

# 1994 Oregon

Form 40N  
and  
Form 40P

## Nonresident and Part-Year Resident Income Tax Booklet

### New this year!

#### Want your refund faster?

- ✓ Use your booklet label if you have one.
- ✓ Be sure to attach your W-2s.
- ✓ Use the correct Social Security number.
- ✓ Double check your math.
- ✓ Make sure you subtract your federal tax liability (see instructions for the correct amount).

#### Federal schedules

You no longer have to file all your federal schedules with your Oregon return. See page 3 for more information.

#### Need help?

If you have questions or want to order forms, you can call us 24 hours a day.

Call: Salem (503) 378-4988

Toll-free within Oregon 1-800-356-4222

The toll-free number is only available January through April.

TDD (for nonvoice use only) (503) 945-8617

Habla Español? Las personas que necesitan asistencia en Español pueden llamar al número en Salem (503) 945-8618.

Oregon Department of Revenue  
955 Center St. NE  
Salem, OR 97310-2551

Please use this  
label on your  
return



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If you have disabilities and need special accommodations, see page 32 for numbers to call and places to get help.

The following instructions aren't a complete statement of laws and Oregon Department of Revenue rules. You may need more information or forms. See page 32.

## New information

**New for 1994.** You no longer have to file all of your federal return with your Oregon return. File only a copy of the front and back of the federal form (1040, 1040A, 1040EZ, or 1040PC) with your Oregon income tax return. Don't attach any other federal schedules such as A, B, C, D, or Form 2441. We get federal schedule information electronically.

Oregon law follows federal law as of December 31, 1992. For the 1994 tax year, most items are treated the same way on your Oregon and federal tax returns.

### Federal tax law changes

Omnibus Budget Reconciliation Act of 1993. This federal act became effective on August 10, 1993. Oregon law is tied to federal law as of December 31, 1992. The changes for 1993 not followed by Oregon will continue to create Oregon differences in 1994. These include:

- Employer-provided educational assistance deductions. See "Other additions," page 13.
- Nonresidential real property. See "Difference in depreciation for Oregon," page 13.
- Election to expense certain tangible property (Section 179 expenses). See "Other additions," page 13.
- Amortization of goodwill and related intangibles. Oregon follows prior federal law and will require an addition or subtraction on your Oregon return.

Federal laws becoming effective in 1994 not followed by Oregon include:

- Moving expenses claimed as an itemized deduction. Federal law has new limitations on moving expenses for 1994. Oregon follows prior federal law.
- Business meals and entertainment expenses. Beginning in 1994, federal law allows only 50 percent of the cost of your business meals and entertainment expenses on the federal Schedule C. Oregon follows prior federal law that allows 80 percent. The difference may be claimed as an "Other subtraction" on line 37.
- Passive loss rule change. Real estate professionals may now claim ordinary losses on rental property. Oregon follows prior federal law requiring these to be claimed as passive losses.

### Oregon tax law information

- Extension to file. If you filed an extension, check the "Extension filed" box on the form.

Active duty pay income will continue to be subtracted from Oregon income if it was earned outside Oregon from August 1, 1990, through the date the President sets as the end of combat activities in the Persian Gulf. The President had not declared an end of combat activities in the Persian Gulf as of the date this information was published. See page 14.

Retirement income credit and special Oregon medical deduction. The minimum age requirement for 1995 will increase to age 60.

**Labels.** You may have received a mailing label from us on this tax booklet. If you received a label, please use it on the income tax return you mail to the department. Make sure the label is correct. If it isn't, mark through the incorrect information and make corrections on the label. If someone else prepares your return, ask the preparer to use your label. Your return will be processed faster.

# General information

## Are you self-employed?

If you are self-employed and do business in Washington, Multnomah, or Clackamas counties, you may need to file a Tri-Met Self-Employment tax return. If you are self-employed, have employees, and do business in Lane County, you may need to pay Lane County Transit tax. See page 32 to order forms or receive information.

## Residency

Am I a resident, a nonresident, or a part-year resident? The following will help you decide:

**Resident.** You are an Oregon resident, even if you live outside Oregon, if all of the following are true:

- You think of Oregon as your permanent home.
- Oregon is the center of your financial, social, and family life.
- Oregon is the place you intend to come back to when you are away.

**Nonresident.** You are a nonresident if your permanent home is outside Oregon all year.

**Part-year resident.** You are a part-year resident if you moved into or out of Oregon during 1994. But you still are a full-year resident if:

- You temporarily moved out of Oregon, or
- You moved back to Oregon after only a temporary absence.

**Special-case Oregon residents.** File Form 40N if all the following are true:

- You are an Oregon resident who lived outside Oregon the entire year.
- You didn't keep a home in Oregon during any part of the year.
- You spent less than 31 days in Oregon during the year.

## Armed forces

Nonresidents stationed in Oregon. Oregon doesn't tax your military pay. You don't need to file an Oregon return unless you had income from an Oregon source. Oregon source income includes:

- Wages from a job held in off-duty hours.
- Wages earned by your spouse in Oregon.
- Oregon business or rental earnings.
- Pay received for drills and weekend meetings of the National Guard or reserves (this is not considered active duty pay).

If you had Oregon source income, use Form 40N.

If your spouse worked in Oregon, you will need more information. Write for the information circulars, "Military

Personnel Filing Information" and "Married Persons Filing Separate Returns." See page 32 for numbers to call.

Oregon residents stationed in Oregon. Use Form 40 in the full-year resident booklet.

Oregon residents stationed outside Oregon. If you meet all of the following requirements, file Form 40N to get a refund of Oregon tax withheld from your military wages:

- You didn't have a personal residence in Oregon for yourself or your family during any part of 1994.
- Your personal residence was outside Oregon during all of 1994.
- You spent less than 31 days in Oregon during 1994.

Here's how to file. Write in -0- on line 8 (Oregon column) if your income is only from military wages. Label it "Military nonresident." Be sure to include any other income taxable by Oregon. Follow the remaining line instructions for Form 40N. Be sure to fill in your Oregon withholding, line 61, Form 40N. Attach a copy of your military W-2 form and your federal return.

If you don't meet all three listed requirements, file Form 40 in the full-year resident booklet. If you have questions about your residency, see page 32 for places to get help.

## Subtractions for active duty pay

- Oregon residents who entered into or were discharged from military service in 1994 can exclude all military active duty income earned outside Oregon.
- Active duty pay earned outside Oregon during certain dates is exempt from Oregon tax. See page 14.
- Even if you do not meet the requirements above, you may still subtract up to \$3,000 of active duty pay.

See Form 40N instructions, page 14, or Form 40P instructions, page 27.

## Filing information

Should I file an Oregon return?

File if you have any income taxable by Oregon. Or file if you want a refund of the Oregon tax that was withheld from your wages.

Use Form 40N if:

- You are a nonresident, or
- You are a nonresident filing a joint return, and your spouse is a full-year or part-year resident, or
- You and your spouse are both nonresidents filing jointly.

Use Form 40P if:

- You are a part-year resident, or
- You are a part-year resident filing a joint return, and your spouse is a full-year resident, or
- You and your spouse are both part-year residents filing jointly.

Use Form 40 or 40S if:

- You are a full-year resident, or
- You and your spouse are both full-year residents filing jointly.

Forms 40 and 40S are available at post offices and some banks and libraries in Oregon. See page 32 to order forms.

What income does Oregon tax?

Full-year residents. Oregon taxes your income from all sources.

Part-year residents. Oregon taxes your income from all sources earned or received while you were an Oregon resident. But Oregon taxes only your income from Oregon sources while you were a nonresident.

Nonresidents. Oregon taxes only your income from Oregon sources.

What does income from Oregon sources include?

It includes income shown on your federal return from:

- Wages, fees, or retirement income for services performed in Oregon, except for interstate transportation wages described below.
- Businesses, S corporations, and partnerships located in or doing business in Oregon.
- Oregon farms.
- Oregon estates and trusts.
- Sales of Oregon property.
- Rents and royalties for use of Oregon property.

If your Oregon wages are not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days worked in Oregon}}{\text{Days worked everywhere}} \times \text{Total wages} = \text{Oregon wages}$$

Do not include holidays, vacation days, and sick days as work days in either figure. Total wages include sick pay, holiday pay, and vacation pay.

Not included:

- Interest and dividends unless they are from an Oregon business you own.
- Interstate transportation wages from an interstate railroad company, interstate motor carrier, or private motor carrier. You must be a nonresident and have regularly assigned duties in more than one state. You

must be a driver, mechanic, or freight handler who directly affects the safety of a commercial motor vehicle. See page 32 to order the information circular, "Interstate Transportation Wages."

May I round off cents to the nearest whole dollar?

Yes. You may round off cents to the nearest whole dollar on your return and schedules. If you round off, do so for all amounts. You may drop amounts less than 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example, \$12.15 becomes \$12 and \$233.50 becomes \$234.

Is my tax return private information?

Yes. Any Oregon Department of Revenue employee who gives out unauthorized information about your return may be convicted of a class C felony.

I'm getting an income tax refund this year. When will I get my check?

- If you file your return before April 1:
  - Labeled returns—allow 4–6 weeks to receive your refund.
  - Unlabeled returns—allow 6–8 weeks to receive your refund.
- If you file your return on or after April 1:
  - Add 2–3 weeks to the above.

Exception: If there is a mistake on your return, your refund will be delayed.

The Department of Revenue cannot issue refund amounts less than \$5.

When should I file my return?

File as soon as possible. The filing deadline for calendar year 1994 is April 17, 1995.

Returns for other tax periods are due by the 15th day of the fourth month after the close of your tax year.

Should I put my return together in a special order?

Yes. Put your Oregon return in the following order to speed processing. Top to bottom:

1. Form 40N or 40P with Form W-2, 1099R, and all other 1099s showing Oregon tax withholding stapled to the lower front.
2. Attach any payment to the top of the W-2 form.
3. Copy of federal Form 1040, 1040A, 1040EZ, or 1040PC.
4. Oregon Form 10, "Underpayment of Oregon Estimated Tax."

Note: Be sure the second page of your return is the same form as the first page. Example: If you file Form 40N, be sure that "Page 2—Form 40N 1994" is printed at the top of the second page.

## 4/Filing information

## Extensions

Do you owe tax and need more time to file?

- If you have an extension to file your federal return, Oregon allows you the same extension. If you had a federal extension, check the "Extension Filed" box on your Oregon return when you file.
  - To avoid penalty and interest, mail any tax due by April 17, 1995. Attach payment to a separate copy of your federal extension.
  - Include the amount you paid with your extension on Form 40N, line 62, or Form 40P, line 62, when you file your return.
- If you need an extension of time to file for Oregon only, send us a federal extension form before April 17. Write "For Oregon only" across the top. Include your payment. Send your extension and payment to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.

Check the "Extension Filed" box on your Oregon return when you file. We'll notify you only if your extension is denied.

More time to file doesn't mean  
more time to pay!

You must pay the tax due when filing your extension. If you don't pay all of the tax due with your extension, you will owe interest after April 17, 1995, to the date of payment. The current interest rate is 10 percent per year (.8333 percent per month). If the tax is not paid within 60 days of our bill, the interest rate increases to 14 percent per year.

You also will owe a 5 percent penalty if you pay after April 17, 1995.

If you file more than three months late, add an additional 20 percent penalty.

Exception: You don't have to pay a penalty if you do all of the following:

1. Get an extension of time to file your return.
2. Pay at least 90 percent of the tax due by April 17, 1995.
3. Pay the balance of tax due at the time you file within the extension period.
4. Pay the interest on the balance of tax due at the time you file your return or within 30 days of our billing date.

Were you stationed in the Persian Gulf area? Did you receive additional time to file your 1994 federal return? If so, Oregon allows the same additional time to file. Write "Desert Storm" at the top of your form. Use red ink.

## 1995 estimated tax

Who must pay estimated tax?

In most cases, people who expect to owe \$500 or more on their 1995 Oregon income tax return.

The first payment is due April 17, 1995. The estimated tax coupons and instructions and the information circular, "Estimated Tax," have more information. See page 32 to order.

## Fiscal year filers

Write "Fiscal year" in the center at the top of the form. Use red ink. Be sure to fill in the date your fiscal year ended.

## Address section

Label. If you received a label with these tax instructions, please use it on the return you mail to the department. Your return will be processed faster. Don't attach the label to your return until the return is completed. If someone else prepares your return, ask the preparer to use your label.

Make sure the label is correct. If it isn't, mark through the incorrect information and make corrections on the label. If you don't have a label, print or type your name, address, telephone number, and Social Security number on your return.

Social Security number. The request for your Social Security number(s) is authorized by Section 405, Title 42, of the United States Code. You must give us this information. It will be used to establish your identity.

## Elderly Rental Assistance (ERA)

To qualify for an ERA refund, you must be a renter who resided in Oregon on December 31, 1994, be age 58 or older, have household income less than \$10,000, and use more than 20 percent of your household income to pay for rent, fuel, and utilities. If you think you qualify, see page 32 to order an ERA booklet.

# Form 40N instructions

Use Form 40N if:

- You're a nonresident, or
- You meet the exception below, and choose to file a joint return.

Fill out your federal return, then your Oregon return. You must attach a copy of your federal 1040, 1040A, 1040EZ, or 1040PC to your Oregon tax return. Don't attach any other federal schedules such as A, B, C, D, or Form 2441.

Keep a complete copy of your federal and state returns. Also, keep the original of all papers or receipts you used to prepare your return. Save these records for at least three years.

See the instructions on page 5 for “Fiscal year filers” and the “Address section.”

## Check the boxes

### Filing status

Check the box next to your filing status. Generally, you must check the same filing status you checked on your federal return.

Exception: If you and your spouse don't have the same residency status, you may file separate returns for Oregon even if you filed your federal return as married filing jointly. See page 32 to order the information circular, “Married Persons Filing Separate Returns.” If both spouses are nonresidents and you filed your federal return as married filing jointly, you must file married filing jointly on your Oregon return.

How to file separate returns:

If you are married filing separately, fill in your spouse's name and Social Security number by box 3 on the return. Don't fill in your spouse's name or Social Security number in the heading of the return.

If you file separate returns for Oregon only, report your own share of income and deductions. Also report your share of any Oregon additions or subtractions. To figure your federal tax subtraction or itemized deductions, use the following:

$$\frac{\text{Your share of federal AGI}}{\text{Joint federal AGI}} = \text{Your percentage (not to exceed 100\%)}$$

In the center at the top of the Form 40N, write “MFS for Oregon only.” Use red ink. Attach the following to both Oregon returns:

- A federal Form 1040 or 1040A prepared as if you have filed “married filing separately.”
- A copy of your joint Form 1040, 1040A, 1040EZ, or 1040PC.

If possible, mail both Oregon returns in the same envelope. Do not staple the returns together.

If you are filing as head of household, fill in the name of the qualifying person from your federal return by box number 4.

### Exemptions

6a and 6b. Yourself and spouse. Check “Yourself” and other boxes that apply. If you can be claimed as a dependent on someone else's return, you can't claim an exemption for yourself on your Oregon return.

Severely disabled. Did you have a severe disability at the end of 1994? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

- You lost the use of one or both feet.
- You lost the use of both hands.
- You have a permanent condition that without special equipment or help, limits your ability:
  - To earn a living, or
  - To maintain a household, or
  - To transport yourself.

Special equipment doesn't include such items as glasses, contact lenses, ordinary crutches, or hearing aids.

Generally, a condition caused by the normal aging process does not qualify.

You don't qualify for this exemption if either of the following apply:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work, but allows you to do other kinds of work without special equipment.

If you have a permanent severe disability, your physician must write a letter describing your disability.

Check the “Severely disabled” exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the credit for loss of use of limbs. See page 32 for numbers to call.

6c. Dependents. Enter the number of your children claimed as dependents and other dependents in box 6c. In most cases, you must claim the same number of dependents as claimed on your federal return.

6d. Disabled child. You may have an additional exemption for your dependent child with disabilities. To qualify, your child must meet all of the following:

- Qualify as your dependent.
- Be age 17 or younger.
- Be in an Oregon school.
- Be eligible for “early intervention services” or diagnosed with disabilities for special education purposes. Learning disabilities alone don't qualify for this exemption.
- Your child must have a health-related disability requiring special education as defined by the Oregon Department of Education. This includes:
  - Autism.
  - Hearing impairment.
  - Visual impairment.
  - Trainable mental retardation.
  - Serious emotional disturbance.
  - Traumatic brain injury.
  - Orthopedic impairment.
  - Multiple disabilities.

Continued on page 11

Continued from page 6

Your child must have been diagnosed as of December 31, 1994, through the child's local school district by a qualified examiner authorized by the Oregon Department of Education.

Get a statement of eligibility which confirms one of the disabilities listed above and a cover sheet from one of the following:

- The child's Individualized Education Program (IEP).
- The child's Individualized Family Service Plan (IFSP).

Write in your child's name on the "Disabled children only" line. Also be sure to include the child as an exemption in the total for line 6c.

## Age 65 or older, or blind

Check the boxes on line 7 if you or your spouse were age 65 or older, or were blind on December 31, 1994. Check the same boxes you checked on your federal return. Use this information to compute your standard deduction. See pages 15 and 16.

## Line instructions

The following instructions are for lines not fully explained on the form.

Form 40N has two columns for figures.

The first column on Form 40N is labeled "Federal column." In this column, lines 8 through 27, fill in the same amounts you reported on your federal return. On lines 30 through 37, fill in the additions and subtractions as they apply to your total income.

The second column on Form 40N is labeled "Oregon column." That's the column where you list the amounts that apply to Oregon.

Full-year residents. Oregon taxes your income from all sources.

Part-year residents. Oregon taxes your income from all sources earned or received while you were an Oregon resident. Oregon taxes only your income from Oregon sources while you were a nonresident.

Nonresidents. Oregon taxes only your income from Oregon sources. See "What does income from Oregon sources include," page 4.

## Income

### 8. Wages, salaries, and other pay for work.

Oregon column. Nonresidents—fill in the amount earned for working in Oregon. If that amount differs from your Oregon wages on your W-2 form, you must attach an explanation from your employer to the back of your return. If your Oregon wages are not stated separately

on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days worked in Oregon}}{\text{Days worked everywhere}} \times \text{Total wages} = \text{Oregon wages}$$

Do not include holidays, vacation days, and sick days as work days in either figure. Total wages includes sick pay, holiday pay, and vacation pay.

Full-year and part-year residents—fill in amounts earned while an Oregon resident and any amount earned working in Oregon while a nonresident.

Exception: See "Interstate Transportation Wages," page 4, to see if you qualify to exclude this income.

### 9. Taxable interest and dividend income.

Oregon column. Nonresidents—fill in only interest income from an Oregon business you own. Fill in only the dividends passed through to you from an S corporation or partnership doing business in Oregon. These are dividends your S corporation or partnership received on the stock of another corporation.

Full-year and part-year residents:

9a. Figure the total interest you received while an Oregon resident and included on your federal return. Add to that your share of interest income received while a nonresident on funds used for business activity in Oregon.

9b. Figure the total dividends you received while an Oregon resident and included on your federal return. Add to that figure any dividends received while a nonresident that were passed through from an S corporation that has no business activity outside of Oregon.

Add lines 9a and 9b. Fill in the total amount on line 9.

### 10. State and local income tax refunds.

Oregon column. Nonresidents—fill in other state and local income tax refunds for which you claimed a deduction on an Oregon return in a prior year. Fill in an Oregon income tax refund if you included it as income on your federal return. Full-year and part-year residents—fill in state and local income tax refunds received while an Oregon resident and that were included on your federal return.

### 11. Alimony received.

Oregon column. Nonresidents—don't fill in any amount. Full-year and part-year residents—fill in any alimony you received while an Oregon resident.

### 12. Business income or loss.

Nonresidents must include income from an Oregon activity. This includes apportioned business income and allocated nonbusiness income from sole proprietorships.

Oregon column. Nonresidents—fill in the amount of income or loss from an Oregon business. Full-year and part-year residents—see page 4 for sources of income to report to Oregon.

