

FORM  
**FIA-40N**

**OREGON FARM INCOME AVERAGING**

**2006**

Name(s) as shown on Oregon Form 40N

Social Security No. (SSN)

- -

**Computation of 2006 Taxable Income**

	Federal column	Oregon column
1 Enter income after subtractions from your 2006 Oregon Form 40N, line 38..... 1a	<input type="text"/>	1b <input type="text"/>
2 Enter your <b>electd farm income</b> from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, line 19S..... 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 2006 Oregon Form 40N, line 47 (on page 26 of the 2006 Form 40N instructions), by the recomputed Oregon percentage shown above ..... 5	<input type="text"/>	
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2006 Form 40N, line 48..... 6	<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 2006 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 2006 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 2006 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 Enter the amount from your 2006 Schedule Z, Computation for Tax Year 2005, 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 2006 Tax**

15 <b>2003 Tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2005 but did for 2004, enter the amount from 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2005 or 2004 but did in 2003, enter the amount from 2003 FIA-40, line 4; FIA-40N, line 9; or 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 40P, line 51 or 52 ..... 15	<input type="text"/>	<input type="text"/>
16 <b>2004 tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2005 but did for 2004, enter the amount from 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 ..... 16	<input type="text"/>	<input type="text"/>
17 <b>2005 tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2005 Form 40, line 29; Form 40S, line 13; or Form 40N or 40P, line 51..... 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, and check box 51b..... 19	<input type="text"/>	<input type="text"/>

FORM  
**FIA-40P**

**OREGON FARM INCOME AVERAGING**

**2006**

Name(s) as shown on Oregon Form 40P

Social Security No. (SSN)

- -

**Computation of 2006 Taxable Income**

Federal column

Oregon column

1 Enter income after subtractions from your 2006 Oregon Form 40P, line 38 .....	1a	<input type="text"/>		1b	<input type="text"/>	
2 Enter your <b>electd farm income</b> from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40P, line 19S.....	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 Enter allowable deductions and modifications from your 2006 Form 40P, line 47 .....	5	<input type="text"/>				
6 Line 3a minus line 5. Enter the result here.....	6	<input type="text"/>		6	<input type="text"/>	
7 Figure the tax on line 6 using the 2006 Tax Rate Charts.....	7			7	<input type="text"/>	
8 Multiply line 7 by the recomputed Oregon percentage on line 4.....	8			8	<input type="text"/>	
9 Divide line 2b by 3.0 and enter here.....	9	<input type="text"/>				

**Prior Years' Tax**

10 Enter the amount from your 2006 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies.....	10	<input type="text"/>	
11 Enter the amount from your 2006 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies.....	11	<input type="text"/>	
12 Enter the amount from your 2006 Schedule Z, Computation for Tax Year 2005, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies.....	12	<input type="text"/>	
13 Add lines 8, 10, 11, and 12.....	13	<input type="text"/>	

**Computation of 2006 Tax**

14 <b>2003 tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2005 but did for 2004, enter the amount from 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2005 or 2004 but did in 2003, enter the amount from 2003 FIA-40, line 4; FIA-40N, line 9; or 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 40P, line 51 or 52.....	14	<input type="text"/>	
15 <b>2004 tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2005 but did for 2004, enter the amount from 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.....	15	<input type="text"/>	
16 <b>2005 tax.</b> If you used FIA to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other- wise, enter the tax from your 2005 Form 40, line 29; Form 40S, line 13; or Form 40N or Form 40P, line 51.....	16	<input type="text"/>	
17 Add lines 14, 15, and 16.....	17	<input type="text"/>	
18 Line 13 minus line 17. Enter the result here and on Form 40P, line 50, and check box 50a.....	18	<input type="text"/>	

**— Attach your completed Form FIA-40P to your Oregon Form 40P —**



# Schedule Z

(Farm Income Averaging)

# Computation of Tax

# 2006

### 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 2005, enter the amount from your 2005 Schedule Z, Computation for Tax Year 2003, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2005 but did 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 in 2004 or 2005 but did in 2003, enter the amount from your 2003 FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2003 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 2006 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 Enter deductions and modifications from line 4 of the worksheet for your 2003 Oregon Form 40N, line 47 (on page 27 of the 2003 Form 40N instructions).....

