

FORM
FIA-40N **OREGON FARM**
INCOME AVERAGING **2005**

| For Office Use Only | |
|---------------------|--|
| Date received | |

| | | | | |
|-------------------------------------|-------|----------|--------------------------------------|--|
| Name(s) as shown on Oregon Form 40N | | | Social Security No. (SSN) — — | |
| Current mailing address | | | Spouse's SSN, if joint return — — | |
| City | State | ZIP code | Telephone number () | |

Computation of 2005 Taxable Income

| | Federal column | Oregon column |
|---|----------------------|-------------------------|
| 1 Enter income after subtractions from your 2005 Oregon Form 40N, line 39 1a | <input type="text"/> | 1b <input type="text"/> |
| 2 Enter your electd farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, line 19b 2a | <input type="text"/> | 2b <input type="text"/> |
| 3 Subtract line 2 from line 1 in both the federal and Oregon columns 3a | <input type="text"/> | 3b <input type="text"/> |
| 4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100%) 4 | _____ . ____% | |
| 5 Multiply the allowable deductions and modifications from line 4 of the worksheet for your 2005 Oregon Form 40N, (page 26) by the recomputed Oregon percentage shown above 5 | <input type="text"/> | <input type="text"/> |
| 6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2005 Form 40N, line 48 6 | <input type="text"/> | <input type="text"/> |
| 7 Add lines 5 and 6 7 | <input type="text"/> | <input type="text"/> |
| 8 Line 3b minus line 7. Enter the result here 8 | <input type="text"/> | <input type="text"/> |
| 9 Figure the tax on line 8 using the 2005 Tax Rate Charts 9 | <input type="text"/> | <input type="text"/> |
| 10 Divide line 2b by 3.0 and enter here 10 | <input type="text"/> | <input type="text"/> |

Prior Years' Tax

| | | |
|---|----------------------|----------------------|
| 11 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2002, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 11 | <input type="text"/> | <input type="text"/> |
| 12 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 12 | <input type="text"/> | <input type="text"/> |
| 13 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 13 | <input type="text"/> | <input type="text"/> |
| 14 Add lines 9, 11, 12, and 13 14 | <input type="text"/> | <input type="text"/> |

Computation of 2005 Tax

| | | |
|---|----------------------|----------------------|
| 15 2002 Tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 or 2003 but did in 2002, enter the amount from 2002 FIA-40, line 4; FIA-40N, line 10; or FIA-40P, line 8. Otherwise, enter the tax from your 2002 Form 40, line 30 or 31; Form 40S, line 16; Form 40N, line 52 or 53; or Form 40P, line 51 or 52 15 | <input type="text"/> | <input type="text"/> |
| 16 2003 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2003 Form 40, line 30 or 31; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52 16 | <input type="text"/> | <input type="text"/> |
| 17 2004 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52 17 | <input type="text"/> | <input type="text"/> |
| 18 Add lines 15, 16, and 17 18 | <input type="text"/> | <input type="text"/> |
| 19 Line 14 minus line 18. Enter the result here and on Form 40N, line 51 19 | <input type="text"/> | <input type="text"/> |

FORM
FIA-40P OREGON FARM
 INCOME AVERAGING **2005**

| For Office Use Only | |
|--------------------------------------|-------------------------|
| Date received | |
| Social Security No. (SSN) — — | |
| Spouse's SSN, if joint return — — | |
| City | Telephone number () |

| | | |
|-------------------------------------|-------|----------|
| Name(s) as shown on Oregon Form 40P | | |
| Current mailing address | | |
| City | State | ZIP code |