### 13. Capital gain or loss.

Oregon column. Nonresidents—fill in the amount of gain or loss from Oregon sources and capital gain distributions from Oregon sources. Limit net losses to \$3,000 (\$1,500 if married filing separately). Full-year and part-year residents—see page 4 for sources of income to report to Oregon.

### 14. Other gains or losses.

Oregon column. Nonresidents—fill in the amount of gain or loss from Oregon sources. Full-year and part-year residents—see page 4 for sources of income to report to Oregon.

### 15. Total IRA distribution.

Oregon column. Nonresidents—fill in the amount relating to income taxable by Oregon. Full-year and part-year residents—see page 4 for sources of income to report to Oregon. You may need more information. See page 32 for places to get help.

### 16. Pensions and annuities.

Oregon column. Nonresidents—fill in the amount relating to income taxable by Oregon. This includes the return of contributions not previously taxed and annuity payments based on Oregon source income. Full-year and part-year residents—see page 4 for sources of income to report to Oregon. You may need more information. See page 32 for places to get help.

### 17. Rents, royalties, partnerships, estates, trusts, etc. from federal Schedule E.

Oregon column. Nonresidents—fill in the amount of rent, royalty, REMIC, partnership, S corporation, estate, and trust income attributable to Oregon sources. Full-year and part-year residents—see page 4 for sources of income to report to Oregon.

### 18. Farm income or loss.

Oregon column. Nonresidents—fill in the amount of income or loss from an Oregon farm. Full-year and part-year residents—see page 4 for sources of income to report to Oregon.

### 19. Unemployment compensation, taxable Social Security, and other taxable income.

Oregon column. Nonresidents—fill in any unemployment benefits you got from Oregon while a nonresident. Add any other taxable income you got from Oregon sources. Full-year and part-year residents—see page 4 for sources of income to report to Oregon. Don't fill in any

amount of your Social Security or Railroad Retirement benefits. Oregon doesn't tax this income.

## Adjustments to income

### 21–22. IRA or Keogh contributions.

Enter your allowable IRA and Keogh contributions on line 21 and your spouse's allowable contributions on line 22. Oregon follows the federal definition of earned income and compensation used to calculate your IRA and Keogh deductions.

Oregon column. Full-year and part-year residents will generally deduct the same amount as for federal. But it can't be more than your Oregon income. Nonresidents may be limited in the amount of their IRA and Keogh contributions they can deduct for Oregon. Use the formulas below to figure your deduction.

IRA. If you have a federal IRA deduction, you must multiply it by the amount of compensation earned in Oregon divided by compensation from all sources.

$$\frac{\text{Oregon compensation}}{\text{Total compensation}} \times \text{Federal IRA deduction} = \text{Oregon deduction}$$

Keogh. If you have a federal Keogh deduction, you must multiply it by the amount of earned income from Oregon sources divided by the earned income from all sources.

$$\frac{\text{Oregon earned income}}{\text{Total earned income}} \times \text{Federal Keogh deduction} = \text{Oregon deduction}$$

### 24. Deduction for self-employment tax.

Oregon column. Full-year and part-year residents—fill in the amount of self-employment tax on income earned while an Oregon resident. Nonresidents—fill in the amount of self-employment tax on earnings from Oregon sources. Use the following formula:

$$\frac{\text{Oregon self-employment earnings}}{\text{Total self-employment earnings}} \times \text{Federal deduction for self-employment tax} = \text{Oregon deduction}$$

The Oregon deduction cannot exceed the federal deduction.

### 25. Self-employed health insurance deduction.

Oregon column. Nonresidents—fill in the amount of deduction related to Oregon source income. Full-year and part-year residents—fill in the amount of deduction related to income earned while an Oregon resident. Use the following formula:

$$\text{Total Oregon source health insurance premiums} \times 25\% (.25) = \text{Oregon deduction}$$



Total Oregon source health insurance premiums are those premiums paid for by an Oregon business. The deduction is limited to earned income for which the insurance plan was established.

**26.** Interest penalty on early withdrawal of savings.

Oregon column. Fill in the penalty related to interest taxed by Oregon.

**27.** Alimony paid.

Oregon column. Nonresidents—deduct a percentage of the alimony you paid. The alimony must be taxable income to your former spouse.

Figure your allowable Oregon deduction on a separate sheet of paper. Compute a special Oregon percentage (line 40) without regard to any alimony you paid. Apply the percentage to the total alimony you paid while a nonresident. That will be the amount to be deducted for Oregon. Enter this amount on line 27 of the Oregon column.

Full-year residents—fill in all the alimony you paid. Part-year residents—see Form 40P instructions, page 22.

## Additions

Oregon treats these items differently than the federal government.

**30.** Interest on government bonds of states other than Oregon.

Federal column. If you didn't include this interest in your federal income, fill in the interest you received from state and local governments outside of Oregon.

Oregon column. Nonresidents—don't fill in any amount. Full-year and part-year residents—if you didn't include this interest in your federal income, fill in the amount of interest you got from states other than Oregon and their local governments while you were an Oregon resident.

**31.** Federal election on interest and dividends of a minor child. Did you make the election to report the interest or dividends of your minor child on your federal return? If so, you must add the amount that is subject to the special federal tax to Oregon income.

Federal column. Fill in the smaller of line 6 or 7 from federal Form 8814.

Oregon column. Nonresidents—don't include the addition. Full-year and part-year residents—fill in interest and dividends received while the minor child was an Oregon resident.

**32.** Other additions. You may have other additions explained below. Identify the addition in the space on the form. If you have more than one, show the type and

amount of each addition. Fill in the total amount of "Other additions" on line 32.

- Election to expense certain tangible property (Section 179 expenses). Federal law allows you to expense up to \$17,500 of the cost of qualifying assets on your federal return. Oregon only allows you to expense up to \$10,000 of the cost of qualifying assets on your Oregon return. You will need the Oregon depreciation schedule. See page 32 for order instructions.
- Difference in depreciation for Oregon. Are you depreciating business property you placed in service after December 31, 1980, and before January 1, 1985? Or are you depreciating nonresidential real property you placed in service on or after May 13, 1993? If so, the depreciation deduction allowed by Oregon may be different than the amount allowed on your federal return.

Federal column. Is your Oregon depreciation less than your federal depreciation? If so, on line 32, fill in the amount from the Oregon Depreciation Schedule, line 4. If not, see the instructions for line 37.

Oregon column. On line 32 fill in the amount from the Oregon Depreciation Schedule, relating to income taxable by Oregon.

- Employer-provided educational assistance deductions. Any employer-provided educational assistance you received from an Oregon source which was not included in federal income must be claimed as an addition in both columns on line 32.
- Amortization of goodwill and related intangibles. Oregon follows prior federal law and will require an adjustment on your Oregon return.
- Passive loss adjustment for real estate professionals. Real estate professionals may now claim ordinary losses on rental property for federal purposes. Oregon follows prior federal law requiring these to be claimed as passive losses. If you need help, see page 32.
- The following additions apply to only a few people and are not explained in this booklet. Make the addition in both the federal and Oregon columns. If you need help, see page 32.
  - Gain or loss on the sale of depreciated property.
  - Depletion in excess of basis.
  - Employer-provided group legal services.
  - Gain on sale of inherited Oregon farm or forest property acquired from a decedent who died before January 1, 1987.
  - Lump sum distributions.
  - Gain on certain involuntary conversions.
  - Federal deduction for bus operating authorities.
  - Passive losses.
  - Fiduciary adjustments from Oregon estates and simple or complex trusts.

## Subtractions

Oregon treats these items differently than the federal government.

**37.** Other subtractions. You may qualify for other subtractions explained below. Identify the subtraction in the space on the form. If you have more than one, show the type and amount of each subtraction. Fill in the total amount of "Other subtractions" on line 37.

- Difference in depreciation for Oregon. Are you depreciating business property you placed in service after December 31, 1980, and before January 1, 1985? Or are you depreciating nonresidential real property you placed in service on or after May 13, 1993? If so, the depreciation deduction allowed by Oregon may be different than the amount allowed on your federal return.

Federal column. Is your Oregon depreciation more than your federal depreciation? If so, on line 37, fill in the amount from the Oregon Depreciation Schedule, line 4. If not, see the instructions for line 32.

Oregon column. On line 37, fill in the amount from the Oregon Depreciation Schedule, line 4, relating to income taxable by Oregon.

- Military active duty pay. You may qualify for three different subtractions.

1. You can subtract active duty pay earned outside Oregon from January 1 through the date the President sets as the end of combat activities in the Persian Gulf. The date was not set when these instructions were published.

Federal column. Fill in the amount included in federal income, line 8, federal column. Write "Desert Storm" in the center at the top of the form. Use red ink.

Oregon column. Nonresidents—don't fill in any amount. Full-year and part-year residents—fill in the U.S. military active duty pay earned from "Desert Storm" which was included in line 8, Oregon column.

2. Whether or not you are eligible for the other military subtractions, you may still subtract up to \$3,000 of active duty pay.

Federal column. Fill in the U.S. military active duty pay included in your federal income. Limit \$3,000. Did both you and your spouse have military active duty pay? If so, don't fill in more than \$3,000 each. Reserve summer camp is active duty. However, drills and weekend meetings of reserve units aren't active duty. If you are in the National Guard or reserves and your W-2 doesn't show a separate amount for active duty, contact your paymaster.

Oregon column. Nonresidents—don't fill in any amount. Full-year and part-year residents—fill in the

U.S. military active duty pay you included on line 8, Oregon column.

3. If you were an Oregon resident who entered or left the military during the tax year, you may subtract active duty pay earned outside Oregon.

Note: Your total active duty pay subtractions cannot exceed your total active duty pay income. In addition, drill pay and weekend meeting pay for nonresident members of the Oregon National Guard or reserves may not be subtracted. Report the pay in the Oregon column, line 8.

- Interest from the U.S. government

Federal column. Fill in your interest from the U.S. government you included on your federal return. Include U.S. government interest you got through partnerships or grantor trusts. Examples: interest from U.S. Series EE and HH bonds, and Treasury bills and notes. You may also subtract the interest if it's paid to you by organizations that invest in U.S. government securities. U.S. government interest must be reduced by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.

Oregon column. Did you include interest from the U.S. government on line 9 of the Oregon column? If so, fill in this amount of U.S. government interest on line 37.

- Local government bond interest

Federal column. The U.S. government taxes certain types of local government bond interest (e.g., private activity bonds). If you included income from Oregon bonds on your federal return, deduct it on this line. Label it "Local government bond interest."

Oregon column. Fill in Oregon local government bond interest included in Oregon income.

- Oregon tax refund included in federal income. This subtraction is for Oregon income tax refunds only.

Federal column. Fill in your Oregon income tax refund only if you included it on line 10 of the federal column. Label the subtraction "Oregon refund."

Oregon column. Fill in your Oregon income tax refund only if you included it on line 10 of the Oregon column.

- Railroad Retirement benefits

Federal column. Fill in your Tier 2, supplemental, windfall, and dual-vested Railroad Retirement benefits included on line 16 of the federal column. Subtract Tier 1 Railroad Retirement benefits on line 36.

Oregon column. Don't fill in any amount. Oregon does not tax Railroad Retirement benefits.

- Oregon Lottery

Oregon Lottery and Powerball winnings are not taxed by Oregon.

Federal column. If you included these winnings in the federal column of your Oregon return as income, enter that amount here.

Oregon column. If you included these winnings in the Oregon column of your Oregon return, enter that amount here. Label the line "Oregon Lottery."

- Amortization of goodwill and related intangibles. Oregon follows prior federal law and will require an adjustment on your Oregon return.
- Passive loss adjustment for real estate professionals. Real estate professionals may now claim ordinary losses on rental property for federal purposes. Oregon follows prior federal law requiring these to be claimed as passive losses. If you need help, see page 32.
- Business meals and entertainment expenses. Federal law allows only 50 percent of the cost of your business meals and entertainment expenses on the federal schedule. Oregon follows prior federal law that allows 80 percent. The difference may be claimed on line 37.
- The following subtractions apply to only a few people and are not explained in this booklet. Make the subtraction in both the federal and Oregon columns if the related income was included on both columns. See page 32 for numbers to call.
  - Logging and construction commuting costs.
  - Income earned by an enrolled member of an American Indian tribe while living on and working on an Oregon reservation or land held in trust by the United States for a tribe.
  - Gain or loss on the sale of depreciated property.
  - Targeted jobs tax credit wages.
  - Sale of public utility dividend reinvestment plan stock.
  - Passive losses.
  - Fiduciary adjustments from Oregon estates and simple or complex trusts.
  - Oil heat tank cleanup costs paid by the Oil Heat Commission.
  - IRA and Keogh payments when the contributions were taxed by another state.
  - Underground storage tank pollution grants.
  - Gain on certain involuntary conversions previously reported.

## Oregon percentage

**40.** Oregon percentage. Divide the amount on line 39b by the amount on line 39a. Write the percentage on line 40. Don't fill in more than 100 percent or less than -0-.

For example: Ms. Rupert reported \$30,000 on line 39a. She reported \$10,000 on line 39b. Here's how she figured her Oregon percentage:

$\$10,000 \div \$30,000 = .333$  (33.3%). Carry your decimal to three places to figure your percentage.

## Deductions and modifications

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger.

**41.** Itemized deductions. Generally, you may claim your total itemized deductions shown on federal Schedule A, line 29. But there is an exception. If you itemize for Oregon only, fill out a separate Schedule A. You may claim itemized deductions for Oregon even if you couldn't on your federal return. You still use federal adjusted gross income to figure the Schedule A limitations.

Note: Married people filing separate returns must itemize deductions if their spouses itemize. Are you filing separate returns for Oregon only? If so, determine your share of itemized deductions by multiplying your total joint deductions by the percentage you figured on page 6. You may separate each spouse's itemized deductions if you can clearly show your own itemized deductions.

**42.** State income tax claimed as an itemized deduction. Fill in the amount of Oregon income tax you claimed as a deduction on federal Schedule A. Also, if you claim a credit for taxes paid to another state, include the other state's tax after credits or the tax claimed as an itemized deduction, whichever is less.

Did you limit itemized deductions on your federal return because your adjusted gross income (AGI) exceeded \$111,800 (\$55,900 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. See page 32 to order the information circular, "Limit on Itemized Deductions," 150-101-611.

**43.** Net Oregon itemized deductions. Subtract line 42 from line 41. Fill in the amount only if it is larger than your standard deduction unless you are required to itemize deductions (see line 41).

**44.** Standard deduction. Fill in the standard deduction only if it is larger than your net itemized deductions.

Generally, your standard deduction is based on your filing status, as follows:

Single	\$1,800
Married filing jointly	3,000
Married filing separately	1,500
Head of household	2,640
Qualifying widow(er)	3,000

If you can be claimed as a dependent on another person's return, your standard deduction is limited to the greater of:

1. \$500, or
2. Your earned income. This is limited to the maximum allowed for your filing status, as shown above.

You are allowed an additional deduction if you or your spouse were age 65 or older or were blind. The additional amount is based on your filing status:

Single or head of household—\$1,200  
All others—\$1,000

**45.** 1994 federal tax liability. Don't fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

**Caution:** Carefully follow the instructions below. Don't confuse your federal tax liability from your federal return with the federal tax withheld on your W-2. They aren't the same.

Fill in your federal tax liability from:

- Form 1040, line 46 minus line 56, or
- Form 1040A, line 25 minus line 28c, or
- Form 1040EZ, line 9.

On your federal return did you have:

- Alternative minimum tax, Form 1040, line 48?
- Recapture taxes, Form 1040, line 49?
- Tax on qualified retirement plans, Form 1040, line 51?

Add these to your federal income tax.

**Caution:** Don't add:

- Self-employment tax, Form 1040, line 47.
- Social Security and Medicare tax on tips, Form 1040, line 50.
- Advance earned income credit payments, Form 1040, line 52.

If you file married filing separately for Oregon only, multiply your joint federal tax liability (after credits) by the percentage calculated on page 6. Each spouse is limited to a maximum subtraction of \$1,500.

Did you pay additional federal tax in 1994 because you were audited or you filed an amended return? If so, read the instructions for line 46, "Federal tax from a prior year."

## Other deductions and modifications

Only a few people have other deductions and modifications. Some of these items are multiplied by the Oregon percentage. They go on Form 40N, line 46. Others are not multiplied by the Oregon percentage. They go on line 49. Read the line instructions to see if you have any of these items.

**46.** Other deductions and modifications. Identify the deduction in the space on the form. If you have more than one, show the type and amount of each deduction and modification. Fill in the amount of these items on this line. Modifications can be either additions or subtractions. You need to net the total amount of these items and enter that amount on this line.

- Federal tax from a prior year. Did you pay additional federal tax in 1994 because you were audited or because you amended a prior year return? If so, you may be able to deduct the additional tax. This deduction applies only to additional tax you paid because your return was changed. It doesn't include the tax you paid on the original return or interest or penalties you paid.

To figure your deduction for federal tax from a prior year, follow these steps:

Step 1: From \$3,000 (\$1,500 if married filing separately) subtract your federal tax, line 45, Form 40N or Form 40P.

Step 2: On line 46, Form 40N or Form 40P, fill in the lesser of:  
— The amount you figured in step 1, or  
— Your additional federal tax from a prior year.

Label the line "Prior year's federal tax."

- Foreign tax. Did you pay taxes to a foreign country in 1994? You may deduct these taxes if you:  
— Took a foreign tax credit on your federal return, or  
— Didn't take a foreign tax credit and didn't itemize deductions on your federal return.

To figure your foreign tax deduction, follow these steps:

Step 1: From \$3,000 (\$1,500 if married filing separately) subtract:  
— Your federal tax, line 45, Form 40N or Form 40P, and  
— Your federal tax from a prior year (see instructions above).

Step 2: On line 46, Form 40N or Form 40P, fill in the lesser of:  
— The amount you figured in step 1, or  
— Your foreign tax.

Label the line "Foreign tax."

**Note:** Did you claim foreign taxes as an itemized deduction on your federal return? If so, don't claim an additional deduction on your Oregon return.

The sum of your foreign tax deduction on line 46 and your federal tax deduction on line 45 can't be more than \$3,000.

- Gambling losses claimed as an itemized deduction. Did you have winnings from the Oregon Lottery or Powerball and claim gambling losses on your federal Schedule A? If so, fill in and bracket on line 46 the gambling losses that exceed gambling winnings taxed by Oregon.
- Federal income tax refunds. Did you get a federal tax refund in 1994 because you filed an amended federal return for a prior year or you were audited? If so, fill in and bracket the amount on line 46 if you subtracted that amount on a prior Oregon return. If you need help, see page 32.
- Medical expense. You may qualify for an additional Oregon itemized deduction for medical expenses. You or your spouse must be age 59 or older by December 31, 1994. You must itemize your deductions for Oregon. Fill in the lesser of line 1 or line 3 from your federal Schedule A. Note: The minimum age requirement for 1995 will increase to age 60.

**49.** Deductions and modifications not multiplied by the Oregon percentage. Artists who make a charitable art donation may take a full deduction. To order the information circular "Art Contribution Subtraction," see page 32.

## Oregon tax

**52.** Oregon tax. Figure the tax on your Oregon taxable income, line 51. Use the rate charts on page 18. Fill in the amount of tax on line 52.

Example: A married couple's Oregon taxable income, line 51, is \$19,500. They are filing jointly. They used chart B for married filing jointly. They figure their tax like this:

Oregon taxable income:	\$19,500	
Tax on first \$10,500 of taxable income		\$ 651
Tax on next \$9,000 of taxable income (.09 × \$9,000)		810
Their Oregon tax is		<u>\$1,461</u>

**53.** Interest on certain installment sales. Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as for federal. The current interest rate is 10 percent per year.

As a nonresident, consider only those installment obligations that arose from dispositions in this state. Enter the amount on line 53.

## Credits

You must prorate some Oregon credits on your return. This means you need to multiply your total credit by your

Oregon percentage, line 40, to figure the amount you can claim on your Oregon return. The credits that must be prorated are:

- Exemption.
- Child and dependent care.
- Alternative energy devices.
- Elderly or the disabled.
- Farmworker housing.
- Fish habitat improvements.
- Fish screening devices.
- Geothermal heating.
- Health insurance for small business employers.
- Rural medical practitioners.

**56.** Retirement income credit. Were you age 59 or older on December 31, 1994, and receiving retirement income? If so, you may qualify for a credit. You don't qualify for this credit if your household income is \$22,500 or more, (\$45,000 or more if married filing jointly), or if you received more than \$7,500 (\$15,000 if married filing jointly) in Social Security and/or Tier 1 Railroad Retirement benefits. Retirement income includes payments included in federal taxable income from a:

- U.S. government pension (includes military).
- State or local government public pension.
- Employee pension.
- Individual retirement plan.
- Employee annuity plan.
- Deferred compensation plan including defined benefit, profit sharing, and 401(K).

Note: The credit can't be more than your tax liability. There is no carryforward. You may claim this credit or the credit for the elderly or the disabled, but not both. The minimum age requirement for 1995 will increase to age 60.

Use the following worksheet to figure your credit.

- |   |          |
|---|----------|
| 1. Enter the retirement income of the eligible individual from the federal column, line 15 and line 16.   | 1. _____ |
| 2. Enter \$7,500 (\$15,000 if married filing jointly).  | 2. _____ |
| 3. Enter the total Social Security and Tier 1 Railroad Retirement benefits.   | 3. _____ |
| 4. Line 2 minus line 3, but not less than -0-.  | 4. _____ |
| 5. Enter your household income. Household income is the taxable and nontaxable income of a husband and wife. Don't include Social Security or Tier 1 Railroad Retirement benefits. Losses claimed are limited to \$1,000. | 5. _____ |

- 6. Household income base. Enter \$15,000 (\$30,000 if married filing a joint return). 6. \_\_\_\_\_
- 7. Line 5 minus line 6, but not less than -0-. 7. \_\_\_\_\_
- 8. Line 4 minus line 7, but not less than -0-. 8. \_\_\_\_\_
- 9. Enter the lesser of line 1 or line 8. 9. \_\_\_\_\_
- 10. Multiply line 9 by 9% (.09). 10. \_\_\_\_\_

If you are filing Form 40P, go to line 15.

- 11. Form 40N. Enter your Oregon source retirement income from the Oregon column, line 15 and line 16. 11. \_\_\_\_\_
- 12. Enter the amount from line 1 of this schedule. 12. \_\_\_\_\_
- 13. Divide line 11 by line 12. 13. \_\_\_\_\_
- 14. Multiply line 10 by line 13. Enter the result here and on Form 40N, line 56. STOP HERE. 14. \_\_\_\_\_
- 15. Form 40P. Enter your Oregon source retirement income while a nonresident and your retirement income received while a resident from the Oregon column, line 15 and line 16. 15. \_\_\_\_\_
- 16. Enter the amount from line 1 of this schedule. 16. \_\_\_\_\_
- 17. Divide line 15 by line 16. 17. \_\_\_\_\_
- 18. Multiply line 10 by line 17. Enter the result here and on Form 40P, line 54. 18. \_\_\_\_\_

- 1. Enter the amount from federal Form 2441, line 7, or Form 1040A, Schedule 2, line 7. 1. \_\_\_\_\_
- 2. Enter the decimal amount from the following table. 2.  $\times$  \_\_\_\_\_

If your federal taxable income from Form 1040, line 37, or Form 1040A, line 22 is:

Over—	But not over—	Your decimal amount is:
—	\$ 5,000	.30
\$ 5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

- 3. Multiply the amount on line 1 by the decimal amount on line 2. Enter the result here. 3. \_\_\_\_\_
- 4. Multiply any 1993 child and dependent care expenses you paid in 1994 by the decimal amount that applies to your 1993 federal taxable income. Enter the result. 4. \_\_\_\_\_
- 5. Add the amounts on lines 3 and 4. Enter the result. 5. \_\_\_\_\_

Multiply line 5 by the Oregon percentage from line 40, Form 40N, or line 39, Form 40P. Enter the result on line 57, Form 40N, or line 55, Form 40P.

Carryforward. Your total 1994 child care credit can't be more than your tax liability for Oregon. If it is, the excess can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 58.

**57.** Child and dependent care credit. You are allowed an Oregon credit only if you qualify for the federal child and dependent care credit. Use the following worksheet to figure your credit for Oregon.

**Tax rate charts for Form 40N and Form 40P filers**

**Tax rate chart A:**  
For persons filing Single, or Married filing separately

<b>If your taxable income is:</b>	<b>Your tax is:</b>
Not over \$2,100 .....	5% of taxable income
Over \$2,100 but not over \$5,250 .....	\$105 plus 7% of excess over \$2,100
Over \$5,250 .....	\$326 plus 9% of excess over \$5,250

**Tax rate chart B:**  
For persons filing Jointly, Head of household, or Qualifying widow(er) with dependent child

<b>If your taxable income is:</b>	<b>Your tax is:</b>
Not over \$4,200 .....	5% of taxable income
Over \$4,200 but not over \$10,500 .....	\$210 plus 7% of excess over \$4,200
Over \$10,500 .....	\$651 plus 9% of excess over \$10,500

**58.** Other credits. You may qualify for other credits explained below. Identify the credit in the space on the form. If you have more than one, show the type and amount of each credit.

- Child and dependent care credit carryover from prior years. Fill in the amount of the carryover on line 58, Form 40N or Form 40P. Label the line "Child care credit carryover." The amount of prior year carryover plus your current year's credit can't exceed your Oregon tax liability. If it does, the excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost.
- Credit for income taxes paid to another state. Oregon will allow a credit for taxes paid to another state if you meet all of the following:
  - a. You are a nonresident of Oregon.
  - b. You are a resident of Arizona, California, Indiana, or Virginia.
  - c. You have income that is taxed by both Oregon and your resident state.

See pages 29 and 30 of the Form 40P instructions to figure your credit.

If your income is taxed by Oregon and a state not listed above, you may be eligible for a credit from your resident state. For more information, contact your resident state.

- Political contribution credit. Fill in your total political contributions but not more than \$100 on a joint return, or \$50 on all others. The contributions must have been made during 1994. They must have been donations of money to any of the following:
  - A political party recognized by Oregon.
  - A qualified candidate for federal, state, or local office to be voted on in Oregon.
  - A committee or association organized to support or oppose ballot measures or candidates to be voted on in Oregon.
- Credit for the elderly or the disabled. The credit is 40 percent of the federal credit. You may claim this credit or the retirement income credit on line 56, but not both.

Multiply the amount on federal Schedule R, line 21, or Form 1040A, Schedule 3, line 21, by .40 (40%). Then multiply the result by the Oregon percentage on line 40, Form 40N.

The following credits apply to only a few people. Some are prorated and some aren't. See page 32 for more information.

These credits are:

- Alternative energy devices.
- Bone marrow donation programs.
- Business energy.

- Child development.
- Connection to a geothermal heating district.
- Crops donated to gleaning cooperatives.
- Dependent care assistance.
- Farmworker housing.
- Fish habitat improvements.
- Fish screening devices.
- Gain from the sale of your house also taxed by another state or country.
- Health insurance for small business employers.
- Home care for the elderly.
- Reclaimed plastics (investment in capital assets).
- Involuntary moving of an Oregon mobile home.
- Loss of use of limbs.
- Oregon seafood donated to gleaning cooperatives or Oregon Food Share.
- Pollution control facilities.
- Reforestation of underproductive forest lands.
- Rural medical practitioners.
- Youth apprenticeship programs.

## Tax payments made in 1994

**61.** Oregon income tax withheld from income. Fill in the total amount of Oregon tax withheld from your wages. That's the amount shown on your W-2 or 1099R forms. Don't use FICA (Social Security) tax withheld from your pay. Don't use tax withheld from your wages by other states. Staple readable copies of your W-2 or 1099R forms to the lower front of your return.

If you don't have a W-2, you must provide other proof of any tax withheld from your income. Proof may include a final paycheck stub or a letter from your employer. Substitute wage slips are not accepted until after February 1. Although federal instructions don't require attachment of Form 1099R, Oregon does to verify withholding.

**62.** Estimated tax payments for 1994. Fill in the total Oregon estimated tax payments you made before filing your Oregon return. Include any payments made with your extension. Also, include any refund applied from your 1993 income tax return.

## **66.** Penalty and interest.

**Due date.** Your return is due April 17, 1995, unless you get an extension.

**Penalty.** Include a penalty payment if you:

- Mail your tax-to-pay after April 17 (even if you have an extension).
- File your income tax return showing a tax-to-pay after the due date (including any extension).

The penalty is 5 percent of the unpaid balance of your tax.

If you file more than three months late, add an additional 20 percent penalty.

Exception: You don't have to pay a penalty if you do all of the following:

1. Get an extension of time to file your return.
2. Pay at least 90 percent of the tax due by April 17, 1995.
3. Pay the balance of tax due at the time you file within the extension period.
4. Pay the interest on the balance of tax due at the time you file your return or within 30 days of our billing date.

**Interest.** Are you filing your return or paying your tax after April 17, 1995? If you are, include interest on any unpaid tax. The current interest rate is 10 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 14 percent per year.

Interest is figured daily for periods of less than a month. A full month, for example, is April 18 to May 17. Here's how to figure daily interest:

$$\text{Tax} \times .000274 \times \text{number of days}$$

**67.** Interest on underpayment of estimated tax. You have an underpayment if you pay less than 90 percent of the tax due on each estimated tax payment date. If you have an underpayment, you must file Oregon Form 10, "Underpayment of Oregon Estimated Tax." See page 32 to order this form.

Use Form 10 to figure the amount of interest you owe or any exception to the payment of interest.

You don't have an underpayment if you owe less than \$500 tax on your 1994 return.

The tax you owe is net income tax less your Oregon withholding.

**69.** Amount-you-owe. Attach a check or money order to your return. Make it payable to "Oregon Department of Revenue." Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1994 Oregon Form 40N" on your check. Don't send cash or postdated checks. Mail your

return to: Oregon Department of Revenue, PO Box 14555, Salem OR 97309-0940. Stop here on the form.

**Special instructions.** Do you owe interest and have an overpayment on line 64? If your overpayment is less than the interest due, fill in the result of line 68 minus line 64.

**70.** Refund. You must have a refund of \$5 or greater on line 70 to use lines 71-76.

**71.** Estimated tax. You may apply part or all of your refund (line 70) to your 1995 estimated tax. Fill in the amount you want to apply. But don't fill in more than the amount on line 70.

**72-76.** You may donate part or all of your refund to the charitable organizations listed on the form. A donation will reduce your refund. If you don't have a refund on line 70 but want to contribute, mail your donation to the address(es) shown on page 31.

**72.** Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat.

**73.** Child Abuse Prevention. Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect.

**74.** Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Partnership of Oregon for research on Alzheimer's disease and related disorders.

**75.** Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence.

**76.** AIDS/HIV Education and Services. Your donation will fund grants by the Living With HIV Fund for AIDS/HIV education and services.

**78.** Net refund. You must reduce your refund by any amounts applied to 1995 estimated tax. The Oregon Department of Revenue cannot refund amounts less than \$5. Mail your return to: Refund, PO Box 14700, Salem OR 97309-0930.

## Form 40P instructions

Use Form 40P if:

- You're a part-year resident, or
- You meet the exception below and choose to file a joint return.

Fill out your federal return, then your Oregon return. You must attach a copy of your federal 1040, 1040A, 1040EZ, or 1040PC to your Oregon tax return. Don't attach any other federal schedules such as A, B, C, D, or Form 2441. Keep a complete copy of your federal and state returns. Also, keep the original of all papers or re-

ceipts you used to prepare your return. Save these records for at least three years.

See page 5 for instructions for "Fiscal year filers" and the "Address section."

### Check the boxes

#### Filing status

Check the box next to your filing status. Generally, you must check the same filing status you checked on your federal return.

### 20/40P line instructions



Exception: If you and your spouse don't have the same residency status, you may file separate returns for Oregon even if you filed married filing joint for federal. See page 32 to order the information circular, "Married Persons Filing Separate Returns."

How to file separate returns:

If you are married filing separately, see page 6 of the Form 40N instructions.

If possible, mail your Oregon returns in the same envelope. Do not staple the returns together.

If you are filing as head of household, fill in the name of the qualifying person from your federal return.

## Exemptions

6a. and 6b. Yourself and spouse. Check "Yourself" and other boxes that apply. If you can be claimed as a dependent on someone else's return, you can't claim an exemption for yourself on your Oregon return.

Severely disabled. Did you have a severe disability at the end of 1994? If so, you may qualify for an additional exemption credit. See "Severely disabled" on page 6 of the Form 40N instructions.

6c. Dependents. Enter the number of your children claimed as dependents and other dependents in box 6c. In most cases, you must claim the same number of dependents as claimed on your federal return.

6d. Disabled child. Did your child have a disability at the end of 1994? If so, you may qualify for an additional exemption credit. See "Disabled child," page 6 of the Form 40N instructions for qualifications.

## Age 65 or older, or blind

Check the boxes on line 7 if you or your spouse were age 65 or older, or were blind on December 31. Check the same boxes you checked on your federal return. Use this information to compute your standard deduction. See page 28.

## Line instructions

The following instructions are for lines not fully explained on the form.

Form 40P has two columns for figures.

The first column on Form 40P is labeled "Federal column." In this column, lines 8 through 27, fill in the same amounts you reported on your federal return. On lines 30 through 37, fill in the additions and subtractions as they apply to your total income.

The second column on Form 40P is labeled "Oregon column." That's the column where you list the amounts that apply to Oregon.

## Income

### 8. Wages, salaries, and other pay for work.

Oregon column. Figure the amount you earned while an Oregon resident. Add to that figure any amount earned while working in Oregon as a nonresident. See page 11 to calculate Oregon wages while a nonresident. If an amount differs from your Oregon wages on your W-2 form, you must attach an explanation from your employer to the back of your Oregon return.

Exception: See "Interstate Transportation Wages," page 4, to see if you qualify to exclude this income.

### 9. Taxable interest and dividend income.

Oregon column

9a. Figure the total interest you received while an Oregon resident and included on your federal return. Add to that your share of interest income received while a nonresident on funds used for business activity in Oregon.

9b. Figure the total dividends you received while an Oregon resident and included on your federal return. Add to that figure any dividends received while you were a nonresident from an S corporation that has no business activity outside Oregon.

Add lines 9a and 9b. Fill in the total on line 9.

### 10. State and local income tax refunds.

Oregon column. Fill in state and local income tax refunds for which you claimed a deduction on an Oregon return in a prior year. Fill in an Oregon income tax refund if you included it as income on your federal return.

### 11. Alimony received.

Oregon column. Fill in any alimony you received while an Oregon resident.

### 12. Business income or loss.

Oregon column. Figure the amount of business income or loss while an Oregon resident. Add to that figure the amount from an Oregon business while a nonresident.

Nonresidents must include income from any Oregon activity. This includes apportioned business income and allocated nonbusiness income.

### 13. Capital gain or loss.

Oregon column. Figure the amount of your capital gain or loss and capital gain distributions while an Oregon resident. Add to this figure the amount from Oregon sources while a nonresident. Limit net losses to \$3,000 (\$1,500 if married filing separately).

#### 14. Other gains or losses.

Oregon column. Figure the amount of gain or loss while an Oregon resident. Add to that figure the amount from Oregon sources while a nonresident.

#### 15. Total IRA distributions.

Oregon column. Fill in any taxable individual retirement arrangement (IRA) distributions relating to income taxable by Oregon. You may need more information. See page 32 for places to get help.

#### 16. Pensions and annuities.

Oregon column. Fill in any taxable pensions and annuities relating to income taxable by Oregon. You may need more information. See page 32 for places to get help.

#### 17. Rents, royalties, partnerships, estates, trusts, etc. from federal Schedule E.

Oregon column. Figure the amount of rent, royalty, estate, and trust income you received while an Oregon resident. Add any Schedule E income you received from Oregon sources while a nonresident.

Partnership and S corporation income is generally considered earned and received on the last day of the partnership or S corporation's taxable year. If you were an Oregon resident at the partnership or S corporation's year end, report all of that income or loss to Oregon.

#### 18. Farm income or loss.

Oregon column. Figure the amount of farm income or loss while an Oregon resident. Add to that figure the amount from an Oregon farm while a nonresident.

#### 19. Unemployment compensation, taxable Social Security, and other taxable income.

Oregon column. Fill in any unemployment benefits and any other taxable income you got while an Oregon resident. Add to that figure any unemployment benefits and any other income you got from Oregon sources while a nonresident. Don't fill in any amount of your Social Security or Railroad Retirement benefits. Oregon doesn't tax this income.

### Adjustments to income

#### 21–22. IRA or Keogh contributions.

Enter your allowable IRA and Keogh contributions on line 21 and your spouse's allowable contributions on line 22. Oregon follows the federal definition of earned income and compensation used to calculate your IRA and Keogh deductions.

Oregon column. Part-year residents may be limited in the amount of their IRA and Keogh contributions they can deduct for Oregon. Figure the amount you paid while an Oregon resident. Add to that the amount

calculated below as a nonresident. The deduction in the Oregon column is subject to:

1. The federal limitations.
2. Income included in the Oregon column.

IRA. For the part of the year you are a nonresident, multiply your federal IRA deduction by the amount of compensation earned in Oregon divided by the compensation from all sources.

$$\frac{\text{Oregon compensation}}{\text{Total compensation}} \times \text{Federal IRA deduction} = \text{Oregon deduction}$$

Keogh. For the part of the year that you are a nonresident, multiply your federal Keogh deduction by the amount of earned income from Oregon sources divided by the earned income from all sources.

$$\frac{\text{Oregon earned income}}{\text{Total earned income}} \times \text{Federal Keogh deduction} = \text{Oregon deduction}$$

#### 24. Deduction for self-employment tax.

Oregon column. Part-year residents fill in the amount of self-employment tax on earnings from Oregon sources while a nonresident and earnings from all sources while a resident. The Oregon deduction cannot exceed the federal deduction. Use the following formula:

$$\frac{\text{Oregon self-employment earnings while a nonresident} + \text{self-employment earnings while a resident}}{\text{Total self-employment earnings}} \times \text{Federal deduction for self-employment tax} = \text{Oregon deduction}$$

#### 25. Self-employed health insurance deduction.

Oregon column. Fill in the deduction amount related to self-employment earnings taxable to Oregon. Use the following formula:

$$\text{Total Oregon source health insurance premiums} \times 25\% (.25) = \text{Oregon deduction}$$

Total Oregon source health insurance premiums are those premiums paid for by an Oregon business while a nonresident plus premiums paid for by any qualifying business while a resident.

The deduction is limited to earned income for which the insurance plan was established.

#### 26. Interest penalty on early withdrawal of savings.

Oregon column. Fill in the penalty related to interest taxed by Oregon.

#### 27. Alimony paid.

Oregon column. For the portion of the year that you were a resident, all of the alimony you paid is deductible.

Continued on page 27

For the portion of the year that you were a nonresident, you may deduct a percentage of the alimony you paid. The alimony must be taxable income to your former spouse. Figure your allowable Oregon deduction by computing a special Oregon percentage on a separate sheet of paper as follows:

1. Divide Oregon source income as a nonresident by your total income while a nonresident;
2. Multiply this percentage by the alimony paid while a nonresident, and
3. Add the amount computed while a nonresident and the amount paid while a resident. Enter this amount on line 27 of the Oregon column.

## Additions

Oregon treats these items differently than the federal government.

### 30. Interest on government bonds of states other than Oregon.

Federal column. If you didn't include this interest in your federal income, fill in the interest you received from state and local governments outside of Oregon.

Oregon column. Fill in the amount of interest you got from states other than Oregon and their local governments while you were an Oregon resident.

