

# INSTRUCTIONS FOR 2004 FORM 10

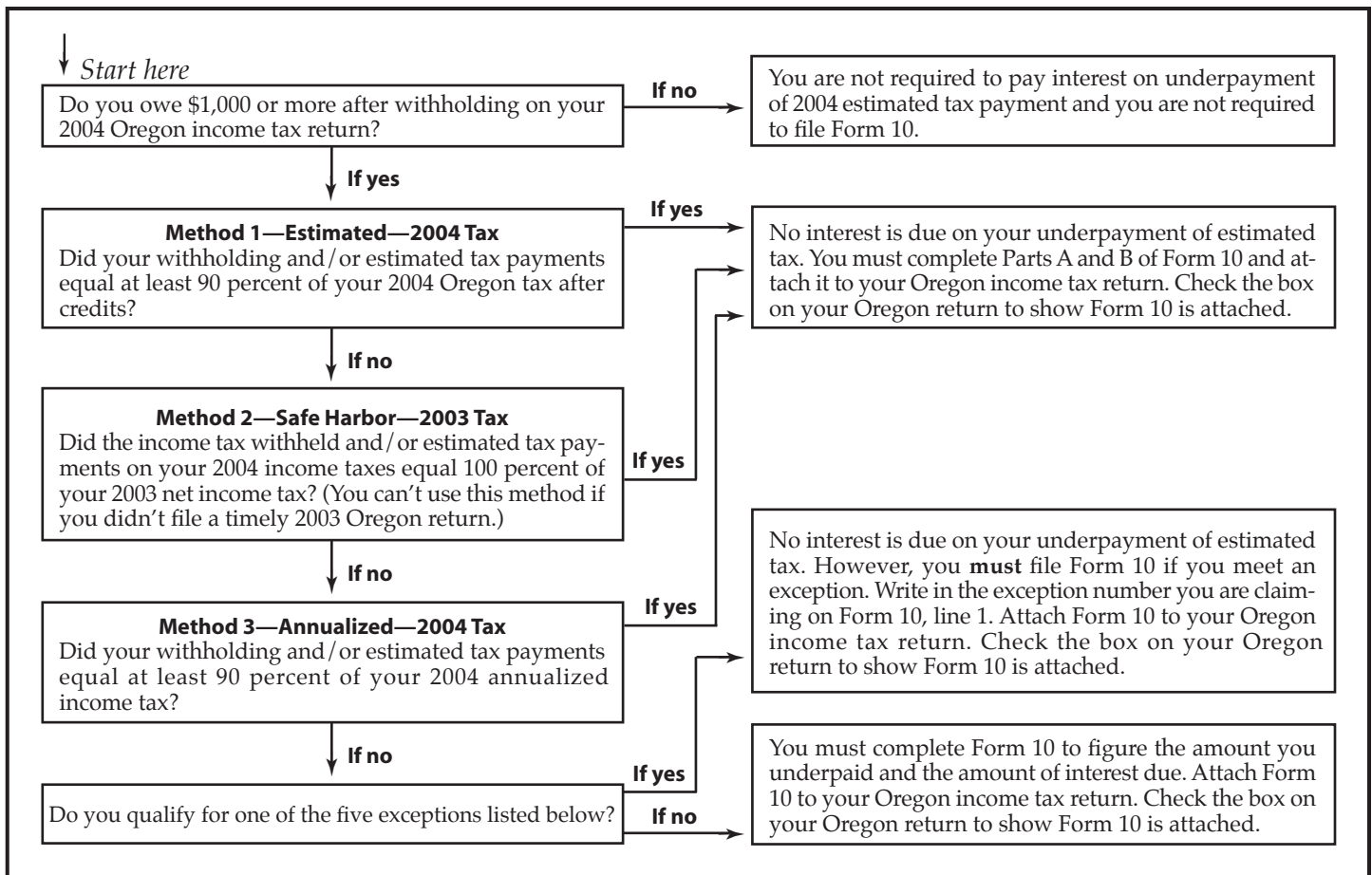
## Underpayment of 2004 Oregon Estimated Tax

### General Information

Oregon law requires some taxpayers to make estimated tax payments. Interest is charged on underpayments or late payments. The table below will help you determine if you owe

interest on underpayment of your 2004 estimated tax. The Form 10 calculator is not available on-line.

### Do I Owe Interest on Underpayment of 2004 Estimated Tax Payments?



### Instructions

These instructions are for lines not fully explained on the form.

#### Line 1—Claiming an exception

##### Exception 1—Farmers and commercial fishers.

If at least two-thirds (66.7 percent) of your 2003 or 2004 total gross income is from farming or fishing, you don't have to pay underpayment interest. Your Oregon return is due April 15, 2005.

Gross income includes items such as wages, interest, and dividends. It also includes gross profit from rentals, royalties, businesses, farming, fishing, and the sale of property. Don't subtract expenses, except cost of goods sold, when figuring gross profit. Do subtract adjusted basis or cost to figure profit on the sale of property.

**Farmers.** Use the amounts on the following lines of both your **2003 and 2004** federal income tax returns to determine your gross income from farming:

- Federal Schedule F, line 11;
- Federal Schedule E, line 42;
- Federal Form 4797, line 20. (Include only gains from sale of livestock held for drafting, breeding, dairy, or sporting purposes.)

**Fishers.** Use the amounts on the following lines of both your **2003 and 2004** federal income tax returns to determine your gross income from fishing:

- Federal Schedule C, line 5;
- Federal Schedule C-EZ, line 1;
- Federal Schedule E, line 42.

### Exception 2—Prior year.

You meet this exception if **all** of the following are true:

- Your net income tax for 2003 was -0- or you were not required to file a return for 2003.
- You were a full-year Oregon resident in 2003.
- Your tax year was a full 12 months.
- You filed your 2003 Oregon return by the due dates, including extensions.

Your 2003 net income tax is your Oregon income tax after tax credits, including the working family credit, but before withholding, estimated tax payments, or payments made with an extension.

**Note:** If you were a nonresident or a part-year resident in 2003, you can't use this exception. However, you may be able to use the Safe Harbor Method to figure your required annual payment. See the Part A instructions on this page.

### Exception 3—Retired or disabled and have a reasonable cause for the underpayment.

You meet this exception if:

- There was reasonable cause for underpaying your estimated tax, **AND**
  - You retired at age 62 or older during 2003 or 2004, **or**
  - You became disabled during 2003 or 2004.

Reasonable cause will be decided on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" at the top center of the page.

### Exception 4—Underpayment due to unusual circumstances.

No interest is due if your underpayment is due to a casualty, disaster, or other unusual circumstance. Unemployment does **not** qualify as an unusual circumstance. Unusual circumstances will be determined on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" in the center at the top of the page.

### Exception 5—S corporation shareholders.

If you are a shareholder of a first-year S corporation contact the Department of Revenue to see if you meet this exception.

## PART A—Figure your required annual payment

**Line 2.** Fill in your 2004 net income tax amount from Form 40, line 43; Forms 40N or 40P, line 61.

**Line 3.** Fill in your 2004 working family credit amount from Form 40, line 46; Forms 40N or 40P, line 64.

**Line 6.** Fill in only your Oregon income tax withheld from income. **Don't** include any estimated tax payments.

**Line 8.** Enter the tax after credits shown on your 2003 tax return, Form 40, line 43; Forms 40N or 40P, line 61.

If you didn't file a return for 2003, your 2003 return was not timely filed (including extensions), or your 2003 tax year was less than 12 months, **don't** complete line 8. Enter the amount

from line 5 on line 9. **Note:** If you were a part-year resident or nonresident in 2003 and you have a tax year of 12 months, you may use the tax shown on your 2003 Form 40N or 40P.

## PART B—Figure your underpayment

**Line 11.** Divide line 9 by four and enter the amount in each column. If you moved into Oregon in 2004 use the columns that correspond to the dates you lived in Oregon. Divide the amount on line 9 by the number of periods you were a resident of Oregon.

**OR**

If you annualized your income using the Annualized Income Worksheet on the back of Form 10, enter the amounts from line 31 of the worksheet.

**Line 12.** Fill in estimated tax payments and Oregon income taxes withheld from your wages, pension, or any other income. Withholding is considered to be paid in equal amounts on the required payment dates (usually four), unless you prove otherwise. If you worked all year, divide your withholding by four and enter the amount in each column.

**Complete lines 13 through 16 of the first column, before going to the next column.**

### Column A:

**Line 14.** Enter the amount from line 12, column A. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

**Line 15.** You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column B and go to the instructions for column B.

**Line 16.** You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column B and go to the instructions for column B.

### Column B:

**Line 13.** Enter the amount (if any) from line 15 of column A.

**Line 14.** Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

**Line 15.** You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column C and go to the instructions for column C.

**Line 16.** You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column C and go to the instructions for column C.

### Column C:

**Line 13.** Enter the amount (if any) from line 15 of column B.

**Line 14.** Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

**Line 15.** You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column D and go to the instructions for column D.

**Line 16.** You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column D and go to the instructions for column D.

**Column D:**

**Line 13.** Enter the amount (if any) from line 15 of column C.

**Line 14.** Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

**Line 15.** You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Go to the instructions for line 17.

**Line 16.** You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Go to the instructions for line 17.

**PART C—Figure your interest**

**Line 17.** Your payment will be applied to the oldest underpayment first. If you paid the underpayment **before** April

15, 2005, enter the date you made the payment. If you paid the underpayment **after** April 15, 2005, enter April 15, 2005.

**Line 18.** Enter the number of full months from the payment period due date on line 10 to the date of payment on line 17, or January 18, 2005, whichever is earlier.

**Line 20.** Enter the number of days remaining until the date you made your payment, or January 18, 2005, whichever is earlier.

**Line 22.** Enter the number of full months after January 18, 2005 to the date of payment on line 17.

**Line 24.** Enter the number of days after January 18, 2005 to the date of payment on line 17.

**Example:** If you didn't pay the estimated tax that was due on April 15, 2004 until June 7, 2004, count this way:  
 April 16 to May 15 = 1 month ( from line 18, column A)  
 May 16 to June 7 = 23 days (from line 20, column A)

**Instructions For Annualized Income Worksheet (Form 10, page 2)**

**Note: Part-year residents.** Start with the column that corresponds to the date you moved to Oregon. You must multiply your exemption credit, prorated credits, and Oregon tax by your annualized Oregon percentage.

**Nonresidents.** You must multiply your federal tax subtraction, itemized deductions or standard deduction, exemption credit, and prorated credits by your annualized Oregon percentage.

**Line 1.** Enter your adjusted gross income (AGI) (Form 40, line 8; Form 40N, line 30b; or Form 40P, line 30a) earned or received during the period shown at the top of each column.

**Example:** Scott received wages for the entire year of 2004. Three months wages belong in column A, five months in column B, eight months in column C, and all 12 months in column D. He also received a lump sum distribution of \$25,000 from his IRA on July 19, 2004. Scott includes the total amount of the distribution in columns C and D only. If

Scott received the lump sum distribution on April 26, 2004 instead, he includes it in columns B, C, and D.

**Line 2.** Enter the amount of Oregon additions (Form 40, line 11; Forms 40N or 40P, line 34b) claimed during the period shown at the top of each column.

**Example:** Carol has an Oregon addition of \$6,000 for California bond interest received in September 2004. Carol enters the \$6,000 in column D. If she received the interest at \$500 a month, she would enter \$1,500 (for three months) in column A, \$2,500 (for five months) in column B, \$4,000 (for eight months) in column C, and all \$6,000 in column D (for 12 months).

**Line 6.** Enter the amount of Oregon subtractions (Form 40, line 19; Forms 40N or 40P, lines 37 and 38) claimed during the period shown at the top of each column.

**Line 9.** Compute your federal tax subtraction on your annualized income using the Federal Tax Subtraction Worksheet below.

<b>Federal Tax Subtraction Worksheet (line 9)</b>	<b>(A)</b> Jan 1 to Mar 31	<b>(B)</b> Jan 1 to May 31	<b>(C)</b> Jan 1 to Aug 31	<b>(D)</b> Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period .....1				
2. Annualization multiplier .....2	4	2.4	1.5	1
3. Multiply line 1 by line 2 .....3				
4. Actual federal itemized deductions for each period. If you do not itemize, skip to line 7 of this worksheet .....4				
5. Annualization multiplier .....5	4	2.4	1.5	1
6. Multiply line 4 by line 5 .....6				
7. Enter the full amount of your 2004 federal standard deduction in each column .....7				
8. Enter line 6 or line 7, whichever is larger .....8	( )	( )	( )	( )
9. Line 3 minus line 8 .....9				
10. 2004 federal exemption amount (Form 1040, line 41, or Form 1040A, line 26) .....10	( )	( )	( )	( )
11. Annualized federal taxable income. Line 9 minus line 10 .....11				
12. Federal tax on line 11 amount for each period (use the federal tax tables) .....12				
13. Enter \$2000 if you are married filing separately or \$4,000 for any other filing status in each column.....13				
14. Enter the smaller of line 12 or 13. Also enter this amount in each column on line 9 of the Annualized Income Worksheet .....14				

If you are filing Form 40N multiply your federal tax subtraction by your Oregon percentage from Form 40N, line 40.

**Line 11.** Enter only the amount of your net Oregon itemized deductions claimed for the period shown at the top of each column.

**Example 1:** Generally, home mortgage interest is a deduction paid evenly throughout the year. Three months of home mortgage interest belong in column A (January, February, and March), five months in column B, eight months in column C, and all 12 months of interest in column D.

**Example 2:** Medical expenses claimed as medical deductions generally are not incurred evenly throughout the tax year. For example, Jill made deductible payments on a hospital bill in 2004. She made a payment of \$990 in April, another of \$1,995 in June, and the final payment of \$2,271 in October.

(All amounts are after the 7.5 percent federal AGI limitation.) Jill will enter the \$990 payment in column B. The April payment **plus** the June \$1,995 payment (totaling \$2,985) will go in column C. In column D, she will enter \$5,256, the total deductible amount of all three payments.

**Line 14.** If you are married filing separately, and your spouse itemizes deductions, the amount on this line is -0-. You must itemize your deductions.

**Line 18.** Use the tax tables or tax rate chart in your 2004 Oregon income tax booklet. Line 17 is your annualized Oregon taxable income for each column.

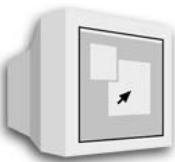
**Line 20.** Enter credit amounts that apply only to each period.

**Example:** Sam installed a residential alternative energy device on September 4. He qualifies for a credit of \$160. Sam includes \$160 in column D only.

## Taxpayer assistance

### Internet

[www.oregon.gov/DOR](http://www.oregon.gov/DOR)



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

### Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

### Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

**Bend** 951 SW Simpson Avenue, Suite 100

**Eugene** 1600 Valley River Drive, Suite 310

**Gresham** 1550 NW Eastman Parkway, Suite 220

**Medford** 24 West 6th Street

**Newport** 119 NE 4th Street, Suite 4

**North Bend** 3030 Broadway

**Pendleton** 700 SE Emigrant Ave, Suite 310

**Portland\*** Federal Building Lobby, 1220 SW Third Avenue

**Portland** 800 NE Oregon Street, Suite 505

**Salem** Revenue Building, 955 Center Street NE, Room 135

**Salem** 4275 Commercial Street SE, Suite 180

**Tualatin** 6405 SW Rosewood Street, Suite A

\* February 1–April 1: Monday, Wednesday, and Friday, 10 a.m.–3 p.m.

April 4–April 15: Monday–Friday, 9 a.m.–4 p.m.

### Telephone

**Salem** ..... 503-378-4988

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

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday ..... 7:30 a.m.–5:10 p.m.

Wednesday ..... 10:00 a.m.–5:10 p.m.

*Closed on holidays.*

April 1–April 15, Monday–Friday ..... 7:00 a.m.–9:00 p.m.

*Wait times may vary.*

**TTY** (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

**Americans with Disabilities Act (ADA).** This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

**Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.**

### To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

• See instructions.

Name	Social Security Number
	- -

**EXCEPTION TO PAYING INTEREST**

1. I am claiming an exception to the imposition of estimated payment interest because I qualified for relief under ORS 316.573 or 316.587. See instructions and write in the exception number you are claiming..... 1

<b>Exception #</b>

**PART A—Figure your required annual payment**

2. <b>2004</b> net income tax from Form 40, line 43; or Forms 40N or 40P, line 61 .....	2		.00
3. <b>2004</b> working family credit amount you claimed on Form 40, line 46; or Forms 40N or 40P, line 64.....	3		.00
4. Subtract line 3 from line 2 .....	4		.00
5. Multiply line 4 by 90% (.90) .....	5		.00
6. <b>2004</b> Oregon income tax withheld from income .....	6		.00
7. Line 4 minus line 6. <b>If less than \$1,000, stop here!</b> You do not owe underpayment interest.....	7		.00
8. Enter your 2003 tax after credits (see instructions).....	8		.00
9. <b>Required annual payment.</b> Enter the smaller of line 5 or line 8.....	9		.00

**Note:** If line 6 is equal to or more than line 9, **stop here!** You do not owe underpayment interest. Attach this form to your return.

Read the instructions on page 2 **before** completing Part B. Starting with column A, work **down** the columns, and complete lines 11 through 16 **before** going on to columns B, C, and D.

**PART B—Figure your underpayment** (See instructions on page 2)

	A	B	C	D
	April 15, 2004	June 15, 2004	Sept. 15, 2004	Jan. 18, 2005
10. Payment period due date .....	10			
11. Divide the amount on line 9 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions).....	11			
12. <b>2004</b> estimated tax paid and tax withheld for each period. If line 12 is equal to or more than line 11 for all payment periods, <b>stop here!</b> You do not owe underpayment interest.....	12			
13. Overpayment from previous period. Amount on line 15 of prior column .....	13			
14. Line 12 plus line 13 .....	14			
15. <b>Overpayment.</b> Is line 14 more than line 11? If yes, line 14 minus line 11. Go to line 13 in the next column.....	15			
16. <b>Underpayment.</b> Is line 11 more than line 14? If yes, line 11 minus line 14. Go to line 13 in the next column .....	16			

**PART C — Figure your interest** (See instructions on page 3)

17. Date you paid underpayment or April 15, 2005, whichever is earlier .....	17		
18. Number of full months from date on line 10 before January 19, 2005 ...	18		
19. Multiply line 18 × the amount on line 16 × .005 .....	19		
20. Number of remaining days before January 19, 2005 .....	20		
21. Multiply line 20 × the amount on line 16 × .000164 .....	21		
22. Number of full months after January 18, 2005 .....	22		
23. Multiply line 22 × the amount on line 16 × .004167 .....	23		
24. Number of remaining days after January 18, 2005 .....	24		
25. Multiply line 24 × the amount on line 16 × .000137 .....	25		
26. Add lines 19, 21, 23, and 25 .....	26		
27. <b>Total interest due.</b> Add the amounts on line 26 in columns A–D. Round the total to the nearest whole dollar and enter here and on Form 40, line 51; or Form 40N, line 69; or Form 40P, line 69 .....	27		

### ANNUALIZED INCOME WORKSHEET

Read the instructions on page 3 **before** completing this worksheet. **Note:** Starting with column A, work down the column, and complete lines 1 through 31 before going on to columns B, C, and D.

	A 1/1/04 to 3/31/04	B 1/1/04 to 5/31/04	C 1/1/04 to 8/31/04	D 1/1/04 to 12/31/04
1. Enter your adjusted gross income for each period (see instructions) ..... 1				
2. Oregon additions for each period (see instructions) ..... 2				
3. Add lines 1 and 2 ..... 3				
4. Annualization multiplier ..... 4	4	2.4	1.5	1
5. Annualized Oregon income. Multiply line 3 by line 4 ..... 5				
6. Oregon subtractions for each period (except federal tax) ..... 6				
7. Annualization multiplier ..... 7	4	2.4	1.5	1
8. Annualized Oregon subtractions. Multiply line 6 by line 7 ..... 8				
9. Federal tax from the worksheet on page 3 of the instructions ..... 9				
10. Total subtractions. Add lines 8 and 9 ..... 10				
11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions) ..... 11				
12. Annualization multiplier ..... 12	4	2.4	1.5	1
13. Annualized net Oregon itemized deductions. Multiply line 11 by line 12 ..... 13				
14. In each column, enter the full amount of your Oregon standard deduction ..... 14				
15. Enter line 13 or 14, whichever is larger ..... 15				
16. Total deductions. Add lines 10 and 15 ..... 16	(       )	(       )	(       )	(       )
17. Annualized Oregon taxable income. Line 5 minus line 16 ..... 17				
18. Oregon tax for the amount on line 17 (see tax tables or tax rate chart in the 2004 tax booklet) ..... 18				
19. Exemption credit (not annualized) from Form 40, line 34; Form 40N, line 55; or Form 40P, line 55 ..... 19				
20. Enter the credits for each period. Do not include exemption credits (see instructions) ..... 20				
21. Total credits. Add lines 19 and 20 ..... 21	(       )	(       )	(       )	(       )
22. Net annualized income tax. Line 18 minus line 21 ..... 22				
23. Percentage that applies for each period ..... 23	22.5%	45%	67.5%	90%
24. Multiply line 22 by line 23 ..... 24				
25. Enter the sum of all amounts from the prior columns of line 31 below (i.e., column A, line 31 amount goes in column B, line 25) ..... 25		(       )	(       )	(       )
26. Line 24 minus line 25. If less than zero, enter -0- ..... 26				
27. *Divide line 9, Part A, by four and enter results in each column ... 27				
28. Enter the amount from the previous column of line 30 below (i.e., column A, line 30 amount goes in column B, line 28) ..... 28				
29. Add lines 27 and 28 ..... 29				
30. If line 29 is <b>more</b> than line 26, line 29 minus line 26. If line 29 is <b>less</b> than line 26, enter -0- ..... 30				
31. Enter the smaller of line 26 or line 29 here and on Part B, line 11 (see front of the form). Go to line 1 in next column ..... 31				

\* If you are a part-year filer, divide by the number of periods you resided in Oregon, if less than 4. (See instructions for Part B, line 11.)

**File this form with your 2004 Oregon Individual Income Tax Return**

Have questions? See page 4 of the instructions for numbers to call.