

# Worksheet OR-FCG

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Oregon Department of Revenue



Office use only

## Farm Liquidation Long-Term Capital Gain Tax Rate

(ORS 316.045)

For tax year:

You may qualify for a reduced tax rate if you sold or exchanged capital assets used in farming activities. The sale or exchange must end all your ownership interests in a farming business, or stop 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 won't 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, honeybees, or the produce thereof.
- Dairying and selling dairy products.
- Stabling or training equines, including providing riding lessons, training clinics, and schooling shows.
- Breeding, growing, 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 or horticultural activity, animal husbandry, or any combination of these three.

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.

You may not claim the reduced 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 isn't 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 reduced tax rate. The taxpayer must have had at least a 10 percent ownership interest in the entity before the sale or exchange.

### Worksheet OR-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 reduced tax rate is computed as follows:

A. Enter your NLTCG from farm assets.....	A	<input type="text"/>
B. Enter the gain included in Oregon income or from the Oregon column of Form OR-40-N or Form OR-40-P.....	B	<input type="text"/>
C. Enter the smaller of A or B here and on line 2 below .....	C	<input type="text"/>
1. Oregon taxable income from Form OR-40, line 21; Form OR-40-N, line 47; or Form OR-40-P, line 45 .....	1	<input type="text"/>
2. Farm NLTCG from line C above.....	2	<input type="text"/>
3. Modified taxable income. Line 1 minus line 2. If line 2 is more than line 1, enter -0- .....	3	<input type="text"/>
4. Oregon tax on the amount on line 3.....	4	<input type="text"/>
5. Enter the smaller of line 1 or 2 above .....	5	<input type="text"/>
6. Multiply line 5 by 5 percent (0.05).....	6	<input 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 OR-FCG" .....	7	<input type="text"/>
8. <b>Form OR-40-P filers only.</b> 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 Oregon return. Check the box on your Form OR-40-P labeled "Worksheet OR-FCG".....	8	<input type="text"/>

**-Don't include this form with your return. Keep it with your tax records.-**