

FORM

**FIA-40N****OREGON FARM INCOME AVERAGING****2007**

Name(s) as shown on Oregon Form 40N

Social Security No. (SSN)

— —

**Computation of 2007 Taxable Income**

	Federal column	Oregon column
1 Enter income after subtractions from your 2007 Oregon Form 40N, line 38..... 1a		1b
2 Enter in both columns your <b>elected farm income</b> 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 2007 Oregon Form 40N, line 47 (on page 29 of the 2007 Form 40N instructions), by the recomputed Oregon percentage shown above ..... 5		
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2007 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 2007 Tax Rate Charts ..... 9		
10 Divide line 2b by 3.0 and enter here ..... 10		

**Prior Years' Tax**

11 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 11	
12 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2005, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 12	
13 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2006, 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 2007 Tax**

15 <b>2004 Tax.</b> If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 or 2005 but did in 2004, enter the amount from 2004 FIA-40, line 4; FIA-40N, line 9; or 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 40P, line 51 or 52 ..... 15	
16 <b>2005 tax.</b> If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 but did for 2005, enter the amount from 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 Form 40P, line 51 ..... 16	
17 <b>2006 tax.</b> If you used FIA to figure your tax for 2006, enter the amount from your 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 ..... 17	
18 Add lines 15, 16, and 17..... 18	
19 Line 14 minus line 18. Enter the result here and on Form 40N, line 51, and check box 51b ..... 19	

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

Name(s) as shown on Oregon Form 40P

Social Security No. (SSN)

- -

**Computation of 2007 Taxable Income**

Federal column

Oregon column

- 1 Enter income after subtractions from your 2007 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 

--	--

 %
- 5 Enter allowable deductions and modifications from your  
2007 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 2007 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 2007 Schedule Z, Computation for Tax Year 2004,  
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 2007 Schedule Z, Computation for Tax Year 2005,  
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 2007 Schedule Z, Computation for Tax Year 2006,  
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 2007 Tax**

- 14 **2004 tax.** If you used FIA to figure your tax for 2006, enter the amount from your  
2006 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If  
you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form  
FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not  
use FIA in 2006 or 2005 but did in 2004, enter the amount from 2004 FIA-40,  
line 4; FIA-40N, line 9; or 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 40P,  
line 51 or 52 ..... 14 

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- 15 **2005 tax.** If you used FIA to figure your tax for 2006, enter the amount from your  
2006 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If  
you did not use FIA in 2006 but did for 2005, enter the amount from 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 Form 40P, line 51 ..... 15 

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- 16 **2006 tax.** If you used FIA to figure your tax for 2006, enter the amount from your  
2006 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other-  
wise, 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 

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

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- 18 Line 13 minus line 17. Enter the result here and on Form 40P, line 50, and check box 50a ..... 18 

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# Schedule Z

(Farm Income Averaging)

## Computation of Tax

# 2007

### 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 2006, enter the amount from your 2006 Schedule Z, Computation for Tax Year 2004, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2006 but did 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 in 2005 or 2006 but did in 2004, enter the amount from your 2004 FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40N, lines 39a and 39b (if -0- or less, see instructions) ..... 1a 

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 1b 

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2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 ..... 2a 

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 2b 

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

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 3b 

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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 2004 Oregon Form 40N, line 47 (on page 26 of the 2004 Form 40N instructions)..... 5 

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

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7 Enter the amount from your 2004 Oregon Form 40N, line 48 ..... 7 

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8 Add lines 6 and 7 ..... 8 

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

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10 Figure the tax on line 9 using the 2004 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 

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

1 If you used Schedule Z to figure your tax for 2006, enter the amount from your 2006 Schedule Z, Computation for Tax Year 2004, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2006 but did 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 in 2005 or 2006 but did in 2004, enter the amount from your 2004 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 

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 1b 

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2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 ..... 2a 

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 2b 

--	--

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

--	--

 3b 

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4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)..... 4 \_\_\_\_\_ %

5 Enter the amount from your 2004 Oregon 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 2004 Tax Rate Charts..... 7 

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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 

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#### 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 2006, enter the amount from your 2006 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2006, enter the amount from the 2006 Schedule Z, Computation for Tax Year 2004, Computation C, line 3. If you did not use Form FIA-40 for tax year 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 15. If you used Schedule Z to figure your tax, enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2006 or 2005 but did in 2004, enter the amount from your 2004 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2004 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions) ..... 1 

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**COMPUTATION FOR TAX YEAR 2004** (continued)**Computation C** (continued)

2 Enter amount from 2007 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 2004 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 2005****Computation A.** Complete if you filed **Form 40N** for tax year 2005.

1 If you used Schedule Z to figure your tax 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 for 2006 but did in 2005 enter the amount from your 2005 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2005 Form 40N, lines 39a and 39b (if -0- or less, see instructions) .....	1a	Federal column		1b	Oregon column	
2 Enter amount from 2007 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 2005 Oregon Form 40N, line 47 (on page 26 of the 2005 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 2005 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 2005 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 2005.