Computation of 2005 Taxable Income

Federal column Oregon column

| | | | | | | |
|--|----|----------------------|----------------------|----|----------------------|----------------------|
| 1 Enter income after subtractions from your 2005 Oregon Form 40P, line 39..... | 1a | <input type="text"/> | <input type="text"/> | 1b | <input type="text"/> | <input type="text"/> |
| 2 Enter your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40P, line 19b..... | 2a | <input type="text"/> | <input type="text"/> | 2b | <input type="text"/> | <input type="text"/> |
| 3 Subtract line 2 from line 1 in both the federal and Oregon columns..... | 3a | <input type="text"/> | <input type="text"/> | 3b | <input type="text"/> | <input type="text"/> |
| 4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100%)..... | 4 | _____ . ____% | | | | |
| 5 Enter allowable deductions and modifications from your 2005 Form 40P, line 48..... | 5 | <input type="text"/> | <input type="text"/> | | | |
| 6 Line 3a minus line 5. Enter the result here | 6 | <input type="text"/> | <input type="text"/> | | | |
| 7 Figure the tax on line 6 using the 2005 Tax Rate Charts | 7 | <input type="text"/> | <input type="text"/> | | | |
| 8 Multiply line 7 by the recomputed Oregon percentage on line 4..... | 8 | <input type="text"/> | <input type="text"/> | | | |
| 9 Divide line 2b by 3.0 and enter here | 9 | <input type="text"/> | <input type="text"/> | | | |

Prior Years' Tax

| | | | |
|--|----|----------------------|----------------------|
| 10 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2002, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies | 10 | <input type="text"/> | <input type="text"/> |
| 11 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies | 11 | <input type="text"/> | <input type="text"/> |
| 12 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies | 12 | <input type="text"/> | <input type="text"/> |
| 13 Add lines 8, 10, 11, and 12 | 13 | <input type="text"/> | <input type="text"/> |

Computation of 2005 Tax

| | | | |
|--|----|----------------------|----------------------|
| 14 2002 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 or 2003 but did in 2002, enter the amount from 2002 FIA-40, line 4; FIA-40N, line 10; or FIA-40P, line 8. Otherwise, enter the tax from your 2002 Form 40, line 30 or 31; Form 40S, line 16; Form 40N, line 52 or 53; or Form 40P, line 51 or 52..... | 14 | <input type="text"/> | <input type="text"/> |
| 15 2003 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2003 Form 40, line 30 or 31; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52. | 15 | <input type="text"/> | <input type="text"/> |
| 16 2004 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other- wise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52 | 16 | <input type="text"/> | <input type="text"/> |
| 17 Add lines 14, 15, and 16 | 17 | <input type="text"/> | <input type="text"/> |
| 18 Line 13 minus line 17. Enter the result here and on Form 40P, line 51 | 18 | <input type="text"/> | <input type="text"/> |

Schedule Z

(Farm Income Averaging)

Computation of Tax

2005

COMPUTATION FOR TAX YEAR 2002

Computation A. Complete if you filed Form 40N for tax year 2002.

1 If you used Schedule Z to figure your tax for 2004, enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation A, lines 3a and 3b. If you did not income average in 2003 or 2004 but did in 2002, enter the amount from your 2002 FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2002 Form 40N, lines 39a and 39b (if -0- or less, see instructions).....

| Federal column | | Oregon column | |
|----------------|----------------------|---------------|----------------------|
| 1a | <input type="text"/> | 1b | <input type="text"/> |

2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

| | | | |
|----|----------------------|----|----------------------|
| 2a | <input type="text"/> | 2b | <input type="text"/> |
| 3a | <input type="text"/> | 3b | <input type="text"/> |

3 Add lines 1 and 2 in both the federal and Oregon columns

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%).....

4 . %

5

5 Enter deductions and modifications from your 2002 Oregon Form 40N, line 47

6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 and enter here

6

7

7 Enter the amount from your 2002 Oregon Form 40N, line 49

8 Add lines 6 and 7

8

9

9 Line 3b minus line 8. Enter the result here

10 Figure the tax on line 9 using the 2002 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10.....

10

Computation B. Complete if you filed Form 40P for tax year 2002.

1 If you used Schedule Z to figure your tax for 2004, enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation B, lines 3a and 3b. If you did not income average in 2003 or 2004 but did in 2002, enter the amount from your 2002 FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2002 Form 40P, lines 39a and 39b (if -0- or less, see instructions).....

| Federal column | | Oregon column | |
|----------------|----------------------|---------------|----------------------|
| 1a | <input type="text"/> | 1b | <input type="text"/> |

2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

| | | | |
|----|----------------------|----|----------------------|
| 2a | <input type="text"/> | 2b | <input type="text"/> |
| 3a | <input type="text"/> | 3b | <input type="text"/> |

3 Add lines 1 and 2 in both the federal and Oregon columns

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%).....

4 %

5

5 Enter the amount from your 2002 Oregon Form 40P, line 48

6 Line 3a minus line 5. Enter the result here

6

7

7 Figure the tax on line 6 using the 2002 Tax Rate Charts

8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10.....

