

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). For more information, refer to the laws and rules at [www.oregon.gov/dor](http://www.oregon.gov/dor).

**Lines 4 and 8 (Oregon tax computation)**

Corporations compute tax using a rate as shown in the instructions for Form OR-20 and OR-20-S.

Use with Forms OR-20, OR-20-S, and OR-65 to reduce your tax on the qualified gain. Complete the worksheet, check the box on the front of Form OR-20 or OR-20-S, and include it with your return. You do **not** need to complete the form if your net long-term capital gain is zero or you have a net long-term capital loss, or if you don't have taxable Oregon income.

A reduced tax rate is available if you sold or exchanged capital assets used in farming. The sale or exchange must represent a substantially complete termination of your farming business or a termination of all your ownership interest in property that's used in a farming business.

You may not claim the special tax rate on a sale or exchange to a subsidiary/affiliate in the unitary group, as defined under Internal Revenue Code section 267(b). Ownership of a farm dwelling or farm homesite isn't considered to be ownership of property employed in the trade or business of farming.

**Partnerships or S corporations.** The sale of ownership interest in a farming corporation, partnership, or other entity qualifies 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. If the income is taxed at the personal level, use Worksheet OR-FCG to calculate the special tax rate.

**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 of horses, including providing riding lessons, training clinics, and schooling shows.
- Propagating, cultivating, maintaining, or harvesting aquatic species, birds, and other animals.
- Any other agricultural, horticultural, or animal husbandry activity.
- On-site construction and maintenance of equipment and facilities used in farming activities.
- Preparation, storage, or disposal of products or by-products raised for human or animal use on land employed in farming activities.
- Growing and harvesting cultured Christmas trees or certain hardwood timber.

Farming activities **don't** include growing and harvesting trees of a marketable species other than growing and harvesting cultured Christmas trees or certain hardwood timber. [ORS 317.063(a)(H)].

**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@oregon.gov](mailto:questions.dor@oregon.gov)

Contact us for ADA accommodations or assistance in other languages.