.help@oregon.gov or contact us at the numbers listed below.

When are the timber taxes due?

Timber taxes are due by April 15 of each year, for harvests occurring during the previous calendar year. The due date is extended to the following Monday when April 15 falls on a weekend. Failure to file and pay the tax timely will result in penalty and interest charges.

If you are unable to file a return by the due date, you may request an extension of time to file. The request must be in writing and postmarked no later than the due date of the return. The department may grant up to 30 days from the due date. This doesn't extend the time to pay.

Where can I obtain assistance?

If you have additional questions or need assistance regarding your timber tax returns, email us at timber.tax.help@oregon.gov or contact us at the numbers listed below.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.