8

Computation C. Complete if you filed Form 40 or Form 40S for tax year 2002.

1 If you used Form FIA-40 to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2004, enter the amount from the 2004 Schedule Z, Computation for Tax Year 2002, Computation C, line 3. If you did not use Form FIA-40 for tax year 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 15. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2004 or 2003 but did in 2002, enter the amount from your 2002 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2002 Form 40, line 28; or Form 40S, line 15 (if -0- or less, see instructions).....

| Oregon column | |
|---------------|----------------------|
| 1 | <input type="text"/> |

COMPUTATION FOR TAX YEAR 2002 (continued)

Computation C (continued)

| | | | |
|--|---|---------------|--|
| 2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2 | Oregon column | |
| 3 Add lines 1 and 2 | 3 | | |
| 4 Figure the tax on line 3 using the 2002 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10 | 4 | | |

COMPUTATION FOR TAX YEAR 2003

Computation A. Complete if you filed Form 40N for tax year 2003.

| | | | | | | |
|---|----|----------------|--|----|---------------|--|
| 1 If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation A, lines 3a and 3b. If you did not income average for 2004 but did in 2003 enter the amount from your 2003 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40N, lines 39a and 39b (if -0- or less, see instructions) | 1a | Federal column | | 1b | Oregon column | |
| 2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2a | | | 2b | | |
| 3 Add lines 1 and 2 in both the federal and Oregon columns | 3a | | | 3b | | |
| 4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%) | 4 | _____ . ____% | | | | |
| 5 Enter deductions and modifications from line 4 of the worksheet for your 2003 Oregon Form 40N, line 47, (page 27) | 5 | | | | | |
| 6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 | 6 | | | | | |
| 7 Enter the amount from your 2003 Oregon Form 40N, line 48 | 7 | | | | | |
| 8 Add lines 6 and 7 | 8 | | | | | |
| 9 Line 3b minus line 8. Enter the result here | 9 | | | | | |
| 10 Figure the tax on line 9 using the 2003 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 | 10 | | | | | |

Computation B. Complete if you filed Form 40P for tax year 2003.

| | | | | | | |
|--|----|----------------|--|----|---------------|--|
| 1 If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation B, lines 3a and 3b. If you did not income average for 2004 but did in 2003 enter the amount from your 2003 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40P, lines 39a and 39b (if -0- or less, see instructions) | 1a | Federal column | | 1b | Oregon column | |
| 2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2a | | | 2b | | |
| 3 Add lines 1 and 2 in both the federal and Oregon columns | 3a | | | 3b | | |
| 4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%) | 4 | _____ . ____% | | | | |
| 5 Enter the amount from your 2003 Oregon Form 40P, line 48 | 5 | | | | | |
| 6 Line 3a minus line 5. Enter the result here | 6 | | | | | |
| 7 Figure the tax on line 6 using the 2003 Tax Rate Charts | 7 | | | | | |
| 8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 | 8 | | | | | |

Computation C. Complete if you filed Form 40 or Form 40S for tax year 2003.

| | | | |
|--|---|---------------|--|
| 1 If you used Form FIA-40 to figure your tax for 2004, enter the amount from 2004 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation C, line 3. If you used Form FIA-40 for tax year 2003 but not for 2004, enter the amount from 2003 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2003 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions) | 1 | Oregon column | |
| 2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2 | | |
| 3 Add lines 1 and 2 | 3 | | |
| 4 Figure the tax on line 3 using the 2003 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 | 4 | | |

COMPUTATION FOR TAX YEAR 2004

Computation A. Complete if you filed **Form 40N** for tax year 2004.

| | | | | | | | | | | | |
|----|---|----|--|--|--|----------------|----|--|--|--|---------------|
| 1 | If you used Form FIA-40N to figure your tax for 2004, enter the amounts from your 2004 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40N, line 39 (if -0- or less, see instructions) | 1a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | Federal column | 1b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | Oregon column |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 2 | Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | 2b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3 | Add lines 1 and 2 in both the federal and Oregon columns | 3a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | 3b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 4 | Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%) | 4 | _____ . ____% | | | | | | | | |
| 5 | Enter deductions and modifications from line 4 of the worksheet for your 2004 Oregon Form 40N, line 47 (page 26) | 5 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 6 | Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 | 6 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 7 | Enter the amount from your 2004 Oregon Form 40N, line 48 | 7 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 8 | Add line 6 and 7 | 8 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 9 | Line 3b minus line 8. Enter the result here | 9 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 10 | Figure the tax on line 9 using the 2004 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12 | 10 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |

Computation B. Complete if you filed **Form 40P** for tax year 2004.

| | | | | | | | | | | | |
|---|---|----|--|--|--|----------------|----|--|--|--|---------------|
| 1 | If you used Form FIA-40P to figure your tax for 2004, enter the amount from the 2004 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40P, line 39 (if -0- or less, see instructions) | 1a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | Federal column | 1b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | Oregon column |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 2 | Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | 2b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 3 | Add lines 1 and 2 in both the federal and Oregon columns | 3a | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | 3b | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 4 | Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%) | 4 | _____ . ____% | | | | | | | | |
| 5 | Enter the amount from your 2004 Oregon Form 40P, line 48 | 5 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 6 | Line 3a minus line 5. Enter the result here | 6 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 7 | Figure the tax on line 6 using the 2004 Tax Rate Charts | 7 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |
| 8 | Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12 | 8 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | | | | | |
| | | | | | | | | | | | |

Computation C. Complete if you filed **Form 40** or **Form 40S** for tax year 2004.

| | | | | | | | |
|---|--|---|--|--|--|--|---------------|
| 1 | If you used Form FIA-40 to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2004 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions) | 1 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | Oregon column |
| | | | | | | | |
| 2 | Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 | 2 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | |
| | | | | | | | |
| 3 | Add lines 1 and 2 | 3 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | |
| | | | | | | | |
| 4 | Figure the tax on line 3 using the 2004 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12 | 4 | <table border="1" style="display: inline-table; width: 100px; height: 20px;"><tr><td style="width: 50%;"></td><td style="width: 50%;"></td></tr></table> | | | | |
| | | | | | | | |

You may elect to figure your 2005 tax by averaging, over the previous three years (base years), all or part of your 2005 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2002, 2003, and 2004 to figure your tax on Form FIA-40N or Form FIA-40P. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. See Taxpayer Assistance on page 12 for numbers to call.

Elected farm income

Your elected farm income is the amount of your taxable income from farming that you elect to include on Form FIA-40N or Form FIA-40P, line 2. Do not enter more than the amount on line 1.

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. However, it does not include gain from the sale or other disposition of land. Gains and losses must be from property (other than land) regularly used by you in the farm business for a substantial period of time. Oregon source farm income includes income or loss received from an Oregon farm while you were a nonresident and farm income or loss received during any portion of the year you were an Oregon resident.

You do not have to include all of your taxable income from farming on Form FIA-40N or Form FIA-40P, line 2.

Your elected farm income cannot exceed your Oregon taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business.

If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years.

If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Farming business

A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm.
- Raising or harvesting trees bearing fruits, nuts, or other crops.
- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots).
- Raising, shearing, feeding, caring for, training, and managing animals.
- Leasing land to a tenant engaged in a farming business, but **only** if the lease payments are based on a share of the tenant's production (not a fixed amount).
- Wages and other compensation you received as a shareholder in an S corporation engaged in a farming business.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Instructions for Schedule Z

Before you can complete Schedule Z you will need the amount from FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9. On Schedule Z, complete either Computation A, B, or C for each tax year. Figures from Schedule Z are needed to complete Form FIA-40N, lines 11 through 13; or Form FIA-40P, lines 10 through 12 and may be needed for Form FIA-40, lines 8, 12, and 16.

If you were a part-year resident or a nonresident for 2002, 2003, or 2004 and if your income after subtractions (line 39) for either federal or Oregon was zero or less for any of these three tax years, use the worksheets below to figure the amount to enter on Schedule Z, Computation A or B, line 1. If you were a full year resident with taxable income that was -0- or less for 2002, 2003, or 2004, use the worksheets below to figure the amount to enter on Schedule Z, Computation C, line 1.

NOL means *net operating loss* and applies to the year of the actual loss. **NOLD** means *net operating loss deduction* and applies to the year the NOL is carried to.

