

Name(s) as shown on Oregon Form 40N

Social Security number (SSN)

- -

Computation of 2008 Taxable Income

1 Enter income after subtractions from your 2008 Oregon Form 40N, line 38... 1a [Federal column] 1b [Oregon column]
2 Enter in both columns your elected farm income from Oregon sources... 2a [Federal column] 2b [Oregon column]
3 Line 1 minus line 2 in both the federal and Oregon columns... 3a [Federal column] 3b [Oregon column]
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)... 4 ___ . ___ %
5 Multiply the allowable deductions and modifications from line 4 of the worksheet for your 2008 Oregon Form 40N, line 47... 5 [Federal column]
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2008 Form 40N, line 48... 6 [Federal column]
7 Add lines 5 and 6... 7 [Federal column] [Oregon column]
8 Line 3b minus line 7. Enter the result here... 8 [Federal column] [Oregon column]
9 Figure the tax on line 8 using the 2008 Tax Rate Charts... 9 [Federal column] [Oregon column]
10 Divide line 2b by 3.0 and enter here... 10 [Federal column] [Oregon column]

Prior Years' Tax

11 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2005, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies... 11 [Federal column] [Oregon column]
12 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2006, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies... 12 [Federal column] [Oregon column]
13 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2007, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies... 13 [Federal column] [Oregon column]
14 Add lines 9, 11, 12, and 13... 14 [Federal column] [Oregon column]

Computation of 2008 Tax

15 2005 Tax. If you used FIA to figure your tax for 2007, enter the amount from your 2007 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2007 but did for 2006, enter the amount from 2006 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2007 or 2006 but did in 2005, enter the amount from 2005 FIA-40, line 4; FIA-40N, line 9; or 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... 15 [Federal column] [Oregon column]
16 2006 tax. If you used FIA to figure your tax for 2007, enter the amount from your 2007 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2007 but did for 2006, enter the amount from 2006 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2006 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51; or Form 40P, line 50... 16 [Federal column] [Oregon column]
17 2007 tax. If you used FIA to figure your tax for 2007, enter the amount from your 2007 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2007 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51; or Form 40P, line 50... 17 [Federal column] [Oregon column]
18 Add lines 15, 16, and 17... 18 [Federal column] [Oregon column]
19 Line 14 minus line 18... 19 [Federal column] [Oregon column]
20 Figure the tax on the amount on your 2008 Form 40N, line 50, using the 2008 tax rate charts from Form 40N instructions and enter here... 20 [Federal column] [Oregon column]
21 Is line 19 less than line 20? If yes, enter the amount from line 19 here and on Form 40N, line 51, and check box 51b on Form 40N. If no, STOP: your tax is not reduced by using FIA. Complete your Form 40N without using FIA... 21 [Federal column] [Oregon column]

FORM
FIA-40P

OREGON FARM INCOME AVERAGING

2008

Name(s) as shown on Oregon Form 40P

Social Security number (SSN)

- -

Computation of 2008 Taxable Income

Federal column

Oregon column

- 1 Enter income after subtractions from your 2008 Oregon Form 40P, line 38 1a

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 1b

--	--
- 2 Enter your **electd farm income** from Oregon sources
from federal Schedule J, line 2; or from Oregon Form 40P, line 19S..... 2a

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 2b

--	--
- 3 Line 1 minus line 2 in both the federal and Oregon columns 3a

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 3b

--	--
- 4 Recomputed Oregon percentage. Divide line 3b by line 3a
(not more than 100.0%) 4 _____ . ____ %
- 5 Enter allowable deductions and modifications from your
2008 Form 40P, line 47 5

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

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- 7 Figure the tax on line 6 using the 2008 Tax Rate Charts 7

--	--
- 8 Multiply line 7 by the recomputed Oregon percentage on line 4..... 8

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- 9 Divide line 2b by 3.0 and enter here 9

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Prior Years' Tax

- 10 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2005,
Computation A, line 10; Computation B, line 8; or Computation C, line 4;
whichever applies 10

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- 11 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2006,
Computation A, line 10; Computation B, line 8; or Computation C, line 4;
whichever applies 11

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- 12 Enter the amount from your 2008 Schedule Z, Computation for Tax Year 2007,
Computation A, line 10; Computation B, line 8; or Computation C, line 4;
whichever applies 12

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- 13 Add lines 8, 10, 11, and 12 13