### 31. Federal election on interest and dividends of a minor child. Did you make the election to report the interest or dividends of your minor child on your federal return? If so, you must add the amount that is subject to the special federal tax to Oregon income.

Federal column. Fill in the smaller of line 6 or 7 from federal Form 8814.

Oregon column. Fill in interest and dividends from federal Form 8814 received while the minor child was an Oregon resident.

### 32. Other additions. You may have other additions explained below. Identify the addition in the space on the form. If you have more than one, show the type and amount of each addition. Fill in the total amount of "Other additions" on line 32.

Difference in depreciation for Oregon. See page 13 of the Form 40N instructions.

There are also additions which apply to only a few people. They are listed on page 13 of the 40N instructions. Make the addition in both the federal and Oregon columns. If you need help, see page 32 for numbers to call.

## Subtractions

Oregon treats these items differently than the federal government.

### 37. Other subtractions. You may qualify for other subtractions explained below. Identify the subtraction in the space on the form. If you have more than one, show the type and amount of each subtraction. Fill in the total amount of "Other subtractions" on line 37.

- Difference in depreciation for Oregon. See page 14 of the Form 40N instructions.
- Military active duty pay. Military active duty pay qualifies for a subtraction. See page 14 of the Form 40N instructions.
- Interest from the U.S. government. Did you receive interest from the U.S. government that you included on your federal return? If so, see page 14 of the Form 40N instructions.

- Local government bond interest

Federal column. The U.S. government taxes certain types of local government bond interest (e.g., private activity bonds). If you included income from Oregon bonds on your federal return, deduct it on this line. Label it "Local government bond interest."

Oregon column. Fill in Oregon local government bond interest included in Oregon income.

- Oregon tax refund included in federal income. This subtraction is for Oregon income tax refunds only.

Federal column. Fill in your Oregon income tax refund only if you included it on line 10 of the federal column. Label the subtraction "Oregon refund."

Oregon column. Fill in your Oregon income tax refund only if you included it on line 10 of the Oregon column.

- Railroad Retirement benefits

Federal column. Fill in your Tier 2, supplemental, windfall, and dual-vested Railroad Retirement benefits included on line 16 of the federal column. Subtract Tier 1 Railroad Retirement benefits on line 36.

Oregon column. Don't fill in any amount. Oregon does not tax Railroad Retirement benefits.

- Oregon Lottery

Did you include winnings from the Oregon Lottery or Powerball on your federal return? These winnings are not taxed by Oregon.

Federal column. If you included these winnings in the federal column of your Oregon return as income, enter that amount here.

Oregon column. If you included these winnings in the Oregon column as income, enter that amount here. Label the line "Oregon Lottery."

You may also need to reduce your gambling loss claimed. See instructions for line 46. If you need help, see page 32.

There are also subtractions which apply to only a few people. They are listed on page 15 of the 40N instructions. Make the subtraction in both the federal and Oregon columns if the related income was included in both columns.

## Oregon percentage

**39.** Oregon percentage. Divide the amount on line 38b by the amount on line 38a. Write the percentage on line 39. Don't fill in more than 100 percent or less than -0-.

For example: Ms. Rupert reported \$30,000 on line 38a. She reported \$10,000 on line 38b. Here's how she figured her Oregon percentage:

$\$10,000 \div \$30,000 = .333$  (33.3%). Carry your decimal to three places to figure your percentage.

## Deductions and modifications

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger.

**41.** Itemized deductions. Generally, you may claim your total itemized deductions shown on federal Schedule A, line 29. If you itemize for Oregon only, fill out a separate Schedule A for Oregon. You may itemize for Oregon even if you couldn't on your federal return. You still use federal adjusted gross income to figure the Schedule A limitations.

Note: Married people filing separate returns must itemize deductions if their spouses itemize. Are you filing separate returns for Oregon only? If so, see Form 40N instructions, page 6.

**42.** State income tax claimed as an itemized deduction. Fill in the amount of Oregon income tax you claimed as an itemized deduction on federal Schedule A. Also, if you claim a credit for taxes paid to another state, include the other state's tax after credits or the tax claimed as an itemized deduction, whichever is less. See instructions for line 57, pages 29 and 30.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$111,800 (\$55,900 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. See page 32 to order the information circular, "Limit on Itemized Deductions," 150-101-611.

## 28/Deductions, modifications

**43.** Net Oregon itemized deductions. Subtract line 42 from line 41. Fill in the amount if it is larger than your standard deduction unless you are required to itemize deductions (see line 41).

**44.** Standard deduction. Fill in the standard deduction only if it is larger than your net itemized deductions.

Generally, your standard deduction is based on your filing status, as follows:

Single	\$1,800
Married filing jointly	3,000
Married filing separately	1,500
Head of household	2,640
Qualifying widow(er)	3,000

If you can be claimed as a dependent on another person's return, your standard deduction is limited to the greater of:

1. \$500, or
2. Your earned income. This is limited to the maximum allowed for your filing status, as shown above.

You are allowed an additional deduction if you or your spouse were age 65 or older, or were blind. The additional amount is based on your filing status:

Single or head of household	—\$1,200
All others	—\$1,000

**45.** 1994 federal tax liability. Don't fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

Caution: Carefully follow the instructions below. Don't confuse your federal tax liability from your federal return with the federal tax withheld on your W-2. They aren't the same. Fill in your federal tax from:

- Form 1040, line 46 minus line 56, or
- Form 1040A, line 25 minus line 28c, or
- Form 1040EZ, line 9.

On your federal return did you have:

- Alternative minimum tax, Form 1040, line 48?
- Recapture taxes, Form 1040, line 49?
- Tax on qualified retirement plans, Form 1040, line 51?

Add these to your federal income tax.

Caution: Don't add:

- Self-employment tax, Form 1040, line 47.
- Social Security and Medicare tax on tips, Form 1040, line 50.
- Advance earned income credit payments, Form 1040, line 52.

If you file married filing separately for Oregon only, multiply your joint federal tax liability (after credits) by the percentage calculated on page 6. Each spouse is limited to a maximum subtraction of \$1,500.

Did you pay additional federal tax in 1994 because you were audited or you filed an amended return? If so, read the instructions for "Federal tax from a prior year," line 46.

**46.** Other deductions and modifications. Identify the deduction or modification in the space on the form. If you have more than one, show the type and amount of each. Modifications can be either additions or subtractions. You need to net the total amount of these items and enter on this line.

- Federal tax from a prior year. Did you pay additional federal tax in 1994 because you were audited or you amended a prior year return? If so, you may be able to deduct the additional tax. See page 16, Form 40N instructions, to figure your deduction.
- Foreign tax. Did you pay taxes to a foreign country in 1994? You may be able to deduct these taxes. See page 16 of the Form 40N instructions.
- Artists who make a charitable art donation. To order the information circular, "Art Contribution Subtraction," see page 32.
- Federal income tax refunds. Did you get a federal tax refund in 1994 because you filed an amended federal return for a prior year or you were audited? If so, fill in and bracket the amount on line 46 if you subtracted that amount on a prior Oregon return. If you need help, see page 32.
- Gambling losses claimed as an itemized deduction. Did you have winnings from Oregon Lottery or Powerball and claim gambling losses on your federal Schedule A? If so, fill in and bracket on line 46 the gambling losses that exceed gambling winnings taxed by Oregon.
- Medical expense. You may qualify for an additional medical expense deduction for Oregon if you meet the tests. See page 17 of the Form 40N instructions to figure your deduction.

## Oregon tax

**49.** Tax. Figure the tax on your Oregon taxable income, line 48. Use the rate charts on page 18. Fill in the amount of tax on line 49.

Example: A single taxpayer's Oregon taxable income is \$19,500. Use tax rate chart A for single taxpayers. The tax is figured like this:

Oregon taxable income:	\$19,500
Tax on first \$5,250 of taxable income	\$ 326
Tax on next \$14,250 of taxable income (.09 × \$14,250)	1,283
Oregon tax	<u>\$1,609</u>

**51.** Interest on certain installment sales. Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as for federal. The current interest rate is 10 percent per year.

- a. For the part of the year that you were a nonresident, use only those installment obligations that arose from dispositions of property in this state.
- b. For the part of the year that you were a resident, consider all installment obligations.

Enter the total of parts a and b on line 51.

## Credits

Oregon has some credits you must prorate on your return. This means you need to multiply your total credit by your Oregon percentage, line 39, to figure the amount you can claim on your Oregon return. The credits that must be prorated are:

- Exemption.
- Child and dependent care.
- Alternative energy devices.
- Elderly or the disabled.
- Farmworker housing.
- Fish habitat improvements.
- Fish screening devices.
- Geothermal heating.
- Health insurance for small business employers.
- Rural medical practitioners.

**54.** Retirement income credit. You may qualify for a retirement income credit. See page 17 of the Form 40N instructions to figure your credit.

**55.** Child and dependent care credit. You are allowed an Oregon credit only if you qualify for the federal child and dependent care credit. Use the worksheet on page 18 of the Form 40N instructions to figure your credit.

**56.** Political contribution credit. Fill in your total political contributions but not more than \$100 on a joint return, or \$50 on all others. The contribution must have been made during 1994. It must have been a donation of money to any of the following:

- A political party recognized by Oregon.
- A qualified candidate for federal, state, or local office to be voted on in Oregon.
- A committee or association organized to support or oppose ballot measures or candidates to be voted on in Oregon.

**57.** Credit for income tax paid to another state. Did you pay 1994 income tax to another state on income also taxed by Oregon? If so, you may claim a credit. You must

have income that is taxed by both Oregon and the other state. The income must have been earned while you were an Oregon resident. Your 1994 income tax includes all payments made for the 1994 tax year.

You must claim the credit on your nonresident return if the income is taxed by both Oregon and one of the following: Arizona, California, Indiana, or Virginia.

If you were a resident of Oregon and paid tax to another state for a prior year on mutually taxed income, amend that year's Oregon return to claim the credit. See page 32 to get amended forms and instructions.

This credit is only for state income tax. You can't claim this credit for city or county income tax, sales tax, property tax, school tax, or building funds.

