

2025 Publication OR-FCG

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Oregon Department of Revenue



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Farm Liquidation Long-Term Capital Gain Tax

(ORS 316.045)

You may qualify for the farm capital gain reduced tax rate if you sold or exchanged capital assets used in farming activities. The sale or exchange must end all of your ownership interests in a farming business, or stop all of 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 types of** assets during the year, you won't qualify for the farm liquidation 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 farm capital gain 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 owners. The sale of ownership interests in a farming corporation, partnership, or other entity qualify for the farm capital gain reduced 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

Complete the worksheet below to determine the tax on your net long-term capital gain (NLTCG) from farm assets.

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|--|----|----------------------------------|
| 1. Enter your NLTCG from farm assets..... | 1. | <input type="text" value=".00"/> |
| 2. Enter the gain included in Oregon income or from the Oregon column of Form OR-40-N or Form OR-40-P, line 13S | 2. | <input type="text" value=".00"/> |
| 3. Enter the smaller of line 1 or 2..... | 3. | <input type="text" value=".00"/> |
| 4. Oregon taxable income from Form OR-40, line 19; Form OR-40-N, line 45; or Form OR-40-P, line 43 | 4. | <input type="text" value=".00"/> |
| 5. Modified taxable income. Line 4 minus line 3. If line 3 is more than line 4, enter 0..... | 5. | <input type="text" value=".00"/> |
| 6. Oregon tax on the amount on line 5..... | 6. | <input type="text" value=".00"/> |
| 7. Enter the smaller of line 3 or 4 above | 7. | <input type="text" value=".00"/> |
| 8. Multiply line 7 by 5 percent (0.05)..... | 8. | <input type="text" value=".00"/> |
| 9. Add lines 6 and 8. This is your Oregon tax. Enter the result here and on your Oregon return Form OR-40, line 20; Form OR-40-N, line 46; or Form OR-40-P, line 44.
Check the box on your Oregon return labeled "Worksheet FCG" | 9. | <input type="text" value=".00"/> |

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