

OAR 150-316-0565

Example 2:

(1) Capital Gain Portion

Sales price	\$11,000
Less: Oregon basis (9-1-83)	<u>(6,000)</u>
Oregon capital gain	<u>\$ 5,000</u>

(2) Ordinary Gain Portion

To determine the taxpayer's ordinary gain portion two steps are necessary.

Step 1. Determine the Oregon adjusted basis as of the date of the sale.

Oregon basis (9-1-83)	\$ 6,000
Less: Oregon depreciation	
1983 (4/12 x 1/4 x \$6,000)	\$ 500
1984 (12/12 x 1/4 x \$6,000)	<u>1,500</u>
Total Oregon depreciation	<u>2,000</u>
Oregon adjusted basis (1-1-85)	<u>\$ 4,000</u>

Step 2. Determine the ordinary gain portion for Oregon purposes.

Oregon depreciable basis (9-1-83)	\$ 6,000
Less: Oregon adjusted basis (1-1-85)	<u>4,000</u>
Oregon ordinary gain portion	<u>\$ 2,000</u>

Example 3:

Oregon Adjusted Basis

	Building	Truck
Cost (Federal unadjusted basis)	\$100,000	\$10,000
Less: Depreciation previously allowed		
For Oregon tax purposes	-0-	-0-
Net basis	\$100,000	\$10,000
Fair Market Value		
(as of January 1, 1990)	\$115,000	\$ 6,000
Less: Depreciation previously allowed		
For Oregon tax purposes	-0-	-0-
Oregon Fair Market Value	\$115,000	\$ 6,000

Example 4:

Cost		\$100,000
1984 Straight-line depreciation	(5,000)	
1985 Straight-line depreciation	(5,000)	
1986 depreciation through July 1	<u>(2,500)</u>	<u>(12,500)</u>
Oregon basis as of July 1, 1986		<u>\$ 87,500</u>