Are you a shareholder in an Oregon S corporation that paid taxes to another state? If so, you may qualify for this credit. See page 32 to order the information circular.

Your credit is the lesser of the following:

- The other state's tax after credits.
- Your Oregon tax after all other credits.
- The amount figured using formula 1.
- The amount figured using formula 2.

Formula 1: Divide your adjusted gross income (AGI) taxed by both states by your modified AGI. Your modified AGI is your income on Form 40P, line 38b. Multiply the result by your Oregon tax after all other credits. The result can't be more than your Oregon tax after credits.

$$\frac{\text{Your AGI taxed by both states}}{\text{Your modified AGI}} \times \text{Your Oregon tax after all other credits}$$

Formula 2: Divide your AGI taxed by both states by your total income on the other state's return. Multiply the result by the other state's tax after all other credits. The result can't be more than the other state's tax after credits.

$$\frac{\text{Your AGI taxed by both states}}{\text{Your total income on the other state's return}} \times \text{The other state's tax after all other credits}$$

You can't claim this credit and also claim the tax you paid to the other state as an itemized deduction. On line 42, fill in either your tax liability to the other state or the amount of that state's tax claimed as an itemized deduction, whichever is less.

Attach a copy of the other state's return and proof of payment to the back of your Oregon return.

**58.** Other credits. You may qualify for other credits explained below. Identify the credit in the space on the form. If you have more than one, show the type and amount of each credit. Fill in the amount of all "Other credits" on line 58.

- Child and dependent care credit carryover from prior years. Do you have a child and dependent care credit carryover? If so, see page 19 of the Form 40N instructions.
- Credit for the elderly or the disabled. The credit is 40 percent of the federal credit. You may claim this credit or the retirement income credit on line 54, but not both.

Multiply the amount on federal Schedule R, line 21, or Form 1040A, Schedule 3, line 21, by .40 (40%). Then multiply the result by the Oregon percentage on line 39, Form 40P.

- Sewage treatment works hookup credit. Oregon residents can claim a credit for the cost of installing or connecting to a sewage treatment works. You may claim one-fifth of the expenses each year, for five years. For hookups after January 1, 1992, the expenses are limited to \$160 per year. Your credit can't be more than your tax liability. If it is, the excess can be carried forward over the next eight years. If you move after you paid for the sewer hookup, you may continue to claim the credit. You must:
  - Have an order from the Assistant Director for Health issued after January 1, 1988, and before July 1, 1995.
  - Have actually paid the costs.
  - Own and occupy the residence.

Note: Oregon has some credits which apply to only a few people. These credits are listed on page 19.

## Tax payments made in 1994

**61.** Oregon income tax withheld from income. Fill in the total amount of Oregon tax withheld from your wages. That's the amount shown on your W-2 or 1099R forms. Don't use FICA (Social Security) tax withheld from your pay. Don't use tax withheld from your wages by other states. Staple readable copies of your W-2 or 1099R forms to the lower front of your return.

If you don't have a W-2, you must provide other proof of any tax withheld from your income. Proof may include a final paycheck stub or a letter from your employer. Substitute wage slips are not accepted until after February 1. Although federal instructions don't require you to attach Form 1099R, Oregon does to verify withholding.

**62.** Estimated tax payments for 1994. Fill in the total 1994 Oregon estimated tax payments you made before filing your 1994 Oregon return. Include any payments made with your extension. Also, include any refund applied from your 1993 income tax return.

**66.** Penalty and interest.

Due date. Your return is due April 17, 1995, unless you get an extension.

## 30/Tax payments in 1994

Penalty. Include a penalty payment if you:

- Mail your tax-to-pay after April 17, 1995 (even if you have an extension).
- File your income tax return showing a tax-to-pay after the due date (including any extensions).

Penalty is 5 percent of the unpaid balance.

If you file more than three months late, add an additional 20 percent penalty.

Exception: You don't have to pay a penalty if you do all of the following:

1. Get an extension of time to file your return.
2. Pay at least 90 percent of the tax due by April 17, 1995.
3. Pay the balance of tax due at the time you file within the extension period.
4. Pay the interest on the balance of tax due at the time you file your return or within 30 days of our billing date.

Interest. Are you filing your return or paying your tax after April 17, 1995? If you are, include interest on any unpaid tax. The current interest rate is 10 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 14 percent per year.

Interest is figured daily for periods of less than a month. A full month, for example, is April 18 to May 17. Here's how to figure daily interest:

$$\text{Tax} \times .000274 \times \text{number of days}$$

**67.** Interest on underpayment of estimated tax. You have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date. If you have an underpayment, you must file Oregon Form 10, "Underpayment of Oregon Estimated Tax." See page 32 to order forms.

Use Form 10 to figure the amount of interest you owe on the underpayment, or any exception to the payment of interest.

You don't have an underpayment if you owe less than \$500 on your 1994 return.

The tax you owe is net income tax less your Oregon withholding.

**69.** Amount-you-owe. Attach a check or money order to your return. Make it payable to "Oregon Department of Revenue." Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1994 Form 40P" on your check. Don't send cash or postdated checks. Mail your return to: Oregon Department of Revenue, PO Box 14555, Salem OR 97309-0940. Stop here on the form.

Special instructions. Do you owe interest and have an overpayment on line 64? If your overpayment is less than

the interest due, fill in the result of line 68 minus line 64.

**70.** Refund. You must have a refund of \$5 or greater on line 70 to use lines 71-76.

**71.** Estimated tax. You may apply part or all of your refund (line 70) to your 1995 estimated tax. Fill in the amount you want to apply. But don't fill in more than the amount on line 70.

**72.** Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat. A donation will reduce your refund.

If you don't have a refund on line 70 but you want to contribute, mail your donation to: Oregon Department of Fish and Wildlife, Attention: Fiscal Manager, PO Box 59, Portland OR 97207.

**73.** Child Abuse Prevention. Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect. A donation will reduce your refund.

If you don't have a refund on line 70 but you want to contribute, mail your donation to: Children's Trust Fund, 530 Center St. NE #300, Salem OR 97310.

**74.** Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Partnership of Oregon for research on Alzheimer's disease and related disorders. A donation will reduce your refund.

If you don't have a refund on line 70 but you want to contribute, mail your donation to: Alzheimer's Research Partnership, PO Box 10051, Portland OR 97210.

**75.** Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence. A donation will reduce your refund.

If you don't have a refund on line 70 but you want to contribute, mail your donation to: OCADSV, 520 NW Davis, Suite 310, Portland OR 97209.

**76.** AIDS/HIV Education and Services. Your donation will fund grants by the Living With HIV Fund for AIDS/HIV education and services. A donation will reduce your refund.

If you don't have a refund on line 70 but you want to contribute, mail your donation to: The Research and Education Group, 2701 NW Vaughn, Suite 770, Portland OR 97210.

**78.** Net refund. You must reduce your refund by any amounts applied to your 1995 estimated tax. The Oregon Department of Revenue cannot refund amounts less than \$5. Mail your return to: Refund, PO Box 14700, Salem OR 97309-0930.

# Taxpayer assistance

## Voice response system

For push-button phones, our telephone voice response system has recorded tax information about many of your Oregon tax questions. You can also order tax forms. This service is available 24 hours a day. Refund information will be available beginning March 1.

Once you're in the system, push:

- 1—For refund information (beginning March 1).
- 2—To order current year or amended forms.
- 3—Return line information.
- 6—For other information.
- 0—For assistance from a representative.

Representatives are available: 7:30 A.M.—5:10 P.M. Monday–Friday, except Wednesday when the hours are 9 A.M.—5:10 P.M. Closed on holidays. Representatives are available until 7 P.M. April 10–14 and April 17.

## Telephone numbers

Call: Salem (503) 378-4988  
Toll-free within Oregon 1-800-356-4222

The toll-free number is only available January through April.

A line is available all year for those who speak Spanish. The number in Salem is (503) 945-8618.

## Habla Español?

Las personas que necesitan asistencia en español pueden llamar al número en Salem (503) 945-8618.

Hearing or speech impaired? We have a separate number in Salem, (503) 945-8617, that you may use if you have a TDD. This number is answered by machine only and is not for voice use.

## To get forms

Income tax booklets are available at post offices and some banks and libraries. Or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

The offices below provide forms and answer questions. Don't send your return to these addresses.

Salem*	Portland**
Revenue Building	Federal Building Lobby
First floor, Room 135	1220 SW Third Ave.
955 Center St. NE	Portland Oregon
Salem OR 97310	

\* 7:45 A.M.—5 P.M. Monday–Friday, except holidays.

\*\*We'll provide walk-in help from 9 A.M.—4 P.M., Monday–Friday, except holidays, January 3–April 17 only.

Written correspondence. Use the address above for the Revenue building in Salem. Include your Social Security number and a daytime telephone number. Including both will allow us to help you faster.

## Printed information (free)

State forms only

(Check individual boxes to order. Clip on the dotted line, then mail in the entire list with your return address.)

- Alternative Energy Devices 150-101-641
- Computing Interest on Tax You Owe 150-800-691
- Credit for Income Tax Paid to Other States 150-101-646
- Elderly Rental Assistance booklet 150-545-002
- Estimated Tax circular 150-101-648
- Estimated Tax coupons and instructions 150-101-026-2 150-101-026
- Health Insurance for Small Business Employers 150-101-698
- Home Care for the Elderly Credit 150-101-653
- Interstate Transportation Wages 150-101-601
- Limit on Itemized Deductions 150-101-611
- Married Persons Filing Separate Returns 150-101-656
- Military Personnel Filing Information 150-101-657

- Oregon Income Tax Withholding:
  - Some Special Cases 150-206-643
- Political Contributions 150-101-662
- Record Keeping Requirements 150-101-608
- Retirement Income 150-101-673
- Senior Citizen's Property Tax Deferral 150-310-675
- What To Do if You are Audited 150-101-607
- Your Rights as an Oregon Taxpayer 150-800-406
- List of other printed information: Forms/Publications Request 150-800-390

Send to: Forms  
Oregon Department of Revenue  
PO Box 14999  
Salem OR 97309-0990

Please print

Your name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP \_\_\_\_\_