2002 Taxable Income Worksheet

Part-Year or Nonresident Return for 2002

- | | Federal (a) | Oregon (b) |
|---|-------------|------------|
| 1. Figure income after subtractions, for federal and Oregon, from your 2002 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2002. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2002. Enter the result here | 1a _____ | 1b _____ |
| 2. If there is a loss on your 2002 federal Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 federal Schedule D, line 17. Enter the result here | 2a _____ | 2b _____ |
| 3. If you had an NOL for 2002 for federal or Oregon, or both, enter amounts as a positive number in the | | |

- appropriate column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2002 that were not used in 2002 and were carried to tax years after 2002..... 3a _____ 3b _____
4. Add lines 2 and 3 4a _____ 4b _____
5. Add line 1 and line 4 for each column. Enter the result here and on your 2005 Schedule Z, Tax Year 2002, Computation A or B, line 1 5a _____ 5b _____

Full-Year Return for 2002

6. Figure the taxable income from your 2002 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2002. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2002. Enter the result here 6 _____
7. If there is a loss on your 2002 federal Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 federal Schedule D, line 17. Enter the result here 7 _____
8. If you had an NOL for 2002, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2002 that were not used in 2002 and were carried to tax years after 2002 as a positive amount here..... 8 _____
9. Add lines 7 and 8 9 _____
10. Add line 6 and line 9. Enter the result here, and on your 2005 Schedule Z, Tax Year 2002, Computation C, line 1 10 _____

2003 Taxable Income Worksheet

Part-Year or Nonresident Return for 2003

11. Figure income after subtractions, for federal and Oregon, from your 2003 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2003. Do not include any NOLD

- carryover or carryback from other years if you had a NOL in 2003. Enter the result here..... 11a _____ 11b _____
12. If there is a loss on your 2003 federal Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17a. Enter the result here 12a _____ 12b _____
13. If you had an NOL for 2003 for federal or Oregon, or both, enter amounts as a positive number in the appropriate column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2003 that were not used in 2003 and were carried to tax years after 2003 13a _____ 13b _____
14. Add lines 12 and 13 14a _____ 14b _____
15. Add line 11 and line 14. Enter the result here and on your 2005 Schedule Z, Tax Year 2003, Computation A or B, line 1 15a _____ 15b _____

Full-Year Return for 2003

16. Figure the taxable income from your 2003 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2003. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2003. Enter the result here 16 _____
17. If there is a loss on your 2003 federal Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17a. Enter the result here 17 _____
18. If you had an NOL for 2003, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2003 that were not used in 2003 and were carried to tax years after 2003 as a positive amount here..... 18 _____
19. Add lines 17 and 18 19 _____

20. Add line 16 and line 19. Federal (a) Oregon (b)
 Enter the result here, and on
 your 2005 Schedule Z, Tax Year
 2003, Computation C, line 1 20 _____

2004 Taxable Income Worksheet

Part-Year or Nonresident Return for 2004

21. Figure income after sub-
 tractions, for federal and
 Oregon, from your 2004
 Form 40N or Form 40P
 without limiting it to -0-.
 Include any NOLD carry-
 overs or carrybacks if you
 did not have a NOL in
 2004. Do not include any
 NOLD carryover or carry-
 back from other years if
 you had a NOL in 2004.
 Enter the result here 21a _____ 21b _____

22. If there is a loss on your
 2004 federal Schedule D,
 line 21, add that loss (as a
 positive amount) and your
 2004 capital loss carryover
 to tax year 2005. Subtract
 from that sum the amount
 of the loss on your 2004
 federal Schedule D, line
 16. Enter the result here 22a _____ 22b _____

23. If you had an NOL for
 2004 for federal or Oregon,
 or both, enter amounts as
 a positive number in the
 appropriate column.
 Otherwise, enter as a
 positive amount the
 portion (if any) of the
 NOLD carryovers and
 carrybacks to 2004 that
 were not used in 2004 and
 were carried to tax years
 after 2004 23a _____ 23b _____

24. Add lines 22 and 23 24a _____ 24b _____

25. Add line 21 and line
 24. Enter the result here
 and on your 2005 Schedule
 Z, Tax Year 2004, Compu-
 tation A or B, line 1 25a _____ 25b _____