5	<input type="text"/>	<input type="text"/>
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6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 and enter here .....

6	<input type="text"/>	<input type="text"/>
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7 Enter the amount from your 2003 Oregon Form 40N, line 48 .....

7	<input type="text"/>	<input type="text"/>
---	----------------------	----------------------

8 Add lines 6 and 7.....

8	<input type="text"/>	<input type="text"/>
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9 Line 3b minus line 8. Enter the result here .....

9	<input type="text"/>	<input type="text"/>
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10 Figure the tax on line 9 using the 2003 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	<input type="text"/>	<input type="text"/>
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#### Computation B. Complete if you filed Form 40P for tax year 2003.

1 If you used Schedule Z to figure your tax for 2005, enter the amount from your 2005 Schedule Z, Computation for Tax Year 2003, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2005 but did 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 in 2004 or 2005 but did in 2003, enter the amount from your 2003 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) .....

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

2 Enter amount from 2006 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 Enter the amount from your 2003 Oregon Form 40P, line 48 .....

5	<input type="text"/>	<input type="text"/>
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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 2003 Tax Rate Charts.....

7	<input type="text"/>	<input type="text"/>
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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	<input type="text"/>	<input type="text"/>
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#### 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 2005, enter the amount from your 2005 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2005, enter the amount from the 2005 Schedule Z, Computation for Tax Year 2003, Computation C, line 3. If you did not use Form FIA-40 for tax year 2005 but did for 2004, enter the amount from 2004 Form FIA-40, line 15. If you used Schedule Z to figure your tax, enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2005 or 2004 but did in 2003, enter the amount from your 2003 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2003 Form 40, line 28; or Form 40S, line 13 (if -0- or less, see instructions).....

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

**COMPUTATION FOR TAX YEAR 2003 (continued)**

**Computation C (continued)**

2 Enter amount from 2006 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 2003 Tax Tables or 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 2004**

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

1 If you used Schedule Z to figure your tax for 2005 enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, lines 3a and 3b. If you did not income average for 2005 but did in 2004 enter the amount from your 2004 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40N, lines 39a and 39b (if -0- or less, see instructions) .....	1a			Federal column	1b			Oregon column
2 Enter amount from 2006 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 2004 Oregon Form 40N, line 47 (on page 26 of the 2004 Form 40N instructions) .....	5							
6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 .....	6							
7 Enter the amount from your 2004 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 2004 Tax Tables or 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 2004.**

1 If you used Schedule Z to figure your tax for 2005 enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation B, lines 3a and 3b. If you did not income average for 2005 but did in 2004 enter the amount from your 2004 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40P, lines 39a and 39b (if -0- or less, see instructions) .....	1a			Federal column	1b			Oregon column
2 Enter amount from 2006 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 2004 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 2004 Tax Tables or 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 2004.**

1 If you used Form FIA-40 to figure your tax for 2005, enter the amount from 2005 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2005 enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation C, line 3. If you used Form FIA-40 for tax year 2004 but not for 2005, enter the amount from 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			Oregon column
2 Enter amount from 2006 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 2004 Tax Tables or 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 2005**

**Computation A.** Complete if you filed **Form 40N** for tax year 2005.

1	If you used Form FIA-40N to figure your tax for 2005, enter the amounts from your 2005 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2005 Form 40N, lines 39a and 39b (if -0- or less, see instructions).....	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2006 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 .....	2a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
3	Add lines 1 and 2 in both the federal and Oregon columns .....	3a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></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 2005 Oregon Form 40N, line 47 (on page 26 of the 2005 Form 40N instructions).....	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></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; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
7	Enter the amount from your 2005 Oregon Form 40N, line 48 .....	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
8	Add line 6 and 7.....	8	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
9	Line 3b minus line 8. Enter the result here .....	9	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
10	Figure the tax on line 9 using the 2005 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; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								

**Computation B.** Complete if you filed **Form 40P** for tax year 2005.

1	If you used Form FIA-40P to figure your tax for 2005, enter the amount from the 2005 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2005 Form 40P, lines 39a and 39b (if -0- or less, see instructions).....	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2006 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 .....	2a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
3	Add lines 1 and 2 in both the federal and Oregon columns .....	3a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></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 2005 Oregon Form 40P, line 48 .....	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
6	Line 3a minus line 5. Enter the result here.....	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
7	Figure the tax on line 6 using the 2005 Tax Rate Charts.....	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></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; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								

**Computation C.** Complete if you filed **Form 40** or **Form 40S** for tax year 2005.

1	If you used Form FIA-40 to figure your tax for 2005, enter the amount from your 2005 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2005 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions) .....	1	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				Oregon column
2	Enter amount from 2006 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 .....	2	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				
3	Add lines 1 and 2 .....	3	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				
4	Figure the tax on line 3 using the 2005 Tax Tables or 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; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				

You may elect to figure your 2006 tax by averaging, over the previous three years (base years), all or part of your 2006 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2003, 2004, and 2005 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. You will also need tax booklets for those years. You can download the forms and instructions from our website or see page 12 to contact us.

### 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 2003, 2004, or 2005 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 2003, 2004, or 2005, 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.

#### 2003 Taxable Income Worksheet

##### Part-Year or Nonresident Return for 2003

- |   |             |            |
|---|-------------|------------|
|   | Federal (a) | Oregon (b) |
| 1. 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.....  | 1a _____    | 1b _____   |



2. 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 ..... 2a \_\_\_\_\_ 2b \_\_\_\_\_

3. 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... 3a \_\_\_\_\_ 3b \_\_\_\_\_

4. Add lines 1, 2, and 3 for each column. Enter the result here and on your 2006 Schedule Z, Tax Year 2003, Computation A or B, line 1 ..... 4a \_\_\_\_\_ 4b \_\_\_\_\_

*Full-Year Return for 2003*

5. 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..... 5 \_\_\_\_\_

6. 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 ..... 6 \_\_\_\_\_

7. 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 ..... 7 \_\_\_\_\_

8. Add lines 5, 6, and 7. Enter the result here, and on your 2006 Schedule Z, Tax Year 2003, Computation C, line 1 ..... 8 \_\_\_\_\_

**2004 Taxable Income Worksheet**

*Part-Year or Nonresident Return for 2004*

9. Figure income after subtractions, for federal and Oregon, from your 2004 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004. Enter the result here..... 9a \_\_\_\_\_ 9b \_\_\_\_\_

10. 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..... 10a \_\_\_\_\_ 10b \_\_\_\_\_

11. 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 ..... 11a \_\_\_\_\_ 11b \_\_\_\_\_

12. Add lines 9, 10, and 11. Enter the result here and on your 2006 Schedule Z, Tax Year 2004, Computation A or B, line 1 ..... 12a \_\_\_\_\_ 12b \_\_\_\_\_

*Full-Year Return for 2004*

13. Figure the taxable income from your 2004 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004. Enter the result here..... 13 \_\_\_\_\_



- |   | Federal (a) | Oregon (b) |  | Federal (a) | Oregon (b) |
|---|-------------|------------|--|-------------|------------|
| 14. 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 ..... |             | 14 _____   | were not used in 2005 and were carried to tax years after 2005 .....   | 19a _____   | 19b _____  |
| 15. 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 .....             |             | 15 _____   | 20. Add lines 17, 18, and 19. Enter the result here and on your 2006 Schedule Z, Tax Year 2005, Computation A or B, line 1 ..... | 20a _____   | 20b _____  |
| 16. Add lines 13, 14, and 15. Enter the result here, and on your 2006 Schedule Z, Tax Year 2004, Computation C, line 1 .....  |             | 16 _____   |  |             |            |

*Full Year Return for 2005*

**2005 Taxable Income Worksheet**

*Part-Year or Nonresident Return for 2005*

- |   |           |           |   |          |  |
|---|-----------|-----------|---|----------|--|
| 17. Figure income after subtractions, for federal and Oregon, from your 2005 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2005. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2005. Enter the result here..... | 17a _____ | 17b _____ | 21. Figure the taxable income from your 2005 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2005. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2005. Enter the result here..... | 21 _____ |  |
| 18. If there is a loss on your 2005 federal Schedule D, line 21, add that loss (as a positive amount) and your 2005 capital loss carryover to tax year 2006. Subtract from that sum the amount of the loss on your 2005 federal Schedule D, line 16. Enter the result here.....   | 18a _____ | 18b _____ | 22. If there is a loss on your 2005 federal Schedule D, line 21, add that loss (as a positive amount) and your 2005 capital loss carryover to 2006. Subtract from that sum the amount of the loss on your 2005 federal Schedule D, line 16. Enter the result here .....               | 22 _____ |  |
| 19. If you had an NOL for 2005 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 2005 that  |           |           | 23. If you had an NOL for 2005, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2005 that were not used in 2005 and were carried to tax years after 2005 as a positive amount here .....                           | 23 _____ |  |
|   |           |           | 24. Add lines 21, 22, and 23. Enter the result here, and on your 2006 Schedule Z, Tax Year 2005, Computation C, line 1 .....  | 24 _____ |  |

**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 2003, 2004, or 2005. For tax year 2006, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2003 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 2004 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 2003 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 2003 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2003 worksheet.

When John filed his 2003 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 17a, and a \$4,000 capital loss carryover to 2004. 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 2004. John enters -0- in both columns on line 2 of the 2003 worksheet.

John had no net operating losses for tax year 2003 for either federal or Oregon. Because the NOL from 2004 is completely absorbed in 2003, there is no carryover to tax years after 2003. John enters -0- in both columns on line 3 of the worksheet. John adds the amounts on lines 1, 2, and 3, and enters the result, a negative \$2,850, on line 4b of the worksheet. John adds -0- to the \$25,906 and enters the result, a positive \$25,906, on line 4a of the worksheet. 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 \$10,850 for federal and a negative \$27,250 for Oregon. John enters \$10,850 on line 9a and a negative \$27,250 on line 9b of the 2004 worksheet.

John had a \$3,000 net capital loss deduction on his 2004 Schedule D, line 21, and a \$7,000 loss on Schedule D, line 16, the carryover from 2003 to 2004. Because the NOL is for Oregon only, no adjustment is necessary on line 10a and no adjustment is made on line 10b since the capital loss deduction is not Oregon source. John enters -0- on lines 10a and 10b of the 2004 worksheet. John enters -0- on line 11a and the Oregon only NOL of \$22,950 on line 11b of the worksheet.

In the federal column on line 12a, John enters a positive \$10,850. For the Oregon column, John adds the \$22,950 on line 11b and the negative \$27,250 on line 9b of the worksheet and enters a negative \$4,300 on line 12b. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2004. John enters both of these figures on Schedule Z, Computation A, for tax year 2004, line 1, in the federal and Oregon columns.

For tax year 2005, 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](http://www.oregon.gov/DOR)



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

*This e-mail address is not secure. Do not send any personal information. General 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 website, 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 2006 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 through Friday ..... 7:30 a.m.–5:00 p.m.  
 Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

*Extended hours during tax season:*

April 2–April 16, Monday–Friday ..... 7:00 a.m.–7:00 p.m.  
 Saturday, April 14 ..... 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