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Computation of 2008 Tax

- 14 **2005 tax.** If you used FIA to figure your tax for 2007, enter the amount from your
2007 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If
you did not use FIA in 2007 but did for 2006, enter the amount from 2006 Form
FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not
use FIA in 2007 or 2006 but did in 2005, enter the amount from 2005 FIA-40,
line 4; FIA-40N, line 9; or 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 14

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- 15 **2006 tax.** If you used FIA to figure your tax for 2007, enter the amount from your
2007 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If
you did not use FIA in 2007 but did for 2006, enter the amount from 2006 Form
FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter
the tax from your 2006 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51;
or Form 40P, line 50 15

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- 16 **2007 tax.** If you used FIA to figure your tax for 2007, enter the amount from your
2007 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other-
wise, enter the tax from your 2007 Form 40, line 29; Form 40S, line 13;
or Form 40N, line 51; or Form 40P, line 50 16

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- 17 Add lines 14, 15, and 16 17

--	--
- 18 Line 13 minus line 17 18

--	--
- 19 Figure the tax on the amount on your 2008 Form 40P, line 48, using the 2008 tax rate charts from
Form 40P instructions. Multiply the result by the Oregon percentage on your 2008 Form 40P, line 39.
and enter here 19

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- 20 Is line 18 less than line 19? If yes, enter the amount from line 18 here and on Form 40P, line 50, and
check box 50a on Form 40P. If no, **STOP:** your tax is not reduced by using FIA. Complete your
Form 40P without using FIA 20

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Schedule Z

(Farm Income Averaging)

Computation of Tax

2008

COMPUTATION FOR TAX YEAR 2005

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

1 If you used Schedule Z to figure your tax for 2007, enter the amount from your 2007 Schedule Z, Computation for Tax Year 2005, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2007 but did for 2006, enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation A, lines 3a and 3b. If you did not income average in 2006 or 2007 but did in 2005, enter the amount from your 2005 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)

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

2 Enter amount from 2008 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 100.0%).....

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	<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"/>
---	----------------------	----------------------

7 Enter the amount from your 2005 Oregon Form 40N, line 48

7	<input type="text"/>	<input type="text"/>
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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 2005 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 2005.

1 If you used Schedule Z to figure your tax for 2007, enter the amount from your 2007 Schedule Z, Computation for Tax Year 2005, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2007 but did for 2006, enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation B, lines 3a and 3b. If you did not income average in 2006 or 2007 but did in 2005, enter the amount from your 2005 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)

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

2 Enter amount from 2008 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 100.0%).....

4 _____ %

5 Enter the amount from your 2005 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"/>
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7 Figure the tax on line 6 using the 2005 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 2005.

1 If you used Form FIA-40 to figure your tax for 2007, enter the amount from your 2007 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2007, enter the amount from the 2007 Schedule Z, Computation for Tax Year 2005, Computation C, line 3. If you did not use Form FIA-40 for tax year 2007 but did for 2006, enter the amount from 2006 Form FIA-40, line 15. If you used Schedule Z to figure your tax, enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2007 or 2006 but did in 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).....

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

COMPUTATION FOR TAX YEAR 2005 (continued)

Computation C (continued)

2	Enter amount from 2008 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 2005 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 2006

Computation A. Complete if you filed **Form 40N** for tax year 2006.

1	If you used Schedule Z to figure your tax for 2007 enter the amounts from your 2007 Schedule Z, Computation for Tax Year 2006, Computation A, lines 3a and 3b. If you did not income average for 2007 but did in 2006 enter the amount from your 2006 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2006 Form 40N, lines 38F and 38S (if -0- or less, see instructions).....	1a	Federal column		1b	Oregon column
2	Enter amount from 2008 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 100.0%).....	4	_____ %			
5	Enter 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)	5				
6	Multiply the amount on line 5 by the recomputed Oregon percentage on line 4	6				
7	Enter the amount from your 2006 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 2006 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 2006.

1	If you used Schedule Z to figure your tax for 2007 enter the amounts from your 2007 Schedule Z, Computation for Tax Year 2006, Computation B, lines 3a and 3b. If you did not income average for 2007 but did in 2006 enter the amount from your 2006 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2006 Form 40P, lines 38F and 38S (if -0- or less, see instructions)	1a	Federal column		1b	Oregon column
2	Enter amount from 2008 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 100.0%).....	4	_____ %			
5	Enter the amount from your 2006 Oregon Form 40P, line 47	5				
6	Line 3a minus line 5. Enter the result here	6				
7	Figure the tax on line 6 using the 2006 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 2006.

1	If you used Form FIA-40 to figure your tax for 2007, enter the amount from 2007 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2007 enter the amounts from your 2007 Schedule Z, Computation for Tax Year 2006, Computation C, line 3. If you used Form FIA-40 for tax year 2006 but not for 2007, enter the amount from 2006 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2006 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions).....	1	Oregon column	
2	Enter amount from 2008 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 2006 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 2007

Computation A. Complete if you filed Form 40N for tax year 2007.

1	If you used Form FIA-40N to figure your tax for 2007, enter the amounts from your 2007 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2007 Form 40N, lines 38F and 38S (if -0- or less, see instructions).....	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2008 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			
4	Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)	4	_____ . _____ %								
5	Enter deductions and modifications from line 4 of the worksheet for your 2007 Oregon Form 40N, line 47 (on page 29 of the 2007 Form 40N instructions).....	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								
7	Enter the amount from your 2007 Oregon Form 40N, line 48	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								
8	Add lines 6 and 7	8	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								
10	Figure the tax on line 9 using the 2007 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								

Computation B. Complete if you filed Form 40P for tax year 2007.

1	If you used Form FIA-40P to figure your tax for 2007, enter the amount from the 2007 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2007 Form 40P, lines 38F and 38S (if -0- or less, see instructions)	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2008 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>			
4	Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)	4	_____ . _____ %								
5	Enter the amount from your 2007 Oregon Form 40P, line 47	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								
7	Figure the tax on line 6 using the 2007 Tax Rate Charts	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>								

Computation C. Complete if you filed Form 40 or Form 40S for tax year 2007.

1	If you used Form FIA-40 to figure your tax for 2007, enter the amount from your 2007 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2007 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				Oregon column
2	Enter amount from 2008 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: 50px; height: 20px;"></td><td style="width: 50px; 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				
4	Figure the tax on line 3 using the 2007 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: 50px; height: 20px;"></td><td style="width: 50px; height: 20px;"></td></tr></table>				

You may elect to figure your 2008 tax by averaging, over the previous three years (base years), all or part of your 2008 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2005, 2006, and 2007 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 4 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. If you filed Form 40N or 40P in 2005, 2006, or 2007, complete Schedule Z for Form FIA-40, lines 8, 12, and 16.

If you were a part-year resident or a nonresident for 2005, 2006, or 2007 and if your income after subtractions (line 39 for year 2005; line 38 for years 2006 and 2007) 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 2005, 2006, or 2007, 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.

2005 Taxable Income Worksheet Federal (a) Oregon (b)

Part-Year or Nonresident Return for 2005

1. 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..... 1a _____ 1b _____
2. 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 2a _____ 2b _____
3. 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 were not used in 2005 and were carried to tax years after 2005... 3a _____ 3b _____
4. Add lines 1, 2, and 3 for each column. Enter the result here and on your 2008 Schedule Z, Tax Year 2005, Computation A or B, line 1 4a _____ 4b _____

Full-Year Return for 2005

5. 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 5 _____
6. 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 6 _____

7. If you had an NOL for 2005, Federal (a) Oregon (b)

- 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 7 _____
8. Add lines 5, 6, and 7. Enter the result here, and on your 2008 Schedule Z, Tax Year 2005, Computation C, line 1 8 _____

2006 Taxable Income Worksheet

Part-Year or Nonresident Return for 2006

9. Figure income after subtractions, for federal and Oregon, from your 2006 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2006. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2006. Enter the result here 9a _____ 9b _____
10. If there is a loss on your 2006 federal Schedule D, line 21, add that loss (as a positive amount) and your 2006 capital loss carryover to 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here..... 10a _____ 10b _____
11. If you had an NOL for 2006 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 2006 that were not used in 2006 and were carried to tax years after 2006 11a _____ 11b _____
12. Add lines 9, 10, and 11. Enter the result here and on your 2008 Schedule Z, Tax Year 2006, Computation A or B, line 1 12a _____ 12b _____

- Full-Year Return for 2006*
- | | Federal (a) | Oregon (b) |
|--|-------------|------------|
| 13. Figure the taxable income from your 2006 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2006. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2006. Enter the result here | 13 | _____ |
| 14. If there is a loss on your 2006 federal Schedule D, line 21, add that loss (as a positive amount) and your 2006 capital loss carryover to 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here | 14 | _____ |
| 15. If you had an NOL for 2006, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2006 that were not used in 2006 and were carried to tax years after 2006 as a positive amount here | 15 | _____ |
| 16. Add lines 13, 14, and 15. Enter the result here, and on your 2008 Schedule Z, Tax Year 2006, Computation C, line 1 | 16 | _____ |

2007 Taxable Income Worksheet

Part-Year or Nonresident Return for 2007

- | | | | | |
|---|-----|-------|-----|-------|
| 17. Figure income after subtractions, for federal and Oregon, from your 2007 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2007. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2007. Enter the result here..... | 17a | _____ | 17b | _____ |
| 18. If there is a loss on your 2007 federal Schedule D, line 21, add that loss (as a positive amount) and your 2007 capital loss carryover to tax year 2008. Subtract from that sum the amount of the loss on your 2007 federal Schedule D, line 16. Enter the result here..... | 18a | _____ | 18b | _____ |

- | | Federal (a) | Oregon (b) | | |
|---|-------------|------------|-----|-------|
| 19. If you had an NOL for 2007 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 2007 that were not used in 2007 and were carried to tax years after 2007 | 19a | _____ | 19b | _____ |
| 20. Add lines 17, 18, and 19. Enter the result here and on your 2008 Schedule Z, Tax Year 2007, Computation A or B, line 1 | 20a | _____ | 20b | _____ |

Full Year Return for 2007

- | | | |
|---|----|-------|
| 21. Figure the taxable income from your 2007 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2007. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2007. Enter the result here..... | 21 | _____ |
| 22. If there is a loss on your 2007 federal Schedule D, line 21, add that loss (as a positive amount) and your 2007 capital loss carryover to 2008. Subtract from that sum the amount of the loss on your 2007 federal Schedule D, line 16. Enter the result here | 22 | _____ |
| 23. If you had an NOL for 2007, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2007 that were not used in 2007 and were carried to tax years after 2007 as a positive amount here | 23 | _____ |
| 24. Add lines 21, 22, and 23. Enter the result here, and on your 2008 Schedule Z, Tax Year 2007, 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 2005, 2006, or 2007. For tax year 2008, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2005 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 2006 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 2005 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 2005 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2005 worksheet.

When John filed his 2005 federal tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 16, and a \$4,000 capital loss carryover to 2006. 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 2006. John enters -0- in both columns on line 2 of the 2005 worksheet.

John had no net operating losses for tax year 2005 for either federal or Oregon. Because the NOL from 2006 is completely absorbed in 2005, there is no carryover to tax years after 2005. 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 2005. John enters both of these figures on Schedule Z, Computation A for tax year 2005, line 1, in the federal and Oregon columns.

For tax year 2006, 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 2006 worksheet.

John had a \$3,000 net capital loss deduction on his 2006 Schedule D, line 21, and a \$7,000 loss on Schedule D, line 16, the carryover from 2005 to 2006. 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 2006 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 2006. John enters both of these figures on Schedule Z, Computation A, for tax year 2006, line 1, in the federal and Oregon columns.

For tax year 2007, 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.

Have questions? Need help?

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- Download forms, instructions, and publications.
- Get up-to-date tax information.
- Check the status of your personal income tax refund at www.oregonrefund.com.
- También en español.

Telephone

Salem area or outside Oregon..... 503-378-4988
Toll-free from an Oregon prefix..... 1-800-356-4222

- Check the status of your personal income tax refund.
- Order forms, instructions, and publications.
- Hear recorded information.
- Speak with a representative:

Monday–Friday7:30 a.m.–5 p.m.
 Closed Thursdays from 9–11 a.m. Closed holidays.

Extended hours during tax season; wait times may vary:

April 8–April 15, Monday–Friday7 a.m.–7 p.m.
 April 11, Saturday.....9 a.m.–3 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 503-945-8617
 Toll-free from an Oregon prefix..... 1-800-886-7204

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

E-mail or write

questions.dor@state.or.us

- Español: preguntas.dor@state.or.us.
- These e-mail addresses are not secure. Do not send any personal information. General questions only.

Oregon Department of Revenue
 955 Center St NE, Salem OR 97301-2555

- Include your daytime telephone number.
- Include your Social Security number (SSN) or individual taxpayer identification number (ITIN).

Printed forms or publications:

Forms, Oregon Department of Revenue
 PO Box 14999, Salem OR 97309-0990

In person

Find office hours and telephone numbers at www.oregon.gov/DOR/district-office.shtml. Don't send your tax forms to these addresses.

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