

Name(s) as shown on Oregon Form 40N

Social Security number (SSN)

- -

Computation of 2012 Taxable Income

	Federal column	Oregon column
1 Enter income after subtractions from your 2012 Oregon Form 40N, line 38..... 1a		1b
2 Enter in both columns your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, line 19S..... 2a		2b
3 Line 1 minus line 2 in both the federal and Oregon columns 3a		3b
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 2012 Oregon Form 40N, line 47, by the recomputed Oregon percentage shown above 5		
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2012 Form 40N, line 48 6		
7 Add lines 5 and 6 7		
8 Line 3b minus line 7. Enter the result here 8		
9 Figure the tax on line 8 using the 2012 Tax Rate Charts 9		
10 Divide line 2b by 3.0 and enter here 10		

Prior Years' Tax

11 Enter the amount from your 2012 Schedule Z, Computation for Tax Year 2009, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 11	
12 Enter the amount from your 2012 Schedule Z, Computation for Tax Year 2010, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 12	
13 Enter the amount from your 2012 Schedule Z, Computation for Tax Year 2011, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 13	
14 Add lines 9, 11, 12, and 13 14	

Computation of 2012 Tax

15 2009 Tax. If you used FIA to figure your tax for 2011, enter the amount from your 2011 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2011 but did for 2010, enter the amount from 2010 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2011 or 2010 but did in 2009, enter the amount from 2009 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2009 Form 40, line 29; Form 40S, line 13; Form 40N, line 51; or Form 40P, line 50 15	
16 2010 tax. If you used FIA to figure your tax for 2011, enter the amount from your 2011 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2011 but did for 2010, enter the amount from 2010 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2010 Form 40, line 29; Form 40S, line 13; Form 40N, line 51; or Form 40P, line 50 16	
17 2011 tax. If you used FIA to figure your tax for 2011, enter the amount from your 2011 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2011 Form 40, line 29; Form 40N, line 51; or Form 40P, line 50 17	
18 Add lines 15, 16, and 17 18	
19 Line 14 minus line 18 19	
20 Figure the tax on the amount on your 2012 Form 40N, line 50, using the Form 40N 2012 tax rate charts and enter here 20	
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	

FORM

FIA-40P**OREGON FARM INCOME AVERAGING****2012**

Name(s) as shown on Oregon Form 40P

Social Security number (SSN)

- -

Computation of 2012 Taxable Income

Federal column

Oregon column

- 1 Enter income after subtractions from your 2012 Oregon Form 40P, line 38 1a

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 1b

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- 2 Enter your **elected 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

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- 4 Recomputed Oregon percentage. Divide line 3b by line 3a
(not more than 100.0%) 4

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 %
- 5 Enter allowable deductions and modifications from your
2012 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 2012 Tax Rate Charts..... 7

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

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

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Prior Years' Tax

- 10 Enter the amount from your 2012 Schedule Z, Computation for Tax Year 2009,
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 2012 Schedule Z, Computation for Tax Year 2010,
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 2012 Schedule Z, Computation for Tax Year 2011,
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 2012 Tax

- 14 **2009 tax.** If you used FIA to figure your tax for 2011, enter the amount from your
2011 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If
you did not use FIA in 2011 but did for 2010, enter the amount from 2010 Form
FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not
use FIA in 2011 or 2010 but did in 2009, enter the amount from 2009 FIA-40,
line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your
2009 Form 40, line 29; Form 40S, line 13; Form 40N, line 51; or Form 40P, line 50 14

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- 15 **2010 tax.** If you used FIA to figure your tax for 2011, enter the amount from your
2011 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If
you did not use FIA in 2011 but did for 2010, enter the amount from 2010 Form
FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter
the tax from your 2010 Form 40, line 29; Form 40S, line 13; Form 40N, line 51;
or Form 40P, line 50 15

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- 16 **2011 tax.** If you used FIA to figure your tax for 2011, enter the amount from your
2011 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other-
wise, enter the tax from your 2011 Form 40, line 29; Form 40N, line 51; or
Form 40P, line 50 16

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- 17 Add lines 14, 15, and 16..... 17

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

--	--
- 19 Figure the tax on the amount on your 2012 Form 40P, line 48, using the 2012 tax rate charts from
Form 40P instructions. Multiply the result by the Oregon percentage on your 2012 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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COMPUTATION FOR TAX YEAR 2009 (continued)**Computation C** (continued)

2 Enter amount from 2012 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 2009 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 2010**Computation A.** Complete if you filed **Form 40N** for tax year 2010.

1 If you used Schedule Z to figure your tax for 2011 enter the amounts from your 2011 Schedule Z, Computation for Tax Year 2010, Computation A, lines 3a and 3b. If you did not income average for 2011 but did in 2010 enter the amount from your 2010 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2010 Form 40N, lines 38F and 38S (if -0- or less, see instructions).....	1a	Federal column		1b	Oregon column	
2 Enter amount from 2012 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 2010 Oregon Form 40N, line 47	5					
6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4	6					
7 Enter the amount from your 2010 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 2010 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 2010.

1 If you used Schedule Z to figure your tax for 2011 enter the amounts from your 2011 Schedule Z, Computation for Tax Year 2010, Computation B, lines 3a and 3b. If you did not income average for 2011 but did in 2010 enter the amount from your 2010 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2010 Form 40P, lines 38F and 38S (if -0- or less, see instructions)	1a	Federal column		1b	Oregon column	
2 Enter amount from 2012 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 2010 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 2010 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** for tax year 2010.

1 If you used Form FIA-40 to figure your tax for 2011, enter the amount from 2011 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2011 enter the amounts from your 2011 Schedule Z, Computation for Tax Year 2010, Computation C, line 3. If you used Form FIA-40 for tax year 2010 but not for 2011, enter the amount from 2010 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2010 Form 40, line 28, (if -0- or less, see instructions)	1	Oregon column	
2 Enter amount from 2012 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 2010 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 2011

Computation A. Complete if you filed **Form 40N** for tax year 2011.

	Federal column	Oregon column				
1 If you used Form FIA-40N to figure your tax for 2011, enter the amounts from your 2011 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2011 Form 40N, lines 38F and 38S (if -0- or less, see instructions).....	1a <table border="1"><tr><td></td><td></td></tr></table>			1b <table border="1"><tr><td></td><td></td></tr></table>		
2 Enter amount from 2012 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a <table border="1"><tr><td></td><td></td></tr></table>			2b <table border="1"><tr><td></td><td></td></tr></table>		
3 Add lines 1 and 2 in both the federal and Oregon columns	3a <table border="1"><tr><td></td><td></td></tr></table>			3b <table border="1"><tr><td></td><td></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 2011 Oregon Form 40N, line 47	5	<table border="1"><tr><td></td><td></td></tr></table>				
6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4	6	<table border="1"><tr><td></td><td></td></tr></table>				
7 Enter the amount from your 2011 Oregon Form 40N, line 48	7	<table border="1"><tr><td></td><td></td></tr></table>				
8 Add lines 6 and 7	8	<table border="1"><tr><td></td><td></td></tr></table>				
9 Line 3b minus line 8. Enter the result here	9	<table border="1"><tr><td></td><td></td></tr></table>				
10 Figure the tax on line 9 using the 2011 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"><tr><td></td><td></td></tr></table>				

Computation B. Complete if you filed **Form 40P** for tax year 2011.

	Federal column	Oregon column				
1 If you used Form FIA-40P to figure your tax for 2011, enter the amount from the 2011 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2011 Form 40P, lines 38F and 38S (if -0- or less, see instructions)	1a <table border="1"><tr><td></td><td></td></tr></table>			1b <table border="1"><tr><td></td><td></td></tr></table>		
2 Enter amount from 2012 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a <table border="1"><tr><td></td><td></td></tr></table>			2b <table border="1"><tr><td></td><td></td></tr></table>		
3 Add lines 1 and 2 in both the federal and Oregon columns	3a <table border="1"><tr><td></td><td></td></tr></table>			3b <table border="1"><tr><td></td><td></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 2011 Oregon Form 40P, line 47	5	<table border="1"><tr><td></td><td></td></tr></table>				
6 Line 3a minus line 5. Enter the result here.....	6	<table border="1"><tr><td></td><td></td></tr></table>				
7 Figure the tax on line 6 using the 2011 Tax Rate Charts	7	<table border="1"><tr><td></td><td></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"><tr><td></td><td></td></tr></table>				

Computation C. Complete if you filed **Form 40** for tax year 2011.

	Oregon column		
1 If you used Form FIA-40 to figure your tax for 2011, enter the amount from your 2011 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2011 Form 40, line 28; (if -0- or less, see instructions)	1 <table border="1"><tr><td></td><td></td></tr></table>		
2 Enter amount from 2012 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2 <table border="1"><tr><td></td><td></td></tr></table>		
3 Add lines 1 and 2	3 <table border="1"><tr><td></td><td></td></tr></table>		
4 Figure the tax on line 3 using the 2011 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"><tr><td></td><td></td></tr></table>		

You may elect to figure your 2012 tax by averaging, over the previous three years (base years), all or part of your 2012 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2009, 2010, and 2011 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 by phone.

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 2009, 2010, or 2011, complete Schedule Z for Form FIA-40, lines 8, 12, and 16.

If you were a part-year resident or a nonresident for 2009, 2010, or 2011 and if your income after subtractions 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 2009, 2010, or 2011, 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 to which the NOL is carried.

2009 Taxable Income Worksheet Federal (a) Oregon (b)*Part-Year or Nonresident Return for 2009*

1. Figure income after subtractions, for federal and Oregon, from your 2009 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2009. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2009. Enter the result here..... 1a _____ 1b _____

2. If there is a loss on your 2009 federal Schedule D, line 21, add that loss (as a positive amount) and your 2009 capital loss carryover to 2010. Subtract from that sum the amount of the loss on your 2009 federal Schedule D, line 16. Enter the result here 2a _____ 2b _____

3. If you had a NOL for 2009 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 2009 that were not used in 2009 and were carried to tax years after 2009.. 3a _____ 3b _____

4. Add lines 1, 2, and 3 for each column. Enter the result here and on your 2012 Schedule Z, Tax Year 2009, Computation A or B, line 1 4a _____ 4b _____

Full-Year Return for 2009

5. Figure the taxable income from your 2009 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2009. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2009. Enter the result here 5 _____

6. If there is a loss on your 2009 federal Schedule D, line 21, add that loss (as a positive amount) and your 2009 capital loss carryover to 2010. Subtract from that sum the amount of the loss on your 2009 federal

Schedule D, line 16. Enter the result here 6 _____

7. If you had a NOL for 2009, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2009 that were not used in 2009 and were carried to tax years after 2009 as a positive amount here 7 _____

8. Add lines 5, 6, and 7. Enter the result here, and on your 2012 Schedule Z, Tax Year 2009, Computation C, line 1 8 _____

2010 Taxable Income Worksheet*Part-Year or Nonresident Return for 2010*

9. Figure income after subtractions, for federal and Oregon, from your 2010 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2010. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2010. Enter the result here 9a _____ 9b _____

10. If there is a loss on your 2010 federal Schedule D, line 21, add that loss (as a positive amount) and your 2010 capital loss carryover to 2011. Subtract from that sum the amount of the loss on your 2010 federal Schedule D, line 16. Enter the result here..... 10a _____ 10b _____

11. If you had a NOL for 2010 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 2010 that were not used in 2010 and were carried to tax years after 2010 11a _____ 11b _____

12. Add lines 9, 10, and 11. Enter the result here and on your 2012 Schedule Z, Tax Year 2010, Computation A or B, line 1 12a _____ 12b _____

Full-Year Return for 2010

Federal (a) Oregon (b)

13. Figure the taxable income from your 2010 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2010. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2010. Enter the result here 13 _____
14. If there is a loss on your 2010 federal Schedule D, line 21, add that loss (as a positive amount) and your 2010 capital loss carryover to 2011. Subtract from that sum the amount of the loss on your 2010 federal Schedule D, line 16. Enter the result here 14 _____
15. If you had a NOL for 2010, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2010 that were not used in 2010 and were carried to tax years after 2010 as a positive amount here 15 _____
16. Add lines 13, 14, and 15. Enter the result here, and on your 2012 Schedule Z, Tax Year 2010, Computation C, line 1 16 _____

2011 Taxable Income Worksheet

Part-Year or Nonresident Return for 2011

17. Figure income after subtractions, for federal and Oregon, from your 2011 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2011. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2011. Enter the result here..... 17a _____ 17b _____
18. If there is a loss on your 2011 federal Schedule D, line 21, add that loss (as a positive amount) and your 2011 capital loss carryover to tax year 2012. Subtract from that sum the amount of the loss on your 2011

federal Schedule D, line Federal (a) Oregon (b)

16. Enter the result here..... 18a _____ 18b _____
19. If you had a NOL for 2011 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 2011 that were not used in 2011 and were carried to tax years after 2011..... 19a _____ 19b _____
20. Add lines 17, 18, and 19. Enter the result here and on your 2012 Schedule Z, Tax Year 2011, Computation A or B, line 1 20a _____ 20b _____

Full Year Return for 2011

21. Figure the taxable income from your 2011 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2011. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2011. Enter the result here..... 21 _____
22. If there is a loss on your 2011 federal Schedule D, line 21, add that loss (as a positive amount) and your 2011 capital loss carryover to 2012. Subtract from that sum the amount of the loss on your 2011 federal Schedule D, line 16. Enter the result here 22 _____
23. If you had a NOL for 2011, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2011 that were not used in 2011 and were carried to tax years after 2011 as a positive amount here 23 _____
24. Add lines 21, 22, and 23. Enter the result here, and on your 2012 Schedule Z, Tax Year 2011, 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 2009, 2010, or 2011. For tax year 2012, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2009 income after subtractions shown on line 38 of Form 40N is \$25,906 in the federal column and \$6,150 in the Oregon column.

John had a NOL for tax year 2010 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 2009 and completely absorbed. John combines the \$9,000 NOLD with his Oregon income after subtractions of \$6,150. The result is negative \$2,850 and is entered in the Oregon column on line 1(b) of the 2009 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2009 worksheet.

When John filed his 2009 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 2010. 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 2010. John enters -0- in both columns on line 2 of the 2009 worksheet.

John had no net operating losses for tax year 2009 for either federal or Oregon. Because the NOL from 2010 is completely absorbed in 2009, there is no carryover to tax years after 2009. 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, negative \$2,850, on line 4b of the worksheet. John adds -0- to the \$25,906 and enters the result, positive \$25,906, on line 4a of the worksheet. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2009. John enters both of these figures on Schedule Z, Computation A for tax year 2009, line 1, in the federal and Oregon columns.

For tax year 2010, John's income after subtractions is \$10,850 for federal and negative \$27,250 for Oregon. John enters

\$10,850 on line 9a and negative \$27,250 on line 9b of the 2010 worksheet.

John had a \$3,000 net capital loss deduction on his 2010 Schedule D, line 21, and a \$7,000 loss on Schedule D, line 16, the carryover from 2009 to 2010. 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 2010 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 positive \$10,850. For the Oregon column, John adds \$22,950 from line 11b and negative \$27,250 from line 9b of the worksheet and enters negative \$4,300 on line 12b. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2010. John enters both of these figures on Schedule Z, Computation A, for tax year 2010, line 1, in the federal and Oregon columns.

For tax year 2011, 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?

General tax information www.oregon.gov/dor
Salem 503-378-4988
Toll-free from an Oregon prefix..... 1-800-356-4222

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.