1 If you used Schedule Z to figure your tax 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 for 2006 but did in 2005 enter the amount from your 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	Federal column		1b	Oregon column	
2 Enter amount from 2007 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 2005 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 2005 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 2005.

1 If you used Form FIA-40 to figure your tax for 2006, enter the amount from 2006 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2006 enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation C, line 3. If you used Form FIA-40 for tax year 2005 but not for 2006, enter the amount from 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	Oregon column	
2 Enter amount from 2007 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 2005 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		

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**COMPUTATION FOR TAX YEAR 2006****Computation A.** Complete if you filed **Form 40N** for tax year 2006.

	Federal column	Oregon column				
1 If you used Form FIA-40N to figure your tax for 2006, enter the amounts from your 2006 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2006 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 2007 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 2006 Oregon Form 40N, line 47 (on page 26 of the 2006 Form 40N instructions).....	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 2006 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 2006 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 2006.

	Federal column	Oregon column				
1 If you used Form FIA-40P to figure your tax for 2006, enter the amount from the 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 <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 2007 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 2006 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 2006 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** or **Form 40S** for tax year 2006.

	Oregon column		
1 If you used Form FIA-40 to figure your tax for 2006, enter the amount from your 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 <table border="1"><tr><td></td><td></td></tr></table>		
2 Enter amount from 2007 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 2006 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>		

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You may elect to figure your 2007 tax by averaging, over the previous three years (base years), all or part of your 2007 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2004, 2005, and 2006 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 2004, 2005, or 2006 and if your income after subtractions (line 39 for years 2004 and 2005; line 38 for year 2006) 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 2004, 2005, or 2006, 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.

### 2004 Taxable Income Worksheet

#### Part-Year or Nonresident Return for 2004

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



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

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

4. Add lines 1, 2, and 3 for each column. Enter the result here and on your 2007 Schedule Z, Tax Year 2004, Computation A or B, line 1 ..... 4a \_\_\_\_\_ 4b \_\_\_\_\_

#### *Full-Year Return for 2004*

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

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

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

8. Add lines 5, 6, and 7. Enter the result here, and on your 2007 Schedule Z, Tax Year 2004, Computation C, line 1 ..... 8 \_\_\_\_\_

### **2005 Taxable Income Worksheet**

#### *Part-Year or Nonresident Return for 2005*

9. 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 ..... 9a \_\_\_\_\_ 9b \_\_\_\_\_

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

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

12. Add lines 9, 10, and 11. Enter the result here and on your 2007 Schedule Z, Tax Year 2005, Computation A or B, line 1 ..... 12a \_\_\_\_\_ 12b \_\_\_\_\_

#### *Full-Year Return for 2005*

13. 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..... 13 \_\_\_\_\_

14. 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 ..... 14 \_\_\_\_\_

15. 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 ..... 15 \_\_\_\_\_

16. Add lines 13, 14, and 15. Enter the result here, and on your 2007 Schedule Z, Tax Year 2005, Computation C, line 1 ..... 16 \_\_\_\_\_

### 2006 Taxable Income Worksheet

#### Part-Year or Nonresident Return for 2006

17. 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..... 17a \_\_\_\_\_ 17b \_\_\_\_\_

18. 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 tax year 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here..... 18a \_\_\_\_\_ 18b \_\_\_\_\_

19. 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 ..... 19a \_\_\_\_\_ 19b \_\_\_\_\_

20. Add lines 17, 18, and 19. Enter the result here and on your 2007 Schedule Z, Tax Year 2006, Computation A or B, line 1 ..... 20a \_\_\_\_\_ 20b \_\_\_\_\_

#### Full Year Return for 2006

21. 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..... 21 \_\_\_\_\_

22. 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 ..... 22 \_\_\_\_\_

23. 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 ..... 23 \_\_\_\_\_

24. Add lines 21, 22, and 23. Enter the result here, and on your 2007 Schedule Z, Tax Year 2006, 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 2004, 2005, or 2006. For tax year 2007, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2004 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 2005 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 2004 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 2004 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2004 worksheet.

When John filed his 2004 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 2005. 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 2005. John enters -0- in both columns on line 2 of the 2004 worksheet.

John had no net operating losses for tax year 2004 for either federal or Oregon. Because the NOL from 2005 is completely absorbed in 2004, there is no carryover to tax years after 2004. 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 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 \$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 2005 worksheet.

John had a \$3,000 net capital loss deduction on his 2005 Schedule D, line 21, and a \$7,000 loss on Schedule D, line 16, the carryover from 2004 to 2005. 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 2005 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 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 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.*

### 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.

### Questions?

#### Write

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.

#### Telephone

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

Call one of the numbers above to:

- Check on the status of your 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



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 (wait times may vary):*

April 1–April 15, Monday–Friday ..... 7:00 a.m.–7:00 p.m.  
 Saturday, April 12 ..... 9:00 a.m.–3:00 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 ..... 503-945-8617  
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