Full Year Return for 2004

26. Figure the taxable income
 from your 2004 tax return
 without limiting it to -0-.
 Include any NOLD carry-
 overs or carrybacks if you
 did not have a NOL in
 2004. Do not include any
 NOLD carryover or carry-

back from other years if
 you had a NOL in 2004.
 Enter the result here 26 _____

27. If there is a loss on your
 2004 federal Schedule D,
 line 21, add that loss (as a
 positive amount) and your
 2004 capital loss carryover
 to 2005. Subtract from that
 sum the amount of the loss
 on your 2004 federal
 Schedule D, line 16. Enter
 the result here 27 _____

28. If you had an NOL for
 2004, enter it as a positive
 amount here. Otherwise,
 enter the portion (if any)
 of the NOLD carryovers
 and carrybacks to 2004
 that were not used in
 2004 and were carried to
 tax years after 2004 as a
 positive amount here 28 _____

29. Add lines 27 and 28 29 _____

30. Add line 26 and line
 29. Enter the result here,
 and on your 2005 Schedule Z,
 Tax Year 2004, Computation
 C, line 1 30 _____

Example: John Farmington owns a farm in Ontario, Oregon but is a resident of Idaho. John files as a nonresident for Oregon each year. John did not use farm income averaging for 2002, 2003, or 2004. For tax year 2005, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2002 income after subtractions shown on line 39 of Form 40N is \$25,906 in the federal column and \$6,150 in the Oregon column.

John had a NOL for tax year 2003 of \$22,950 for Oregon only, which he elected to carryback five years. Of the \$22,950 loss, \$9,000 was carried back to tax year 2002 and completely absorbed. John combines the \$9,000 NOLD with his Oregon income after subtractions of \$6,150. The result is a negative \$2,850 and is entered in the Oregon column on line 1(b) of the 2002 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2002 worksheet.

When John filed his 2002 federal tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 17, and a \$4,000 capital loss carryover to 2003. The capital losses are not Oregon source. Since the NOL is for Oregon only, no adjustment is necessary for the capital loss deduction or for the capital loss carryover to 2003. John enters -0- in both columns on line 2 of the 2002 worksheet.

John had no net operating losses for tax year 2002 for either federal or Oregon. Because the NOL from 2003 is completely absorbed in 2002, there is no carryover to tax years after 2002.

John enters -0- in both columns on line 3 of the worksheet. John adds the amounts on lines 2 and 3, both of which are -0-. He adds -0- to the negative \$2,850 and enters the result, a negative \$2,850, on line 5b of the worksheet. John adds -0- to the \$25,906 and enters the result, a positive \$25,906, on line 5a of the worksheet. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2002. John enters both of these figures on Schedule Z, Computation A for tax year 2002, line 1, in the federal and Oregon columns.

For tax year 2003, John's income after subtractions is \$10,850 for federal and a negative \$27,250 for Oregon. John enters \$10,850 on line 11a and a negative \$27,250 on line 11b of the 2003 worksheet.

John had a \$3,000 net capital loss deduction on his 2003 Schedule D, line 18, and a \$7,000 loss on Schedule D, line 17a, the carryover from 2002 to 2003. Because the NOL is for Oregon only, no adjustment is necessary on line 12a and

no adjustment is made on line 12b since the capital loss deduction is not Oregon source. John enters -0- on lines 12a and 12b of the 2003 worksheet. John enters -0- on line 13a and the Oregon only NOL of \$22,950 on line 13b of the worksheet. John adds lines 12 and 13 and enters -0- on line 14a and \$22,950 on line 14b.

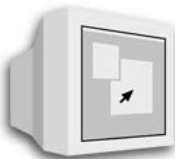
In the federal column on line 15a, John enters a positive \$10,850. For the Oregon column, John adds the \$22,950 on line 14b and the negative \$27,250 on line 11b of the worksheet and enters a negative \$4,300 on line 15b. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2003. John enters both of these figures on Schedule Z, Computation A, for tax year 2003, line 1, in the federal and Oregon columns.

For tax year 2004, John's income after subtractions is not negative in either the federal or Oregon columns. Therefore, John can complete Schedule Z without using the worksheets.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Telephone

Salem 503-378-4988

Toll-free from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.

Wednesday 10:00 a.m.–5:10 p.m.

Closed on holidays.

April 3–April 17, Monday–Friday..... 7:00 a.m.–8:00 p.m.

Saturday, April 15..... 9:00 a.m.–4:00 p.m.

Wait times may vary.

Asistencia en español:

Salem 503-945-8618

Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617

Toll-free from Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats