

2004 OREGON

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Package C

CORPORATION TAX FORMS

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150-102-451 (Rev. 12-04)



Corporation Tax Forms and Instructions

These forms and instructions are available on the Internet at www.oregon.gov/DOR.

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Corporation Excise Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

New information

Apportionment (ORS 314.650, 314.280)

For tax years beginning on or after May 1, 2003, and before July 1, 2006, business income is apportioned to Oregon using a multiplier equal to 80 percent of the sales factor plus 10 percent of the property factor plus 10 percent of the payroll factor.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income from business activity using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition). The election may be revoked later. See Oregon Administrative Rule (OAR) 150-314.280(3) for instructions on making the election or revocation.

There are new schedules for computing Oregon apportionment percentage. See Schedule AP instructions.

Credits

Voluntary removal of riparian land from farm production credit (ORS 315.113). A credit is allowed for 75 percent of the market value of crops foregone when riparian land is voluntarily taken out of farm production in tax years beginning on or after January 1, 2004.

Child Care Division contributions and community agency contributions (ORS 315.213). If you claim the credit for Oregon and you also claimed a deduction on the federal return, you must add the amount of credit claimed to your Oregon taxable income for tax years beginning on or after January 1, 2004.

New form

Form 20-V, Oregon Corporation Tax Payment Voucher. Use Form 20-V to make excise tax payments to Oregon. Form 20-V replaces the previous Form 20-EXT and Form 20ES coupons. The new Form 20-V is available in software programs, on our Web site, and upon request. To order, see "Taxpayer assistance."

Form changes

Form 20-I, Corporation Income Tax, is no longer combined with Form 20 in our booklets. It is available in a separate booklet on our Web site, in software programs, and upon request. See "Taxpayer assistance."

Form 20ES. Oregon will no longer use Form 20ES coupons. The 20ES estimated payment coupon is replaced with a new payment voucher, Form 20-V.

Form 37. The instructions for high-income taxpayers have been revised.

Rounding cents to the nearest whole dollar. Please round all amounts to the nearest whole dollar. Do not enter cents on your return. Drop amounts less than 50 cents, and increase amounts from 50 to 99 cents to the next dollar.

Looking ahead to tax year 2005

Credits

Film production development contribution credit (ORS 315.514). A credit is allowed for contributions to the Oregon Production Investment Fund that are certified by the Oregon Film and Video Office. Contributions must be made in tax years beginning on or after January 1, 2005. Credits may be claimed in tax years beginning on or after January 1, 2005.

Diesel engine replacement tax credit (notes following ORS 315.356). A credit between \$400 and \$925 per truck engine

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Checklist of forms and schedules (* indicates form is included in this booklet)

For forms not included in this booklet, go to our Web site at www.oregon.gov/DOR

Form number	Who must file
*Form 20	Every corporation (except S corporations and insurance companies) doing business in Oregon.
Form 20-I	Every corporation (except S corporations and insurance companies) with income from an Oregon source, but not doing business in Oregon. Every Real Estate Mortgage Investment Conduit (REMIC) required to file.
Form 20-INS	Every insurance company doing business in Oregon.
Form 20-S	Every S corporation doing business in Oregon or with income from an Oregon source.
*Form 20-V	Every corporation that needs to make a payment.
*Form 37	Every corporation with an underpayment of estimated tax or meeting an exception.
*Schedule AF	Every corporation doing business in Oregon with affiliates.
*Schedule AP	Every corporation apportioning income.
Federal Form 1120 or 1120-A**	Every corporation required to file. (** <i>In general, Oregon's computation of corporation taxable income begins with federal taxable income, with certain modifications. See line instructions for modifications.</i>)

purchased is allowed on diesel engines certified by the federal Environmental Protection Agency. Qualifying engines must be purchased in calendar year 2004, 2005, 2006, or 2007. Certificates of credit approval may not be issued after December 31, 2007. The credit may be claimed in tax years beginning on or after January 1, 2005.

Mile-based or time-based motor vehicle insurance (notes following ORS 317.122). A \$100 credit is allowed for each vehicle insured under a policy that is at least 70 percent based on a mile-based or time-based rating plan. The credit may not exceed \$300 for each policy. The credit may be claimed in tax years beginning on or after January 1, 2005, and before January 1, 2010.

Farmworker housing tax credit (notes following ORS 315.164). House Bill 2166 permits a taxpayer eligible to claim a farmworker housing tax credit to transfer the credit to another taxpayer for tax years beginning on or after January 1, 2005.

2005 Estimated tax

If you expect to owe tax of \$500 or more, the corporation is required to make estimated tax payments. Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to determine if you need to make estimated tax payments for 2005.

To make estimated tax payments, include Form 20-V with your payment and mail to: Oregon Department of Revenue, PO Box 14780, Salem OR 97309-0469.

Interest on underpayment of estimated tax

You may owe interest on any *underpayment* of estimated tax. To avoid an interest charge, make estimated tax payments as required. If you have an underpayment, refer to Form 37, *Underpayment of Oregon Estimated Tax*.

Looking ahead to tax year 2006

Apportionment

For tax years beginning on or after July 1, 2006, and before July 1, 2008, business income is apportioned to Oregon by the total of five percent of the property factor, plus five percent of the payroll factor, plus 90 percent of the sales factor.

A taxpayer in the forest products industry is required to use the double-weighted sales factor formula, as defined in ORS 314.650 (Note 1). This applies to all tax years beginning after July 1, 2006.

For tax years beginning on or after July 1, 2008, business income is apportioned to Oregon by 100 percent of the sales factor. As previously stated, the election for utilities, telecommunications, and the requirement of the forest products industries to use the double-weighted sales factor formula continues to apply.

Credits

Qualified research activities credit (notes following ORS 317.152). The maximum amount of the credit that may be claimed per business is increased from \$500,000 to \$750,000 for tax years beginning on or after January 1, 2006.

2004 Filing information

Who must file with Oregon?

Corporations that are doing business in Oregon are required to file an *Oregon Corporation Excise Tax Return* (Form 20) and pay an excise tax on income taxable to Oregon.

Important information

Form 20—Processing your return

- Please use blue or black ink to prepare your return. Equipment used to scan documents cannot read certain types and colors of ink, especially gel pens and red ink.
- **Payments.** Please write the following information on your payments:
 - Federal employer identification number (FEIN).
 - Oregon business identification number (BIN) (see Form 20 instructions).
 - Tax Year 2004.
 - Oregon Excise Tax.
- Enclose your payment and payment voucher before mailing your Oregon return.
- **Estimated payments.** Please identify all estimated payments claimed by completing Schedule ES on your return. Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

On the Internet

Refer to our Web site, www.oregon.gov/DOR, for helpful information about the corporation tax program.

How to assemble your Oregon tax return

Put your tax return in the following order before mailing:

1. Oregon Form 20.
2. Schedule AP, Apportionment of Income.
3. Schedule AF, Schedule of Affiliates.
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax*.
5. Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
6. Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.
7. Federal Extension, Form 7004.
8. Copy of federal tax return and schedules.

To mail your Form 20 return

Please attach a complete copy of your federal return to the back of your Oregon return.

Mail tax-to-pay returns to:

Oregon Department of Revenue
PO Box 14790
Salem OR 97309-0470

Mail refund returns or no-tax-due returns to:

Refund
PO Box 14777
Salem OR 97309-0960

Oregon corporation tax law, in general, is tied to the Internal Revenue Code (IRC) as amended and in effect on December 31, 2002. Exceptions are provided in ORS 314.010, including depreciation and expensing of depreciable assets

which are tied to federal law in effect for the tax year of the return. Please contact us if you have a question about how a change to the IRC, effective after December 31, 2002, affects your Oregon return.

Oregon's computation of taxable income for corporations begins with federal taxable income, with modifications required under Oregon tax law.

What form do I use?

Oregon follows the federal entity classification regulations. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

Form 20—Oregon corporation excise tax filing requirements

File **Form 20**, *Oregon Corporation Excise Tax Return*, if you are doing business in Oregon.

"Doing business" means being engaged in any profit-seeking activity in Oregon not protected by federal Public Law 86-272. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.

"Doing business" also includes providing services to customers as the primary business activity or incidental to the sale of tangible or intangible personal property.

Generally, if you have an Oregon address you file a **Form 20**.

Domestic and foreign **insurance companies** subject to the Oregon excise tax are required to file a Form 20-INS.

Excise tax is a tax for the privilege of doing business in Oregon. It is measured by net income. All interest is included in income, no matter what its source. This includes interest on obligations of the United States, its instrumentalities, and all of the 50 states and their subdivisions.

Excise tax filers are subject to a \$10 minimum tax.

Corporations with **no business activity** in Oregon, even if incorporated in or registered to do business in the state, are **not** subject to the minimum tax, and are not required to file an excise tax return. You may be subject to Oregon corporation income tax if you have income from an Oregon source.

Form 20-I—Oregon corporation income tax filing requirements

File **Form 20-I**, *Oregon Corporation Income Tax Return*, if your corporation derives income from sources within Oregon, but the income-producing activity does not actually constitute "doing business."

Income is from an Oregon source if it is derived from:

- Tangible or intangible property located in Oregon; or
- Any activity carried on in Oregon, whether intrastate, interstate, or foreign commerce.

Do not use Form 20-I if your corporation is **doing business** in Oregon. Instead, use Form 20, *Oregon Corporation Excise Tax Return*.

There is no minimum tax for corporate income tax filers.

Certain exempt nonprofit corporations and private foundations must file and pay tax on income that is unrelated to the organization's exempt purposes (ORS 317.920). Lobbying expenses are subject to tax under IRC 6033(e). For more information, see "Taxpayer assistance" to order the information circular *Information for Tax Exempt Organizations* (150-102-617).

Form 20-I is available on our Web site.

Filing requirements

Consolidated returns (ORS 317.705–317.725). If a corporation is a member of an affiliated group of corporations that filed a consolidated federal return, it must file an Oregon return based on that federal return.

A consolidated Oregon return is required when two or more affiliated corporations are:

- Included in a consolidated federal return;
- Unitary; and
- At least one of the affiliated corporations is doing business in Oregon or has income from Oregon sources.

Unitary business. A unitary business is one that has, directly or indirectly between members or parts of the enterprise, either a sharing or an exchange of value shown by:

- Centralized management or a common executive force.
- Centralized administrative services or functions resulting in economies of scale.
- Flow of goods, capital resources, or services showing functional integration.

Corporations that are not unitary are excluded from the consolidated Oregon return.

Separate returns. Any corporation that files a separate federal return must file a separate Oregon return. Corporations not included in a consolidated federal return must file a separate Oregon return if doing business in Oregon or if the business has income from an Oregon source.

A corporation subject to Oregon taxation must also file a separate Oregon return if it was included in a consolidated federal return, but was not unitary with any of the other affiliates. Oregon taxable income is computed by subtracting the income of the non-unitary affiliates from the taxable income from the consolidated federal return.

Publicly traded partnerships

A "publicly traded partnership" is a partnership treated as a corporation for federal tax purposes under IRC 7704.

The partners in a publicly traded partnership are not subject to tax on their distributive shares of partnership income. The publicly traded partnership is subject to corporation excise tax if it is doing business in Oregon or corporation income tax if it has income from an Oregon source.

REMICs (ORS 314.260)

A REMIC (Real Estate Mortgage Investment Conduit) must file Form 20-I if it derives prohibited transaction income from Oregon sources or has any resident holders of a residual interest. Income is from an Oregon source if it is derived from tangible property located in Oregon or from intangible property that is used in an Oregon business.

All REMICs required to file must file Form 20-I and attach a complete copy of federal Form 1066. The REMIC must also attach a federal Schedule Q for each residual interest holder for each quarter of the tax year. See the instructions for line 16 if net income is received from prohibited transactions.

Limited Liability Companies (LLC)

An LLC can be taxed as a partnership or a corporation. Oregon follows federal law in determining how an LLC is taxed.

An LLC taxed as a corporation must file an *Oregon Corporation Excise Tax Return* (Form 20) if doing business in Oregon or an *Oregon Corporation Income Tax Return* (Form 20-I) if not doing business in Oregon but the LLC is receiving income from an Oregon source.

An LLC taxed as a partnership must file an Oregon partnership return (Form 65) if doing business in Oregon, receiving income from an Oregon source, or if it has any Oregon resident members. If the LLC has a corporate member, the member is taxed on its share of the LLC's Oregon income.

If an LLC is part of a corporation's overall business operations and is treated as a partnership, include the corporation's ownership share of LLC property, payroll, and sales in the apportionment percentage calculation on Schedule AP-1. See OAR 150-314.650.

Political organizations

Political organizations (campaign committees, political parties) normally do not pay state or federal taxes. However, income earned from investments is taxable. Examples include interest earned on deposits, dividends from contributed stock, rents or royalties, and gains from the sale of contributed property.

Political organizations that are **incorporated** must file Form 20, *Oregon Corporation Excise Tax Return*. **Unincorporated** political organizations with taxable income are treated as

corporations and must file Form 20-I, *Oregon Corporation Income Tax Return*. Unincorporated political organizations with no taxable income do not have to file an Oregon corporation tax return.

For more information, see "Taxpayer assistance" to order the circular *Political Organizations* (150-102-663).

When is my return due?

Returns for the calendar year are due on or before April 15. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. Returns for other tax periods are due on or before the 15th day of the month following the due date of the federal return. **Do not file your return before the end of your tax year.**

Oregon will not charge a **late filing penalty** if the return is filed by the Oregon due date, including extensions. Interest and a 5 percent **late payment penalty** are charged if the tax is not paid by the due date.

Extension of time for filing

If you need more time to file both your federal and Oregon returns:

Oregon accepts the extension you have for your federal tax return.

If you need an extension of time to file for Oregon only:

- Attach a copy of federal extension Form 7004 to your Oregon return when you file (see "How to assemble your return").
- Write "For Oregon only" at the top of the form.
- Enter the information for question 1, and leave questions 2 through 6 blank.
- **Do not** send the federal Form 7004 to the department before you file your Oregon return.

If you're making an extension payment

- Please use Form 20-V when making a tax payment.
- Mark the "2004 Extension" and "Excise Tax" boxes on Form 20-V.
- Form 20-V is included in this booklet and is available on our Web site at www.oregon.gov/DOR.
- Make check payable to "**Oregon Department of Revenue.**"
- **Do not** send a copy of your return or federal extension with your payment.
- Mail any tax due on or before the original due date of your return to avoid penalty and interest. **More time to file does not mean more time to pay your tax!**
- Mail your payment with Form 20-V to:
Oregon Department of Revenue
PO Box 14780
Salem OR 97309-0469

When you file your return

- Attach a copy of your extension to the **back** of your Oregon return. It should be the last item before the federal corporation return (see "How to assemble your return").

- Check the box on your return indicating "**an extension is attached.**"
- Enter the amount of tax paid with Form 20-V for extension purposes on Schedule ES, line 6.

Federal audit changes

If the IRS changes your federal net income for any tax year, you must notify the Oregon Department of Revenue. File an amended Oregon return and attach a copy of the federal audit report. Mail this separately from your current year's return to: Oregon Department of Revenue, PO Box 14777, Salem OR 97309-0960. If you do not amend or send a copy of the federal report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS to issue a deficiency notice. You must file within two years after the date of the federal report to receive a refund.

Amended returns

If you change taxable income by amending your federal return, you must file an amended Oregon return within **90 days**. Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Use the form for the tax year you are amending and check the box indicating "**this is an amended return.**"

On the line for estimated tax payments, enter the net excise or income tax per the original return. Add or subtract prior tax adjustments to your original return.

Do not amend your Oregon return if you amend the federal return to carry a **net operating loss back** to prior years. Oregon allows corporations to carry net operating losses forward, but not back. See instructions for Form 20, line 14. **Capital losses** must be carried back three years and then forward five tax years.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department. Otherwise, you may be charged a 5 percent late payment penalty.

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the box indicating "this is an amended return" and write the words "Protective Claim for refund" at the top in blue ink. We will hold your protective claim until you notify us the litigation has been completed.

Deferred gain

Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC § 1031 or 1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it is included in federal taxable income.

Attach a copy of your Oregon Form 24 to the back of your Oregon return and check the box indicating “Form 24 is attached” if all of the following apply:

- The corporation reported deferred gain on a federal Form 8824;
- All or part of the property given up was located in Oregon; and
- All or part of the acquired property was located outside of Oregon.

See OAR 150-314.650 and 150-314.665(5) regarding apportionment of deferred gain.

Form 20 instructions

Heading

Type or legibly print your corporation’s name, address, federal employer identification number (FEIN), and your Oregon business identification number (BIN).

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation is not doing business in Oregon, file the return in the name of the member of the group having the greatest presence in Oregon. “Having the greatest presence” means the member that has the largest Oregon property value as determined under ORS 314.655 (see Schedule AP-1, Property Factor). Enter the FEIN and BIN of the corporation named as the filer on the consolidated Oregon return.

Oregon business identification number. Each corporation is identified by a business identification number (BIN) assigned by the department. You may have an assigned BIN if you make payroll tax, workers’ compensation tax, unemployment tax, or estimated tax for corporation excise or income tax payments. The BIN is located on the upper right corner of the payroll tax coupon.

- If you do not have a BIN, one will be assigned when your return is received.
- If you do not know your BIN, an officer of the corporation may contact us to obtain your assigned BIN. See “Taxpayer assistance.”

Questions

Answer questions A through M. Furnish additional information where necessary.

Question E(1). If the answer is YES, attach a list of the corporations included in the consolidated federal return.

Question E(2). If the answer is YES, complete Schedule AF, Schedule of Affiliates, to list only the corporations included in the consolidated Oregon return (see Schedule AF and instructions) that:

- Are “doing business” in Oregon; or
- Have income from Oregon sources.

Question E(3). If the answer is YES, attach a list of corporations included in the consolidated federal return that are not included in this Oregon return. List each corporation’s name, business identification number (if any), and federal employer identification number.

Question F. A “high-income taxpayer” is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Question G. If the Oregon corporation is a subsidiary in an affiliated group, or a parent subsidiary controlled group, enter the name and FEIN of the parent corporation. For definition of a subsidiary in an affiliated group or a parent subsidiary controlled group, see IRS Form 1120, Schedule K.

Question L. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income using double-weighted sales factor formula [OAR 150-314.280(3)]. Check the box if making this election.

Question M. Non-apportioning corporations, enter the amount of Oregon sales, as defined by ORS 314.665.

Line instructions

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

Line 1. Taxable income from U.S. corporation income tax return. Enter the taxable income actually reported for federal income tax purposes before net operating loss or special deductions (federal Form 1120, line 28; or Form 1120-A, line 24).

Additions

Line 2. Certain interest excluded on the federal return. Oregon gross income includes interest on all state and municipal bonds or other interest excluded for federal tax purposes. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income (ORS 317.309).

Line 3. Oregon excise tax and other state taxes on or measured by net income. Oregon excise tax may not be deducted on the Oregon return. Taxes of other states or foreign governments on or measured by net income or profits may not be deducted on the Oregon return. If you subtracted these taxes on your federal return, you must add them back on your Oregon return. However, local taxes, such as the Multnomah County Business Income tax, are deductible (ORS 317.314).

Line 4. Income of related FSC or DISC. Net income or loss must be included in the net income of the related U.S. affiliate (ORS 317.283 and 317.286).

Line 5. Other additions. Enter the amount by which any item of gross income is greater under Oregon law than under federal law, or the amount by which any allowable deduction is less under Oregon law than under federal law. See ORS 317.151 through 317.488 and 317.625. Examples:

- **Gain or loss on the disposition of depreciable property.** The difference in gain or loss on sale of business assets when the Oregon basis is less than it is for federal purposes (ORS 317.356).
- **Safe harbor lease agreements.** Oregon does not tie to the federal safe harbor lease provisions. See OAR 150-317.349-(A) and 150-317.349-(B) for details about the adjustments required for Oregon.
- **Capital construction fund.** Amounts deferred under Section 607 of the Merchant Marine Act of 1936 and IRC 7518 must be added back to income (ORS 317.319).
- **IRC 631(a) treatment of timber is not recognized by Oregon.** Both beginning and ending inventories must be adjusted for IRC 631(a) gain. For Oregon purposes, there is no taxable event until actual sale (ORS 317.362).
- **Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowable for Oregon.** The bad debt method of financial institutions is tied to the federal method. For taxpayers required to use the specific write-off method, an addition must be made if the amortization of the federal reserve is less than the amortization of the Oregon reserve (ORS 317.310).
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to income on this line. The Oregon capital loss will be deducted on either page 1, line 14 (by corporations not required to apportion income); or Schedule AP-2, line 10 (by corporations required to apportion income) (OAR 150-317.013).
- **Percentage depletion in excess of cost.** Percentage depletion is allowed only on metal mines. All other assets are limited to cost depletion (ORS 317.374).
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC 263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].
- **Losses of non-unitary corporations.** The net losses of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Attach a schedule showing computation of the net loss eliminated. See instructions for line 10 and line 14 [ORS 317.715(2)].
- **Unused business credits.** Unused business credits taken as a federal deduction under IRC 196 must be added back to Oregon income (ORS 317.304).
- **Long-term care insurance premiums.** Premiums deducted on the federal return must be added back if the Oregon credit is claimed under ORS 315.610 (ORS 317.322).
- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit is claimed [ORS 315.271(2)].
- **Income from sources outside the United States.** Income not included in federal taxable income under IRC 861 or 864 (ORS 317.625).
- **Dependent care credit.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed [ORS 315.204(7)].
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount of federal deduction must be added to federal taxable income if the Oregon credit is claimed [ORS 317.151(4)].
- **Claim of right income repayment adjustment when credit is claimed.** The deduction under section 1341 of the Internal Revenue Code on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).
- **Child Care Division and community agency contributions.** The deduction claimed on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 315.213).
- **Bone marrow donor expense credit.** Add to federal taxable income the amount of bone marrow donor expense deducted on the federal return if the Oregon credit is claimed on your Oregon return (ORS 315.604).
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the addition if gain is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.

Subtractions

Line 8. Work opportunity credit wages not deducted on the federal return. Enter the amount of wages that were not deducted on the federal return because the work opportunity credit was claimed (ORS 317.303).

Line 9. Dividend deduction. A 70 percent deduction is allowed for qualifying dividends regardless of geographic source. An 80 percent deduction is allowed for dividends received from corporations whose stock is owned 20 percent or more. Use the worksheet on page 8 to compute the Oregon deduction (ORS 317.267).

Line 10. Income of non-unitary corporations. Net income of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net income includes the separate taxable income, as determined under Treasury Regulations adopted for IRC 1502, and any deductions, additions, or items of income, expense, gain, or loss for which consolidated treatment is prescribed. Attach a schedule showing computation of the net income eliminated [ORS 317.715(2)].

Line 11. Other subtractions. Enter the amount by which any item of gross income is less under Oregon law than under federal law or the amount by which any allowable deduction is greater under Oregon law than under federal law. See ORS 317.151 through 317.488 and 317.625. Examples:

- **Gain or loss on the sale of depreciable property.** The difference in gain or loss on the sale of business assets when the Oregon basis is greater than it is for federal purposes (ORS 317.356).
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must refigure the gain or loss on disposal of those assets and subtract the difference (ORS 317.356).
- **IRC section 78 dividends** (gross-up dividends) must be subtracted in full from federal taxable income (ORS 317.273).
- **Dividends from other corporations in this consolidated Oregon return.** Subtract 100 percent from federal taxable income [ORS 317.267(1)].
- **Dividends from foreign sales corporations and domestic international sales corporations,** the net income of which was included on line 4 (ORS 317.283 and 317.286).
- **Dividends from debt financed stock** to the extent deductible for federal tax purposes (see IRC 246A) [ORS 317.267(2)].
- **Land donation or bargain sale of land** to educational institutions. Enter the fair market value of land donated or the amount of the reduction in sales price of land sold to a school district. The subtraction is limited to 50 percent of Oregon taxable income (ORS 317.488).
- **Oregon depletion in excess of federal allowance** (ORS 317.374).
- **Oregon bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowed on the federal return.** A subtraction is also made if the amortization of the federal reserve is greater than the amortization of the Oregon reserve (ORS 317.310).
- **Inventory costs.** See instructions under line 5.
- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC 170(d)(2)(B) (ORS 317.307).
- **Depreciation differences.** If Oregon basis is higher than federal basis for an asset due to claiming a federal tax credit, subtract the excess of Oregon depreciation over federal depreciation [OAR 150-317.368(1)].
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming any other federal credit taken (ORS 317.303).
- **Farm capital gain.** Farm capital gain taxed at special rate. Enter the amount from line 1 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate* (ORS 317.063). Also see instructions for line 18, Tax adjustments.
- **Small city business development exemption.** Subtract income attributable to qualified new facilities sited in certain locations in Oregon. To qualify, facilities must be certified by the Department of Economic and Community Development (ORS 317.391).
- **Losses from outside the United States.** Losses not included in federal taxable income under IRC 861 to 864 (ORS 317.625).
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the subtraction if loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.

Line 14. Net loss and net capital loss deductions.

- **Net loss deduction.** A net loss is the amount determined under Chapter 1, subtitle A of the Internal Revenue Code, with the modifications specifically prescribed under Oregon law. If taxable only by Oregon, the deduction on line 14 will be the sum of unused net losses for preceding taxable years. Net losses occurring in tax years starting on or after January 1, 1987, can be carried forward up to 15 years. **Oregon does not allow net losses to be carried back.**

WORKSHEET FOR COMPUTING DIVIDEND DEDUCTION

- Dividends included in federal taxable income prior to "special deductions" 1. _____
- Subtract:
 - Dividends described in IRC 243(d)(1) that are actually interest on deposits ... 2a. _____
 - Dividends described in IRC 245(c) and 246(d) (from FSCs and DISCs) 2b. _____
 - Dividends from debt financed stock 2c. _____
 - Dividends from corporations included in consolidated Oregon return 2d. _____
 - IRC Section 78 Gross-Up 2e. _____
- Total (add lines 2a through 2e) 3. _____
- Balance subject to 70% (or 80%) deduction (line 1 minus line 3) 4. _____
- Percentage deduction 5. _____ × 0.7 (0.8)
- Allowable deduction (line 5 × line 4) 6. _____

For losses and built-in losses occurring before a change in ownership, Oregon is tied to the federal limitations (IRC 382 and 384; ORS 317.476 and 317.478.)

The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in OAR 150-317.476(4).

Real estate investment trusts if qualified under IRC 856 are not allowed a deduction for a net loss [ORS 317.476(5)].

If taxable both in Oregon and another state, do not complete line 14. Any net losses assigned to Oregon during the preceding taxable years (and not previously deducted) must be entered on Schedule AP-2, line 10.

- **Net capital loss deduction.** For corporations not required to apportion income, use this line to subtract net capital losses carried forward from another year. The deductible loss is limited to net capital gain included in Oregon income. **Attach a schedule showing your computations including the tax year the net capital loss originated.**

For corporations required to apportion income, net capital losses apportioned to Oregon and carried forward from another year are deducted on Schedule AP-2, line 10. The deductible loss is limited to net capital gain assigned to Oregon. Attach a schedule showing the computation of the net capital loss deduction (OAR 150-317.013).

Line 16. Oregon taxable income. If you are apportioning income to Oregon and other states, enter the amount from Schedule AP-2, line 11.

Line 17. Excise tax. The tax is 6.6 percent of Oregon taxable income. The minimum tax is \$10. A consolidated return requires just one \$10 minimum tax payment.

Line 18. Tax adjustments:

- **Interest on certain installment sales.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount on line 18. Attach a schedule showing how you figured the interest.
- **Net long-term capital gain from farm property.** Add the amount of tax on net long-term capital gain from farm property (ORS 317.063) from line 5 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.

Credits

Taxpayers must take the full amount of a credit allowed per year (ORS 314.078).

See Information Circular *Tax Credits for Corporations*. To order, see "Taxpayer assistance."

Line 28. Other credits.

- Advanced telecommunications facilities (ORS 315.511).
- Alternative fuel vehicle fueling stations (ORS 317.115).
- Bone marrow donor expense (ORS 315.604).
- Child Care Division and community agency contributions (ORS 315.213).

- Claim-of-right credit must be claimed on line 34 (ORS 315.068).
- Contribution of computers for scientific equipment research (ORS 317.151).
- Crop donation (form 150-101-240) (ORS 315.156).
- Electronic commerce in designated enterprise zone (ORS 315.507).
- Employee and dependent scholarship program payments (ORS 315.237).
- First break program (ORS 315.259).
- Fish habitat improvement (ORS 315.134).
- Fish screening devices (ORS 315.138).
- Individual development account (ORS 315.271).
- Insurance credits (ORS 317.122, 734.835).
- Long-term care insurance premiums (ORS 315.610).
- Long-term enterprise zone facilities (ORS 317.124, 317.125).
- On-farm processing facilities (ORS 315.119).
- Reclaimed plastics recycling (ORS 315.324).
- Reforestation (ORS 315.104 and 315.106).
- Reservation enterprise zone (ORS 285C.309).
- Trust for Cultural Development Account (ORS 315.675).
- Voluntary removal of riparian land from farm production (ORS 315.113).
- Youth apprenticeship sponsorship (ORS 315.254).

Line 32. Tax adjustment for LIFO benefit recapture. This amount is a subtraction. Oregon has adopted the provisions of IRC 1363(d) for S corporations. **LIFO benefits are included in taxable income for the last year of the C corporation under these provisions.** On a separate schedule, compute the difference between tax (after credits and any surplus refund) on income per the return and income without the recapture of LIFO benefits. Multiply this difference by 75 percent and enter the result on line 32 as a subtraction. Attach the computation schedule to the Oregon return.

On the tax adjustment line of each of the first three returns of the new S corporation, add one-third of the tax that was deferred from the last year of the C corporation (ORS 314.750).

Line 34. Estimated tax and pre-payments. Fill in the total estimated tax payments for tax year 2004 from Schedule ES. Include payments made with an extension.

Line 37. Penalty. Include a penalty payment if you:

- Mail your payment of tax due after the original due date (even if you have an extension), **or**
- File your tax return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you **file more than three months** after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax. If you do not file returns for three consecutive years by the due date of the third year's return, including extensions, you must pay a 100 percent penalty on the tax liability for each tax year.

Line 38. Interest. If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods

generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file.

For more information, see publication, *Interest on Tax You Owe Computation*, www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency, **and**
- The assessment is not paid within 60 days after the notice of assessment is issued, **and**
- You have not filed a timely appeal.

Line 39. Interest on underpayment of estimated tax. You have an underpayment if you paid less than 100 percent of the tax due on each estimated tax payment due date. Interest on underpayment will not be imposed if net tax on Form 20, line 33, is less than \$500 on your 2004 return.

If you have an underpayment, you must file Form 37, *Underpayment of Oregon Corporation Estimated Tax*.

Use Form 37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; **or**
- Show you meet an exception to the payment of interest.

Form 37 is provided with these instructions and is available on our Web site, www.oregon.gov/DOR.

On line 38, enter interest due for payment of tax after the original return due date. On line 39, enter interest due from underpayment of estimated tax. **Attach Form 37 to your return and check the "Form 37" box.**

Line 40. Total due. Enclose your check or money order with payment voucher with your return. Make your check or money order payable to the "Oregon Department of Revenue." Do not send cash or postdated checks. Please use **blue or black ink**. Do not use gel pens or red ink. Please write the following information on your check:

- Oregon business identification number (BIN).
- Federal employer identification number (FEIN).
- "2004 Excise Tax."

Special instructions. Do you owe penalty or interest and have an overpayment on line 36? If your overpayment is less than total penalty and interest, fill in the result of line 40 minus line 36, on line 41.

Schedule ES

Estimated tax payment instructions

Estimated tax paid for the 2004 tax year. Fill in the total estimated tax payments made before filing your Oregon return on lines 1 through 4. Enter any refund applied from your 2003 tax return or an Oregon amended return on line 5. Enter payments made with your extension on line 6. On line 8, enter the total of lines 1 through 7, then carry total to Form 20, line 34.

Line 7. Claim of right credit. A claim of right exists when you are taxed on income and later find you have no right to that income and must repay it. Oregon allows a claim of right credit if your federal tax liability is computed under IRC 1341(a). See OAR 150-315.068 for more information on computing the credit.

Consolidated return filers. If estimated payments were made under a different name, attach a schedule showing the name, federal identification number, Oregon business identification number (BIN), date of payment, and the amount paid, for correct application of estimated payments.

Electronic funds transfer (EFT). You must make your Oregon estimated tax payments by EFT if you are required to make federal estimated tax payments by EFT.

Payments for corporation estimated taxes may be made using Revenue's EFT program. This program allows payments to be initiated via a touch-tone telephone, a secure Internet site, or through your financial institution.

A business is required to have an authorization agreement filed with the department before they start initiating EFT payments. Information and authorization agreements are available on the Internet at: www.oregon.gov/DOR, or by calling the EFT Help/Message Line at 503-947-2017.

The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement (OAR 150-314.518).

Voluntary participation. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

Schedule AP

Apportionment instructions

Apportionment and allocation. Apportionment is dividing business income among the states by use of a formula. Allocation is the assignment of specific nonbusiness income to a state. A corporation having unitary business activities both inside and outside Oregon must use the apportionment and allocation methods provided under the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.690) and the rules under ORS 314.280.

The following businesses use modified or different apportionment factors as provided in the following Oregon Administrative Rules (OARs) and laws:

Airlines	OAR 150-314.280-(I)
Financial corporations	OAR 150-314.280-(N)
Health care service contractors	OAR 150-314.280-(E)
Insurance companies	ORS 317.660
Interstate broadcasters	ORS 314.682–314.686 OAR 150-314.684(4) OAR 150-314.686
Interstate river transportation companies	OAR 150-314.280-(L)
Long-term construction contractors...	OAR 150-314.615-(F)
Movie and television production companies	OAR 150-314.615-(H)
Railroads	OAR 150-314.280-(H)
Sea transportation companies	OAR 150-314.280-(K)
Title insurance companies incorporated in Oregon	OAR 150-314.280-(E)
Trucking companies	OAR 150-314.280-(J)

Oregon income is the total of the corporation's apportioned and allocated income assigned to Oregon.

Schedule AP must be completed by each corporation carrying on a unitary business both inside and outside Oregon. If another method of assigning income is proposed, Schedule AP still must be completed. A full explanation of the other method must be made.

Schedule AP-1—Apportionment formula

Taxpayers primarily engaged in utilities and telecommunications may elect to use the apportionment formula provided in ORS 314.650 (1999 edition).

Check the box on question L on the front of your return if making this election.

The denominators of the property, payroll, and sales factors include only amounts from corporations that are included in the consolidated federal return and are part of the unitary group. The numerators of the factors must include the Oregon property, payroll, and sales from each of the corporations taxable by Oregon.

A negative amount is not accepted. Enter zero if the factor is less than zero.

When computing the property, payroll, and sales factor percentages, as well as the Oregon apportionment or alternative apportionment, round the percentage to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Property factor. (1) Value owned property at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and end of the tax period. An average of the monthly values may be required if a more reasonable value results.

(2) Value rented property at eight times the annual rental value. Reduce the annual rental value by nonbusiness sub-rentals.

Enter all owned or rented business property in Column B of Schedule AP-1. Enter business property within Oregon in Column A. See ORS 314.655 and administrative rules.

Payroll factor. Assign payroll to Oregon if:

- The services are performed entirely inside Oregon; or
- The services are both inside and outside Oregon but those services outside are only incidental; or
- Some of the services are performed in Oregon and (a) the base of operation or control is located in Oregon, or (b) the base of operation or control is not in any state in which the services are performed, and the employee's residence is in Oregon.

See ORS 314.660 and administrative rules.

Sales factor. Assign sales to Oregon if:

- The property is shipped or delivered to a purchaser in Oregon other than the United States Government; or
- The property is shipped from a warehouse or other place of storage in Oregon; and (a) the purchaser is the United States Government or (b) the corporation is not taxable in the state of the purchaser. See ORS 314.665(3) for exception.

See ORS 314.620 and Public Law 86-272 to determine if a corporation is taxable in another state.

Charges for services are Oregon sales to the extent the services are performed in Oregon. See ORS 314.665 and administrative rules.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity.

The net gain from sales, exchanges, or redemption of intangible assets that are not derived from your primary business activity are included in the sales factor if the gains are business income.

Schedules for computing Oregon apportionment percentage

Oregon standard apportionment method. Business income is apportioned to Oregon by multiplying the income by a multiplier equal to 80 percent of the sales factor plus 10 percent of the property factor plus 10 percent of the payroll factor. See ORS 314.650.

Oregon standard apportionment percentage

1. Multiply the property factor percentage from Schedule AP-1, line 8, column C, by 0.1. 1. _____
2. Multiply the payroll factor percentage from Schedule AP-1, line 11, column C, by 0.1. 2. _____
3. Multiply the sales factor percentage from Schedule AP-1, line 18, column C, by 0.8. 3. _____
4. Oregon apportionment percentage. 4. _____
Add lines 1, 2, and 3. Enter on Schedule AP-1, line 20.

Alternative apportionment method for utility or telecommunication corporations. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Check the box for question L on page 1 of Form 20 if making this election.

Alternative apportionment percentage

1. Total percent from line 19, Schedule AP-1. 1. _____
2. Enter the number of factors on lines 8, 11, 17, and 18 of Schedule AP-1 with a positive total in column B. 2. _____
3. Oregon apportionment percentage. 3. _____
Divide line 1 by line 2. Enter on Schedule AP-1, line 20.

Schedule AP-2—Taxable income computation

Business and nonbusiness income. “Business income” is income arising from transactions and activities in the regular course of the taxpayer’s business. It includes income from tangible and intangible property related to the regular business operation.

Examples of business income are:

- Sales of products or services;
- Rents, if property rental is a related business activity;
- Royalties, if the patent, processes, etc., were developed by or used in the business operation;
- Gain or loss on the disposal of business property; and
- Interest income on trade receivables or installment contracts arising out of the business or from the investment of working capital.

“Nonbusiness income” means all income other than business income. Rents, royalties, gains or losses, and interest also can be nonbusiness income if they arise from investments not related to the taxpayer’s business. Nonbusiness income is allocated to a particular state based upon the source of the income. Gain or loss from the sale of a partnership interest may be allocable to Oregon [ORS 314.635(4)]. **A schedule of nonbusiness income must be attached to the return.** The amounts allocable to Oregon must be added to Oregon’s apportioned income. See ORS 314.610 and administrative rules.

Line 3. Subtract: Gains from prior year installment sales included in line 1. OAR 150-314.615-(G) requires that installment gains be apportioned to Oregon using the average percent from the year of the sale rather than the year payment is received.

Line 8. Add: Gains from prior year installment sales apportioned to Oregon. Multiply the installment gains subtracted on line 3 by the average percent from the year of the sale.

Line 10. Net loss and net capital loss deduction. See instructions for Form 20, line 14.

Schedule AF

Schedule of Affiliates instructions

If you file a consolidated Oregon return and have more than one affiliate doing business in Oregon or with Oregon source income, you **must** complete Schedule AF and submit it with your Oregon return.

List on Schedule AF each corporation’s name and address, business identification number, federal employer identification number, and date the affiliate became part of, or left, the unitary group if this occurred during the tax year being reported.

List those affiliates doing business in Oregon, or with Oregon source income, that are included in the Oregon consolidated return.

If you need more room, please make copies of the form as needed.

Taxpayer assistance

Printed information (free)

Most forms and publications are available on our Web site. You can also order by telephone or return the form below.

Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Dependent Care Credits for Employers* 150-102-032
- Donated Crops Tax Credit* 150-101-240
- Form 20-V, Corporation Tax Payment Coupon* 150-102-172
- Form 24, Like-Kind Exchanges/Involuntary Conversions* 150-800-734
- Lender's Credit* 150-102-125
- Tax Information Authorization and Power of Attorney for Representation* 150-800-005
- Qualified Research Activities Credit* 150-102-128
- Worksheet FCG-20, Farm Liquidation Long-Term Capital Gain Tax Rate* 150-102-167

Information circulars and brochures

- Audits: What to Do if You Are Audited* 150-101-607
- Information for Tax-Exempt Organizations* 150-102-617
- Limited Liability Companies, Limited Liability Partnerships* 150-101-613
- Political Organizations* 150-102-663
- Tax Credits for Corporations* 150-102-694
- What You Need to Know About Corporation Excise and Income Tax* 150-102-401
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:**
 - Form and Publication Order* 150-800-390

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

Please print

Name _____

Address _____

City _____

State _____ ZIP Code _____

Internet

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 BIN or FEIN and a daytime telephone number for faster service.

E-mail: corp.help.dor@state.or.us

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.



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.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary. Closed on holidays.

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.

	16. Oregon taxable income (carried forward from page 1, line 15)	16	
	17. Excise tax (6.6 percent of line 16) (minimum tax—see instructions) ...	17	
	18. Tax adjustments (see instructions)	• 18	
	19. Total tax (line 17 plus line 18)	19	
CREDITS	20. Pollution control facility credit	• 20	
	21. Emission reducing production technology process (ORS 315.311) ...	• 21	
	22. Lender's credit: Energy conservation—Loans after 12-31-81 (Form 150-102-125) ...	• 22	
	23. Lender's credit: Affordable housing—Loans after 12-31-89 (Form 150-102-125) ...	• 23	
	24. Lender's credit: Farmworker housing—Loans after 12-31-89 (Form 150-102-125) ...	• 24	
	25. Energy conservation facilities	• 25	
	26. Farmworker housing project investment credit	• 26	
	27. Dependent care credits (Form 150-102-032)	• 27	
	28. Qualified research activities credit (Form 150-102-128)	• 28	
	29. Other credits. Identify:	• 29	
	30. Total credits (add lines 20 through 29)	30	
EXCISE TAX	31. Excise tax after credits (line 19 minus line 30) (not less than the minimum tax—see instructions)	31	
	32. Tax adjustment for LIFO benefit recapture (see instructions)	• 32	< >
	33. Net excise tax (line 31 minus line 32) (not less than the minimum tax—see instructions). If the amount is \$500 or more, see the instructions for interest on underpayment of estimated tax	• 33	
	34. 2004 Estimated tax payments from Schedule ES. Include payments made with extension—see instructions ...	• 34	
	35. Tax Due. Is line 33 more than line 34? If so, line 33 minus line 34	Tax Due • 35	
	36. Overpayment. Is line 33 less than line 34? If so, line 34 minus line 33	Overpayment • 36	
	37. Penalty due with this return (see instructions)	37	
	38. Interest due with this return (see instructions)	38	
	39. Interest on underpayment of estimated tax (see instructions). Attach Form 37 ...	• 39	
	40. Total penalty and interest (add lines 37, 38, and 39)	40	
	41. Total Due (line 35 plus line 40)	Total Due 41	
	42. Refund available (line 36 minus line 40)	Refund 42	
	43. Amount of refund to be credited to 2005 estimated tax	2005 Credit • 43	
	44. Net Refund (line 42 minus line 43)	Net Refund 44	

SCHEDULE ES — ESTIMATED TAX PAYMENTS OR OTHER PREPAYMENTS (see instructions)

Voucher	Date of Payment	Amount Paid
1. Voucher 1	1 / /	1
2. Voucher 2	2 / /	2
3. Voucher 3	3 / /	3
4. Voucher 4	4 / /	4
5. Overpayment of last year's tax elected as a credit against this year's tax		5
6. Payments made with extension or other prepayments for this tax year and date paid ...	6 / /	6
7. Claim of right credit (attach computation and explanation)		7
8. Total prepayments (carry to line 34 above)		8
9. Last year's net excise tax	9	

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	Signature of officer	Signature of preparer other than taxpayer	License number of preparer
	X	X	
	Date	Date	Telephone number ()
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL RETURN

Mail refund returns and no tax due returns to:
Refund, PO Box 14777, Salem OR 97309-0960

Mail tax-to-pay returns with payment and payment voucher to:
Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470

SCHEDULE AP — APPORTIONMENT OF INCOME for Form 20 (see instructions)

Describe the nature and location(s) of your Oregon business activities _____

SCHEDULE AP-1 — APPORTIONMENT FORMULA

Property factor—Value of real and tangible personal property used in the unitary business (owned, at average value; rented, at capitalized value):

Owned property (at original cost; see instructions):

- 1. Inventories 1
- 2. Buildings and other depreciable assets 2
- 3. Land 3
- 4. Other assets (describe) 4
- 5. Minus: Construction in progress 5
- 6. Total of lines 1–5 6
- 7. *Rented property* (capitalize at 8 times the rental paid) ... 7
- 8. Total owned and rented property 8

(Do not enter an amount of less than zero)

	(A) Total within Oregon	(B) Total within and without Oregon	(C) Percent within Oregon (A ÷ B) × 100
1. Inventories 1			
2. Buildings and other depreciable assets 2			
3. Land 3			
4. Other assets (describe) 4			
5. Minus: Construction in progress 5	()	()	
6. Total of lines 1–5 6			
7. <i>Rented property</i> (capitalize at 8 times the rental paid) ... 7			
8. Total owned and rented property 8			%
Payroll factor —Wages, salaries, commissions, and other compensation to employees:			
9. Compensation of officers 9			
10. Other wages, salaries, and commissions 10			
11. Total wages and salaries 11			
Sales factor —Sales delivered or shipped to Oregon purchasers:			
12. Shipped from outside Oregon 12			
13. Shipped from inside Oregon 13			
<i>Sales shipped from Oregon to:</i>			
14. The United States government 14			
15. Purchasers in a state or country where the corporation is not taxable (e.g., under Public Law 86-272) 15			
16. Other business receipts 16			
17. Total sales and other business receipts 17			%
18. Sales factor (same as line 17) 18			%
19. Total percent (add items 8, 11, 17, and 18, within column C) 19			%
20. Oregon apportionment percentage. Enter the amount from the appropriate schedule on page 12 20			% _ _ _ . _ _ _ _ %

SCHEDULE AP-2 — TAXABLE INCOME COMPUTATION (see instructions)

1. Net income from business both in Oregon and other states (from Form 20, line 13) 1	
2. Subtract: Net nonbusiness income included in line 1. Attach schedule 2	
3. Subtract: Gains from prior year installment sales included in line 1. Attach schedule 3	
4. Total net income subject to apportionment (line 1 minus line 2 and line 3) 4	
5. Oregon apportionment percentage (from Schedule AP-1, line 20) 5	X %
6. Income apportioned to Oregon (line 5 times line 4) 6	
7. Add: Net nonbusiness income allocated entirely to Oregon. Attach schedule 7	
8. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule 8	
9. Total of lines 6, 7, and 8 9	
10. (a) Oregon apportioned net loss from prior years (b) Net capital loss from other years [from tax year(s) _____]	
Total loss (line 10a plus line 10b) 10	
11. Oregon taxable income (line 9 minus line 10) (carry to Form 20, line 15) 11	

SCHEDULE AF — SCHEDULE OF AFFILIATES for Form 20 (see instructions)

A Schedule of Affiliates **must** be filed every year with each consolidated tax return. List those affiliates doing business in Oregon, or with Oregon source income, that are part of the unitary group included in this tax return.

Do not include in this list the affiliate shown on the heading of this tax return. You may copy this form if you have more than 12 affiliates to include on this list.

Business Identification Number and Federal Employee Identification Number	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•

Name of Corporation as Shown on your Oregon Corporate Return	Oregon Business Identification Number	Federal Employer Identification Number
--	---------------------------------------	--

Current and Prior Year Information

1. Net Excise or Income tax (from Form 20, Form 20-I, Form 20-S, or Form 20-INS) 1
2. Prior year's tax liability (**high income taxpayers, see instructions**) 2

PART I — Underpayment. To figure your underpayment, fill in lines 3 through 9.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
3. Divide the amount on line 1 by the number of payments required for the year (usually 4). Fill in the result for the quarters you owed estimated tax ... 3				
4. Estimated tax paid this year for each quarter 4				
5. Refund from last year applied to each quarter 5				
6. Overpayment from line 8 from previous quarter 6				
7. Total tax paid (add lines 4, 5, and 6) 7				
8. Overpayment. If line 7 is more than line 3, enter difference here (do not use exceptions) 8				
9. Amount of underpayment for each quarter. Lesser of lines 10, 11, 12, or 13; less line 7 (whichever is applicable) (only use amounts greater than zero) 9				

Do not enter zero on lines 12 or 13 unless you have computed Exception 3, line 12 (use worksheet below) or Exception 4, line 13 (see instructions) and calculated a loss for the quarter.

PART II — Exceptions to Paying Interest. Exception amounts on lines 11, 12, and 13 cannot be used to calculate an overpayment on line 8.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<input type="checkbox"/> Check box if last year's tax due was \$10 and you are not a "high-income taxpayer" (see instructions).	25% of line 1	25% of line 1	25% of line 1	25% of line 1
10. Exception 1—Current year's tax due 10				
11. Exception 2—Prior year's tax (high-income taxpayers may use this exception for the first quarter only) (see instructions) 11	25% of line 2	25% of line 2	25% of line 2	25% of line 2
12. Exception 3—Net annualized tax (from line 20) 12	25% of line 20	25% of line 20	25% of line 20	25% of line 20
13. Exception 4—Recurring seasonal income (see instructions) 13				

You will NOT be subject to interest on underpayment of estimated tax if your tax payment (line 7, quarters 1 through 4) equals or exceeds the amounts for one of the exceptions (lines 10, 11, 12, and 13; quarters 1 through 4) for the same payment period.

Exception 3 Worksheet — To figure your annualized income, use the formula and chart below.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Actual income × Factor = Annualized income				
14. Ending date of annualization period (see instructions) 14				
15. Actual income through date on line 14 less net losses carried forward from prior tax years 15				
16. Annualization factors based on selected annualized period (see instructions) 16				
17. Annualized income (line 16 × line 15) 17				
18. Annualized tax (0.066 × line 17) 18				
19. Less tax credits available at end of quarter 19				
20. Net annualized tax (use to figure line 12) 20				

Part III — Interest on Underpayments. (See instructions below.)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
21. Amount of underpayment for each quarter. If you met an exception, enter -0-. If not, enter amount from Part I, line 9 21				
22a. Date estimated payment was due 22a				
22b. Date underpayment amount was paid or the due date of the return, whichever is earlier 22b				
23. Number of full months between dates on line 22a and 22b 23				
24. Number of days in a partial month between dates on line 22a and 22b 24				
25. Number of full months on line 23 × monthly interest rates × line 21 25				
26. Number of days on line 24 × daily interest rates × line 21 26				
27. Interest due (line 25 plus line 26) 27	a.	b.	c.	d.
28. Total interest due (add line 27, columns a, b, c, and d) 28				

Enter the amount from line 28 above on the “interest on underpayment of estimated tax” line of Form 20, Form 20-I, Form 20-S, or Form 20-INS. Attach this form to your return and check the appropriate box at the top of your return to indicate “Form 37 is attached.”

FORM 37 INSTRUCTIONS

If your tax on the prior year’s return was not over \$10, interest on any underpayment will not be imposed. (This exception does not apply to high-income taxpayers.) High-income taxpayers may use Exception 2 for their first quarter only (see below).

A “high-income taxpayer” is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Line 11—Exception 2. You qualify to use this exception if the prior year’s return (1) covers a period of 12 months and (2) shows a liability.

You meet this exception if the current year’s tax you paid (Part I, line 7) is equal to or more than the amount of net income tax reported on your prior year’s tax return. Each quarterly installment must be paid on or before its due date. If you are not a high income taxpayer and paid estimated tax during the first quarter equal to or greater than the net tax for the prior tax year, you qualify for exception two for the entire year and owe no interest on underpayment of estimated tax.

High income taxpayer. This exception only applies to the first installment payment of a high income taxpayer. If you meet this exception, any reduction to the first installment payment due to this exception **must** be added to the second installment payment.

The reduction amount is the lower of the actual underpayment on line 9 in the first quarter column, or the difference between the amount on line 11 and the next lowest exception amount in the first installment column. Add the reduction from the first quarter to the amount on line 3 and the lowest amount on line 10, 12, or 13 in the column for the second quarter.

Line 13—Exception 4. This applies to taxpayers with recurring seasonal income. The taxpayer must pay, by each installment due date, an amount equal to 100 percent of the amount by applying Section 6655(e)(3)(C) of the Internal Revenue Code (IRC) to Oregon taxable income. For information about computing seasonal income, definitions, and special rules, see IRC 6655(e). Attach a schedule of your computation.

Line 14—Annualization periods. If you did not elect to use the optional annualization periods for federal purposes allowable under section 6655(e)(2)(C) of the Internal Revenue Code, you must use the standard Oregon annualization periods provided in ORS 314.525(2)(c)(A). If you elected to use the optional annualization periods for federal purposes, you must use the same annualization periods for Oregon.

Months in Annualization Periods

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Standard Oregon Periods	3	3 or 5	6 or 8	9 or 11
Federal Option #1	2	4	7	10
Federal Option #2	3	5	8	11

Line 16—Annualization factors. The annualization factor is based on the number of months in the annualization period.

Annualization Factor

Number of Months	2	3	4	5	6	7	8	9	10	11
Annualization Factor	6	4	3	2.4	2	1.714	1.5	1.333	1.2	1.091

Lines 23 and 24—How to figure the number of months and days. Interest periods generally begin on the 16th day of the month the return is due. Interest is figured daily for periods of less than one month. Example:

September 16 to February 15 = 5 months
February 16 to March 9 = 22 days

Lines 25 and 26—How to figure interest. Interest is computed on the underpayment amount from Part III, line 21. Interest rates may change once a calendar year. The chart below shows the interest rates and effective dates.

Interest Rates			
For Periods Beginning	Annual	Monthly	Daily
January 1, 1999	9%	0.7500%	0.0247%
January 1, 2001	10%	0.8333%	0.0274%
February 1, 2002	8%	0.6667%	0.0219%
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Attach this form to your return if you owe interest or meet an exception and check the box at the top of your return by Form 37

Corporation Income Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

New information

Apportionment (ORS 314.650, 314.280)

For tax years beginning on or after May 1, 2003, and before July 1, 2006, business income is apportioned to Oregon using a multiplier equal to 80 percent of the sales factor plus 10 percent of the property factor plus 10 percent of the payroll factor.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income from business activity using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition). The election may be revoked later. See Oregon Administrative Rule (OAR) 150-314.280(3) for instructions on making the election or revocation.

Form changes

Rounding cents to the nearest whole dollar. Please round all amounts to the nearest whole dollar. You will no longer enter cents on your return. Drop amounts less than 50 cents, and increase amounts from 50 to 99 cents to the next dollar.

Form 20-V, Oregon Corporation Tax Payment Voucher. Use Form 20-V to make income and excise tax payments to Oregon. Form 20-V replaces Form 20-EXT and Form 20ES coupons. Form 20-V is available in software packages, on our Web site, and upon request. To order, see "Taxpayer assistance."

Looking ahead . . .

Apportionment

For tax years beginning on or after July 1, 2006, and before July 1, 2008, income is apportioned to Oregon by the total of five percent of the property factor, plus five percent of the payroll factor, plus 90 percent of the sales factor.

A taxpayer in the forest products industry, as defined in ORS 314.650, is required to use the double-weighted sales factor formula provided in ORS 314.650 (Note 1). The election for a utility or telecommunications taxpayer to use the double-weighted sales factor formula applies to all tax years beginning after July 1, 2006.

For tax years beginning on or after July 1, 2008, income is apportioned to Oregon by 100 percent of the sales factor. As previously stated, the election for utilities, telecommunications, and the requirement for forest products industries to use the double-weighted sales factor formula continues to apply.

2004 Filing information

Important information

For processing your return

- Please use blue or black ink to prepare your return. Equipment used to scan documents cannot read certain types and colors of ink, especially gel pens and red ink.
- **Payments.** Please include the following information on your payments:
 - Federal employer identification number (FEIN).
 - Oregon business identification number (BIN). If you do not have a BIN, one will be assigned when your return is filed (see instructions). If you do not know your BIN, an officer of the corporation may call to acquire the BIN (see "Taxpayer assistance").
- Enclose your payment and payment voucher indicating the tax year and the type of tax (income) that your payment is for before mailing your Oregon return.
- **Estimated payments.** Please identify all estimated payments claimed by completing Schedule ES on your return. Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

On the Internet

Refer to our Web site, www.oregon.gov/DOR, for helpful information about the Corporation Tax program.

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Checklist of forms and schedules (* indicates form is included in this booklet)

For forms not included in this booklet, go to our Web site at www.oregon.gov/DOR

Form number	Who must file
Form 20	Every corporation (except S corporations and insurance companies) doing business in Oregon.
*Form 20-I	Every corporation (except S corporations and insurance companies) with income from an Oregon source, but not doing business in Oregon. Every Real Estate Mortgage Investment Conduit (REMIC) required to file.
Form 20-INS	Every insurance company doing business in Oregon.
Form 20-S	Every S corporation doing business in Oregon or with income from an Oregon source.
*Form 20-V	Every corporation that needs to make a payment.
*Form 37	Every corporation with an underpayment of estimated tax or meeting an exception.
*Schedule AF	Every corporation doing business in Oregon with affiliates.
*Schedule AP	Every corporation apportioning income.
Federal Form 1120 or 1120-A**	Every corporation required to file. (**In general, Oregon's computation of corporation taxable income begins with federal taxable income, with certain modifications. See line instructions for modifications.)

How to assemble your Oregon tax return

Put your tax return in the following order before mailing:

1. Oregon Form 20-I.
2. Schedule AP, Apportionment of Income.
3. Schedule AF, Schedule of Affiliates.
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax*.
5. Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
6. Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.
7. Federal Extension, Form 7004.
8. Copy of federal tax return and schedules.

Oregon corporation tax law, in general, is tied to the Internal Revenue Code (IRC) as amended and in effect on December 31, 2002. Exceptions are provided in ORS 314.010, including depreciation and expensing of depreciable assets, which are tied to federal law in effect for the tax year of the return. Please contact us if you have a question about how a change to the IRC, effective after December 31, 2002, affects your Oregon return.

Oregon's computation of taxable income for corporations begins with federal taxable income, with modifications required under Oregon tax law.

What form do I use?

Oregon follows the federal entity classification regulations. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

Form 20-I—Oregon corporation income tax filing requirements

File **Form 20-I**, *Oregon Corporation Income Tax Return*, if your corporation has income from sources within Oregon, but **the income-producing activity does not actually constitute "doing business."**

Income is from an Oregon source if it is derived from:

- Tangible or intangible property located in Oregon; or
- Any activity carried on in Oregon, whether intrastate, interstate, or foreign commerce.

Do not use Form 20-I if your corporation is **doing business** in Oregon. Instead, use Form 20, *Oregon Corporation Excise Tax Return*.

There is no minimum tax for corporate income tax filers.

Certain exempt nonprofit corporations and private foundations must file and pay tax on income that is unrelated to the organization's exempt purposes (ORS 317.920). Lobbying expenses are subject to tax under IRC 6033(e). For more information, see "Taxpayer assistance" to order the information circular *Information for Tax Exempt Organizations* (150-102-617).

Form 20-I is available on our Web site.

Form 20—Oregon corporation excise tax filing requirements

File **Form 20**, *Oregon Corporation Excise Tax Return*, if you are doing business in Oregon.

"Doing business" means being engaged in any profit-seeking activity in Oregon not protected by federal Public Law 86-272. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.

"Doing business" also includes providing services to customers as the primary business activity or incidental to the sale of tangible or intangible personal property.

Generally, if you have an Oregon address you file a **Form 20**.

Domestic and foreign **insurance companies** subject to the Oregon excise tax are required to file a Form 20-INS.

Excise tax is a tax for the privilege of doing business in Oregon. It is measured by net income. All interest is included in income, no matter what its source. This includes interest on obligations of the United States, its instrumentalities, and all of the 50 states and their subdivisions.

Excise tax filers are subject to a **minimum tax**.

Corporations with **no business activity** in Oregon, even if incorporated in or registered to do business in the state, are **not** subject to the minimum tax, and are not required to file an excise tax return. You may be subject to Oregon corporation income tax if you have income from an Oregon source.

Filing requirements

Consolidated returns (ORS 317.705–317.725). If a corporation is a member of an affiliated group of corporations that filed a consolidated federal return, it must file an Oregon return based on that federal return.

A consolidated Oregon return is required when two or more affiliated corporations are:

- Included in a consolidated federal return;
- Unitary; and
- At least one of the affiliated corporations is doing business in Oregon or has income from Oregon sources.

Unitary business. A unitary business is one that has, directly or indirectly between members or parts of the enterprise, either a sharing or an exchange of value shown by:

- Centralized management or a common executive force.
- Centralized administrative services or functions resulting in economies of scale.
- Flow of goods, capital resources, or services showing functional integration.

Corporations that are not unitary are excluded from the consolidated Oregon return.

Separate returns. Any corporation that files a separate federal return must file a separate Oregon return. Corporations not included in a consolidated federal return must file a separate Oregon return if doing business in Oregon or if the business has income from an Oregon source.

A corporation subject to Oregon taxation must also file a separate Oregon return if it was included in a consolidated federal return, but was not unitary with any of the other affiliates. Oregon taxable income is computed by subtracting the income of the non-unitary affiliates from the taxable income from the consolidated federal return.

Publicly traded partnerships

A “publicly traded partnership” is a partnership treated as a corporation for federal income tax purposes under IRC 7704.

The partners in a publicly traded partnership are not subject to tax on their distributive shares of partnership income. The publicly traded partnership is subject to corporation excise tax if it is doing business in Oregon or corporation income tax if it has income from an Oregon source.

REMICs (ORS 314.260)

A REMIC (Real Estate Mortgage Investment Conduit) must file Form 20-I if it derives prohibited transaction income from Oregon sources or has any resident holders of a residual interest. Income is from an Oregon source if it is derived from tangible property located in Oregon or from intangible property that is used in an Oregon business.

All REMICs required to file must file Form 20-I and attach a complete copy of federal Form 1066. The REMIC must also attach a federal Schedule Q for each residual interest holder for each quarter of the tax year. See the instructions for line 16 if net income is received from prohibited transactions.

Limited Liability Companies (LLC)

An LLC can be taxed as a partnership or a corporation. Oregon follows federal law in determining how an LLC is taxed.

An LLC taxed as a corporation must file an *Oregon Corporation Excise Tax Return* (Form 20) if doing business in Oregon or an *Oregon Corporation Income Tax Return* (Form 20-I) if not doing business in Oregon but the LLC is receiving income from an Oregon source.

An LLC taxed as a partnership must file an Oregon partnership return (Form 65) if doing business in Oregon, receiving income from an Oregon source, or if it has any Oregon resident members. If the LLC has a corporate member, the member is taxed on its share of the LLC’s Oregon income.

If an LLC is part of a corporation’s overall business operations and is treated as a partnership, include the corporation’s ownership share of LLC property, payroll, and sales in the apportionment percentage calculation on Schedule AP-1. See OAR 150-314.650.

Political organizations

Political organizations (campaign committees, political parties) normally do not pay state or federal taxes. However, income earned from investments is taxable. Examples include interest earned on deposits, dividends from contributed stock, rents or royalties, and gains from the sale of contributed property.

Political organizations that are **incorporated** must file Form 20, *Oregon Corporation Excise Tax Return*. **Unincorporated** political organizations with taxable income are treated as corporations and must file Form 20-I, *Oregon Corporation Income Tax Return*. Unincorporated political organizations with no taxable income do not have to file an Oregon corporation tax return.

For more information, see “Taxpayer assistance” to order the circular *Political Organizations* (150-102-663).

When is my return due?

Returns for the calendar year are due on or before April 15. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. Returns for other tax periods are due on or before the 15th day of the month following the due date of the federal return. **Do not file your return before the end of your tax year.**

Oregon will not charge a **late filing penalty** if the return is filed by the Oregon due date, including extensions. Interest and a 5 percent **late payment penalty** are charged if the tax is not paid by the due date.

Extension of time for filing

If you need more time to file both your federal and Oregon returns:

Oregon accepts the extension you have for your federal tax return.

If you need an extension of time to file for Oregon only:

- Attach a copy of federal extension Form 7004 to your Oregon return when you file. See "How to assemble your return."
- Write "For Oregon only" at the top of the form.
- Enter the information for question 1, and leave questions 2 through 6 blank.
- **Do not** send the federal Form 7004 to the department before you file your Oregon return.

If you're making an extension payment

- Please use Form 20-V when paying tax due.
- Mark the "2004 Extension" and "Income Tax" boxes on Form 20-V.
- Form 20-V is included with this booklet and is available on our Web site at www.oregon.gov/DOR.
- Make check payable to "**Oregon Department of Revenue.**"
- **Do not** send a copy of your return or federal extension with your payment.
- Mail any tax due on or before the original due date of your return to avoid penalty and interest. **More time to file does not mean more time to pay your tax!**
- Mail your payment with Form 20-V to:
Oregon Department of Revenue
PO Box 14780
Salem OR 97309-0469

When you file your return

- Attach a copy of your extension to the **back** of your Oregon return. It should be the last item before the federal corporation return (see "How to assemble your Oregon tax return").
- Check the box on your return indicating "**an extension is attached.**"
- Enter the amount of tax paid with Form 20-V for extension purposes on Schedule ES, line 6.

Federal audit changes

If the IRS changes your federal net income for any tax year, you must notify the Oregon Department of Revenue. File an amended Oregon return and attach a copy of the federal audit report. Mail this separately from your current year's return to: Oregon Department of Revenue, PO Box 14777, Salem OR 97309-0960. If you do not amend or send a copy of the federal report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS to issue a deficiency notice. You must file within two years after the date of the federal report to receive a refund.

Amended returns

If you change taxable income by amending your federal return, you must file an amended Oregon return within 90 days. Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Use the form for the tax year you are amending and check the box indicating "**this is an amended return.**"

On the line for estimated tax payments, enter the net excise or income tax per the original return. Add or subtract prior tax adjustments to your original return.

Do not amend your Oregon return if you amend the federal return to carry a **net operating loss back** to prior years. Oregon allows corporations to carry net operating losses forward, but not back. See instructions for Schedule AP-2, line 10. **Capital losses** must be carried back three years and then forward five tax years.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department. Otherwise, you may be charged a 5 percent late payment penalty.

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the box indicating "this is an amended return" and write the words "Protective Claim for refund" at the top in blue ink. We will hold your protective claim until you notify us the litigation has been completed.

Deferred gain

Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC § 1031 or 1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it is included in federal taxable income.

Attach a copy of your Oregon Form 24 to the back of your Oregon return and check the box indicating "**Form 24 is attached**" if **all** of the following apply:

- The corporation reported deferred gain on a federal Form 8824;
- All or part of the property given up was located in Oregon; and
- All or part of the acquired property was located outside of Oregon.

See OAR 150-314.650 and 150-314.665(5) regarding apportionment of deferred gain.

Form 20-I instructions

Heading

Type or legibly print your corporation's name, address, federal employer identification number (FEIN), and your Oregon business identification number (BIN).

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation does not have income from Oregon sources, file the return in the name of the member of the group having the greatest presence in Oregon. "Having the greatest presence" means the member that has the largest Oregon property value as determined under ORS 314.655 (see Schedule AP-1, Property Factor). Enter the FEIN and BIN of the corporation named as the filer on the consolidated Oregon return.

Oregon business identification number. Each corporation is identified by a business identification number (BIN) assigned by the department. You may have an assigned BIN if you make payroll tax, workers' compensation tax, unemployment tax, or estimated tax for corporation excise or income tax payments. The BIN is located on the upper right corner of the payroll tax coupon. **If you do not have a BIN, one will be assigned when your return is received.**

If you do not know your BIN, an officer of the corporation may contact us.

Questions

Answer questions A through M. Furnish additional information where necessary.

Question E(1). If the answer is YES, attach a list of the corporations included in the consolidated federal return.

Question E(2). If the answer is YES, complete Schedule AF, Schedule of Affiliates, to list only the corporations included in the consolidated Oregon return (see Schedule AF and instructions) that:

- Are "doing business" in Oregon; or
- Have income from Oregon sources.

Question E(3). If the answer is YES, attach a list of corporations included in the consolidated federal return that are not included in this Oregon return. List each corporation's name, business identification number (if any), and federal employer identification number.

Question F. A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Questions G. If the Oregon corporation is a subsidiary in an affiliated group, or a parent subsidiary controlled group, enter the name and FEIN of the parent corporation. For definition of a subsidiary in an affiliated group or a parent subsidiary controlled group, see IRS Form 1120, Schedule K.

Question L. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income using double-weighted sales factor formula [OAR 150-314.280(3)]. Check the box if making this election.

Question M. Non-apportioning corporations, enter the amount of Oregon sales, as defined by ORS 314.665.

Line instructions

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

Line 1. Taxable income from U.S. corporation income tax return. Enter the taxable income actually reported for federal income tax purposes before net operating loss or special deductions (federal Form 1120, line 28; or Form 1120-A, line 24).

Additions

Line 2. Certain interest excluded on the federal return. Oregon gross income includes interest on all state and municipal bonds or other interest excluded for federal tax purposes. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income (ORS 317.309).

Line 3. Oregon excise tax and other state taxes on or measured by net income. Oregon excise tax may not be deducted on the Oregon return. Taxes of other states or foreign governments on or measured by net income or profits may not be deducted on the Oregon return. If you subtracted these taxes on your federal return, you must add them back on your Oregon return. However, local taxes, such as the Multnomah County Business Income tax, are deductible (ORS 317.314).

Line 4. Income of related FSC or DISC. Net income or loss must be included in the net income of the related U.S. affiliate (ORS 317.283 and 317.286).

Line 5. Other additions. Enter the amount by which any item of gross income is greater under Oregon law than under federal law, or the amount by which any allowable deduction is less under Oregon law than under federal law. See ORS 317.151 through 317.488 and 317.625. Examples:

- **Gain or loss on the disposition of depreciable property.** The difference in gain or loss on sale of business assets when the Oregon basis is less than it is for federal purposes (ORS 317.356).
- **Safe harbor lease agreements.** Oregon does not tie to the federal safe harbor lease provisions. See OAR 150-317.349-(A) and 150-317.349-(B) for details about the adjustments required for Oregon.
- **Capital construction fund.** Amounts deferred under Section 607 of the Merchant Marine Act of 1936 and IRC 7518 must be added back to income (ORS 317.319).
- **IRC 631(a) treatment of timber is not recognized by Oregon.** Both beginning and ending inventories must be adjusted for IRC 631(a) gain. For Oregon purposes, there is no taxable event until actual sale (ORS 317.362).

- **Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowable for Oregon.** The bad debt method of financial institutions is tied to the federal method. For taxpayers required to use the specific write-off method, an addition must be made if the amortization of the federal reserve is less than the amortization of the Oregon reserve (ORS 317.310).
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to income on this line. The Oregon capital loss will be deducted on Schedule AP-2, line 10 (by corporations required to apportion income) (OAR 150-317.013).
- **Percentage depletion in excess of cost.** Percentage depletion is allowed only on metal mines. All other assets are limited to cost depletion (ORS 317.374).
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC 263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].
- **Losses of non-unitary corporations.** The net losses of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Attach a schedule showing computation of the net loss eliminated. See instructions for line 12 [ORS 317.715(2)].
- **Unused business credits.** Unused business credits taken as a federal deduction under IRC 196 must be added back to Oregon income (ORS 317.304).
- **Long-term care insurance premiums.** Premiums deducted on the federal return must be added back if the Oregon credit is claimed under ORS 315.610 (ORS 317.322).
- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit is claimed [ORS 315.271(2)].
- **Income from sources outside the United States.** Income not included in federal taxable income under IRC 861 or 864 (ORS 317.625).
- **Dependent care credit.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed [ORS 315.204(7)].
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount of federal deduction must be added to federal taxable income if the Oregon credit is claimed [ORS 317.151(4)].
- **Claim of right income repayment adjustment when credit is claimed.** The deduction under section 1341 of the Internal Revenue Code on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).
- **Child Care Division and community agencies contributions credit.** The deduction claimed on the federal return

must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 315.213).

- **Bone marrow donor expense credit.** Add to federal taxable income the amount of bone marrow donor expense deducted on the federal return if the Oregon credit is claimed (ORS 315.604).
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the addition if gain is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.

Subtractions

Line 8. Work opportunity credit wages not deducted on the federal return. Enter the amount of wages that were not deducted on the federal return because the work opportunity credit was claimed (ORS 317.303).

Line 10. State of Oregon interest income included on line 2. Interest income from obligations of the state of Oregon is not taxable if the obligation was issued after May 24, 1961.

Line 11. Dividend deduction. A 70 percent deduction is allowed for qualifying dividends regardless of geographic source. An 80 percent deduction is allowed for dividends received from corporations whose stock is owned 20 percent or more. Use the worksheet on page 7 to compute the Oregon deduction (ORS 317.267).

Line 12. Income of non-unitary corporations. Net income of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net income includes the separate taxable income, as determined under Treasury Regulations adopted for IRC 1502, and any deductions, additions, or items of income, expense, gain, or loss for which consolidated treatment is prescribed. Attach a schedule showing computation of the net income eliminated [ORS 317.715(2)].

Line 13. Other subtractions. Enter the amount by which any item of gross income is less under Oregon law than under federal law or the amount by which any allowable deduction is greater under Oregon law than under federal law. See ORS 317.151 through 317.488 and 317.625. Examples:

- **Gain or loss on the sale of depreciable property.** The difference in gain or loss on the sale of business assets when the Oregon basis is greater than it is for federal purposes (ORS 317.356).
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must refigure the gain or loss on disposal of those assets and subtract the difference (ORS 317.356).
- **IRC Section 78 dividends** (gross-up dividends) must be subtracted in full from federal taxable income (ORS 317.273).

- **Dividends from other corporations in this consolidated Oregon return.** Subtract 100 percent from federal taxable income [ORS 317.267(1)].
- **Dividends from foreign sales corporations and domestic international sales corporations,** the net income of which was included on line 4 (ORS 317.283 and 317.286).
- **Dividends from debt financed stock** to the extent deductible for federal tax purposes (see IRC 246A) [ORS 317.267(2)].
- **Land donation or bargain sale of land** to educational institutions. Enter the fair market value of land donated or the amount of the reduction in sales price of land sold to a school district. The subtraction is limited to 50 percent of Oregon taxable income (ORS 317.488).
- **Oregon depletion in excess of federal allowance** (ORS 317.374).
- **Oregon bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowed on the federal return.** A subtraction is also made if the amortization of the federal reserve is greater than the amortization of the Oregon reserve (ORS 317.310).
- **Inventory costs.** See instructions under line 5.
- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC 170(d)(2)(B) (ORS 317.307).
- **Depreciation differences.** If Oregon basis is higher than federal basis for an asset due to claiming a federal tax credit, subtract the excess of Oregon depreciation over federal depreciation [OAR 150-317.368(1)].
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming any other federal credit taken (ORS 317.303).
- **Farm capital gain.** Farm capital gain taxed at special rate. Enter the amount from line 1 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate* (ORS 317.063).

- **Small city business development exemption.** (ORS 317.391). Subtract income attributable to qualified new facilities sited in certain locations in Oregon. To qualify, facilities must be certified by the Department of Economic and Community Development (ORS 317.391).
- **Losses from outside the United States.** Losses not included in federal taxable income under IRC 861 to 864 (ORS 317.625).
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the subtraction if loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.

Line 16. Oregon taxable income. If you are apportioning income to Oregon and other states, enter the amount from Schedule AP-2, line 11. **REMICs:** Enter the amount of net income from prohibited transactions from federal Form 1066, Schedule J.

Line 17. Income tax. The tax is 6.6 percent of Oregon taxable income.

Line 18. Tax adjustments.

- **Interest on certain installment sales.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount on line 18. Attach a schedule showing how you figured the interest.
- **Net long-term capital gain.** Add the amount of tax on net long-term capital gain from farm property (ORS 317.063) from line 5 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.

Line 20. Tax adjustment for LIFO benefit recapture. This amount is a subtraction. Oregon has adopted the provisions of IRC 1363(d) for S corporations. **LIFO benefits are included in taxable income for the last year of the C corporation under these provisions.** On a separate schedule, compute the difference between tax (after credits and any surplus refund) on income per the return and income without the recapture

WORKSHEET FOR COMPUTING DIVIDEND DEDUCTION

1. Dividends included in federal taxable income prior to "special deductions" 1. _____
2. Subtract:
 - a. Dividends described in IRC 243(d)(1) that are actually interest on deposits ... 2a. _____
 - b. Dividends described in IRC 245(c) and 246(d) (from FSCs and DISCs) 2b. _____
 - c. Dividends from debt financed stock 2c. _____
 - d. Dividends from corporations included in consolidated Oregon return 2d. _____
 - e. IRC Section 78 Gross-Up 2e. _____
3. Total (add lines 2a through 2e) 3. _____
4. Balance subject to 70% (or 80%) deduction (line 1 minus line 3) 4. _____
5. Percentage deduction 5. $\times 0.7 (0.8)$ _____
6. Allowable deduction (line 5 \times line 4) 6. _____

of LIFO benefits. Multiply this difference by 75 percent and enter the result on line 20 as a subtraction. Attach the computation schedule to the Oregon return.

On the tax adjustment line of each of the first three returns of the new S corporation, add one-third of the tax that was deferred from the last year of the C corporation (ORS 314.750).

Line 22. Estimated tax payments. Fill in the total estimated tax payments for tax year 2004 from Schedule ES. Include payments made with an extension.

Line 25. Penalty. Include a penalty payment if you:

- Mail your payment of tax due after the original due date (even if you have an extension) **or**
- File your income tax return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you **file more than three months** after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax. If you do not file returns for three consecutive years by the due date of the third year's return, including extensions, you must pay a 100 percent penalty on the tax liability for each tax year.

Line 26. Interest. If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file.

For more information, see publication, *Computing Interest on Tax You Owe*, www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency, **and**
- The assessment is not paid within 60 days after the notice of assessment is issued, **and**
- You have not filed a timely appeal.

Line 27. Interest on underpayment of estimated tax. You have an underpayment if you paid less than 100 percent of the tax due on each estimated tax payment due date. Interest on underpayment will not be imposed if net tax on Form 20-I, line 21, is less than \$500 on your 2004 return.

If you have an underpayment, you must file Form 37, *Underpayment of Oregon Corporation Estimated Tax*.

Use Form 37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; **or**
- Show you meet an exception to the payment of interest.

Form 37 is provided with these instructions and is also available as a separate download at www.oregon.gov/DOR.

On line 26, enter interest for payment of tax after the original return due date. On line 27, enter interest due from underpayment of estimated tax. **Attach Form 37 to your return and check the "Form 37 is attached" box.**

Line 29. Total due. Enclose your check or money order and payment voucher with your return. Make your check or money order payable to the "Oregon Department of Revenue." Do not send cash or postdated checks. Please use **blue or black ink**. **Do not** use gel pens or red ink. Please include the following information on your check:

- Oregon business identification number (BIN).
- Federal employer identification number (FEIN).
- "2004 Income Tax."

Special instructions. Do you owe penalty or interest and have an overpayment on line 24? If your overpayment is less than total penalty and interest, fill in the result of line 28 minus line 24, on line 29.

Schedule ES

Estimated tax payment instructions

Estimated tax paid for the 2004 tax year. Fill in the total estimated tax payments made before filing your Oregon return on lines 1 through 4. Enter any refund applied from your 2003 tax return or an Oregon amended return on line 5. Enter payments made with your extension on line 6. On line 7, enter the amount of tax credit computed for claim of right. On line 8, enter the total of lines 1 through 7, then carry total to Form 20-I, line 22.

Consolidated return filers. If estimated payments were made under a different name, attach a schedule showing the name, federal identification number, Oregon business identification number (BIN), date of payment, and the amount paid, for correct application of estimated payments.

Electronic funds transfer (EFT). You must make your Oregon estimated tax payments by EFT if you are required to make your federal estimated tax payments by EFT.

Payments for corporation estimated taxes may be made using Revenue's EFT program. This program allows payments to be initiated via a touch-tone telephone, a secure Internet site, or through your financial institution.

A business is required to have an authorization agreement filed with the department before they start initiating EFT payments. Information and authorization agreements are available on the Internet at: www.oregon.gov/DOR, or by calling the EFT Help/Message line at 503-947-2017.

The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement (OAR 150-314.518).

Voluntary participation. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

Schedule AP

Apportionment instructions

Apportionment and allocation. Apportionment is dividing business income among the states by use of a formula. **Allocation** is the assignment of specific nonbusiness income to a state. A corporation having unitary business activities both inside and outside Oregon must use the apportionment and allocation methods provided under the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.690) and the rules under ORS 314.280.

The following businesses use modified or different apportionment factors as provided in the following Oregon Administrative Rules (OARs) and laws:

Airlines	OAR 150-314.280-(I)
Financial corporations	OAR 150-314.280-(N)
Health care service contractors	OAR 150-314.280-(E)
Insurance companies	ORS 317.660
Interstate broadcasters	ORS 314.682–314.686
	OAR 150-314.684(4)
	OAR 150-314.686
Interstate river transportation companies	OAR 150-314.280-(L)
Long-term construction contractors ..	OAR 150-314.615-(F)
Movie and television production companies	OAR 150-314.615-(H)
Railroads	OAR 150-314.280-(H)
Sea transportation companies	OAR 150-314.280-(K)
Title insurance companies incorporated in Oregon	OAR 150-314.280-(E)
Trucking companies	OAR 150-314.280-(J)

Oregon income is the total of the corporation's apportioned and allocated income assigned to Oregon.

Schedule AP must be completed by each corporation carrying on a unitary business both inside and outside Oregon.

If another method of assigning income is proposed, Schedule AP still must be completed. A full explanation of the other method must be made.

Schedule AP-1—Apportionment formula

The denominators of the property, payroll, and sales factors include only amounts from corporations that are included in the consolidated federal return **and** are part of the unitary group. The numerators of the factors must include the Oregon property, payroll, and sales from each of the corporations taxable by Oregon.

A negative amount is not accepted. Enter zero if the factor is less than zero.

Round the property, payroll, and sales factor percentages, as well as the Oregon apportionment or alternative Oregon apportionment percentage, to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Property factor. (1) Value owned property at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and end of the tax period. An average of the monthly values may be required if a more reasonable value results.

(2) Value rented property at eight times the annual rental value. Reduce the annual rental value by nonbusiness subrentals.

Enter all owned or rented business property in Column B of Schedule AP-1. Enter business property within Oregon in Column A. See ORS 314.655 and administrative rules.

Payroll factor. Assign payroll to Oregon if:

- The services are performed entirely inside Oregon; or
- The services are both inside and outside Oregon but those services outside are only incidental; or
- Some of the services are performed in Oregon and (a) the base of operation or control is located in Oregon, **or** (b) the base of operation or control is not in any state in which the services are performed, and the employee's residence is in Oregon.

See ORS 314.660 and administrative rules.

Sales factor. Assign sales to Oregon if:

- The property is shipped or delivered to a purchaser in Oregon other than the United States Government; or
- The property is shipped from a warehouse or other place of storage in Oregon; and (a) the purchaser is the United States Government or (b) the corporation is not taxable in the state of the purchaser. See ORS 314.665(3) for exception.

See ORS 314.620 and Public Law 86-272 to determine if a corporation is taxable in another state.

Charges for services are Oregon sales to the extent the services are performed in Oregon. See ORS 314.665 and administrative rules.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity.

The net gain from sales, exchanges, or redemption of intangible assets that are not derived from your primary business activity are included in the sales factor if the gains are business income.

Line 20. Oregon standard apportionment method. Business income is apportioned to Oregon by the total of ten percent of the property factor, plus ten percent of the payroll factor, plus 80 percent of the sales factor. See ORS 314.650.

Schedules for computing average percent

Oregon apportionment percentage.

1. Multiply the property factor percentage from Schedule AP-1, line 8, column C, by 0.1. 1. _____
2. Multiply the payroll factor percentage from Schedule AP-1, line 11, column C, by 0.1. 2. _____
3. Multiply the sales factor percentage from Schedule AP-1, line 17, column C, by 0.8. 3. _____
4. Oregon apportionment percentage. 4. _____
Add lines 1, 2, and 3. Enter on Schedule AP-1, line 20.

Alternative apportionment method for utility and telecommunication corporations. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using a formula with the numerator equal to the property factor, plus the payroll factor, plus two times the sales factor, divided by a denominator of four (the double-weighted sales factor formula). Check the box for question L on the front of your return. This election applies to all tax years beginning after May 1, 2003. If the denominator of the property, payroll, or sales factor is zero, the denominator of the Oregon apportionment factor is reduced by the number of individual factors (two in the case of the sales factor) with a zero denominator.

Alternative Oregon apportionment percentage.

1. Total percent from line 19, Schedule AP-1. 1. _____
2. Enter the number of factors on lines 8, 11, 17, and 18 of Schedule AP-1 with a positive total in column B. 2. _____
3. Oregon apportionment percentage. 3. _____
Divide line 1 by line 2. Enter on Schedule AP-1, line 20.

Schedule AP-2—Taxable income computation

Business and nonbusiness income. “Business income” is income arising from transactions and activities in the regular course of the taxpayer’s business. It includes income from tangible and intangible property related to the regular business operation.

Examples of business income are:

- Sales of products or services;
- Rents, if property rental is a related business activity;
- Royalties, if the patent, processes, etc., were developed by or used in the business operation;
- Gain or loss on the disposal of business property; and
- Interest income on trade receivables or installment contracts arising out of the business or from the investment of working capital.

“Nonbusiness income” means all income other than business income. Rents, royalties, gains or losses, and interest also can be nonbusiness income if they arise from investments not related to the taxpayer’s business. Nonbusiness income is allocated to a particular state based upon the source of the income. Gain or loss from the sale of a partnership interest may be allocable to Oregon [ORS 314.635(4)]. **A schedule of nonbusiness income must be attached to the return.** The amounts allocable to Oregon must be added to Oregon’s apportioned income. See ORS 314.610 and administrative rules.

Line 3. Subtract: Gains from prior year installment sales included in line 1. OAR 150-314.615-(G) requires that installment gains be apportioned to Oregon using the average percent from the year of the sale rather than the year payment is received.

Line 8. Add: Gains from prior year installment sales apportioned to Oregon. Multiply the installment gains subtracted on line 3 by the average percent from the year of the sale.

Line 10. Net loss and net capital loss deductions.

- **Net loss deduction.** A net loss is the amount determined under Chapter 1, subtitle A of the Internal Revenue Code, with the modifications specifically prescribed under Oregon law. Net losses occurring in tax years starting on or after January 1, 1987, can be carried forward up to 15 years. **Oregon does not allow net losses to be carried back.**

For losses and built-in losses occurring before a change in ownership, Oregon is tied to the federal limitations (IRC 382 and 384; ORS 317.476 and 317.478.)

The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in OAR 150-317.476(4).

Real estate investment trusts if qualified under IRC 856 are not allowed a deduction for a net loss [ORS 317.476(5)].

Any net losses assigned to Oregon during the preceding taxable years (and not previously deducted) must be entered on line 10.

- **Net capital loss deduction.** Net capital losses carried forward from another year are deducted on line 10. The deductible loss is limited to net capital gain assigned to Oregon. Attach a schedule showing the computation of the net capital loss deduction (OAR 150-317.013).

Schedule AF

Schedule of Affiliates instructions

If you file a consolidated Oregon return and have more than one affiliate doing business in Oregon or with Oregon source income, you **must** complete Schedule AF and submit it with your Oregon return.

List on Schedule AF each corporation's name and address, business identification number, federal employer identification number, and date the affiliate became part of, or left, the unitary group if this occurred during the tax year being reported.

List those affiliates doing business in Oregon, or with Oregon source income, that are included in the Oregon consolidated return.

If you need more room, please make copies of the form as needed.

Taxpayer assistance

Printed information (free)

Most forms and publications are available on our Web site. You can also order by telephone or return the form below.

Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Dependent Care Credits for Employers* 150-102-032
- Donated Crops Tax Credit* 150-101-240
- Form 20-V, Corporation Tax Payment Coupon* 150-102-172
- Form 24, Like-Kind Exchanges/Involuntary Conversions* 150-800-734
- Lender's Credit* 150-102-125
- Tax Information Authorization and Power of Attorney for Representation* 150-800-005
- Qualified Research Activities Credit* 150-102-128
- Worksheet FCG-20, Farm Liquidation Long-Term Capital Gain Tax Rate* 150-102-167

Information circulars and brochures

- Audits: What to Do if You Are Audited* 150-101-607
- Information for Tax-Exempt Organizations* 150-102-617
- Limited Liability Companies, Limited Liability Partnerships* 150-101-613
- Political Organizations* 150-102-663
- Tax Credits for Corporations* 150-102-694
- What You Need to Know About Corporation Excise and Income Tax* 150-102-401
- Your Rights as an Oregon Taxpayer* 150-800-406

List of other printed information:
Form and Publication Order 150-800-390

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

Please print
Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

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 BIN or FEIN and a daytime telephone number for faster service.

E-mail: corp.help.dor@state.or.us

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.



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.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary. Closed on holidays.

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.

Oregon Corporation Income Tax Return	2004	Form 20-I	For office use only		
	Fiscal year beginning • / / 04	Fiscal year ending • / /	Date received •	Payment •	
NAME 1:	<input type="checkbox"/> NEW NAME		• BIN:		
NAME 2:	<input type="checkbox"/> NEW ADDRESS		FEIN:		
ADDRESS 1:			• <input type="checkbox"/> EXTENSION		
ADDRESS 2:			• <input type="checkbox"/> FORM 37		
CITY:	ST:	ZIP:	• <input type="checkbox"/> AMENDED		
CONTACT:			• <input type="checkbox"/> FORM 24		
PREVIOUS NAME:			• <input type="checkbox"/> FCG-20		
WEB ADDRESS:			PHONE:		
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: auto;"> <p style="font-size: 1.5em; font-weight: bold; margin: 0;">FOR FUTURE COMPUTER USE</p> </div>					

Use **Form 20-I** when the corporation derives income from sources within Oregon, but the income-producing activity does not actually constitute "doing business" (see instructions on page 3).

Complete A through D only if this is your first return or the answer changed during 2004. SEE INSTRUCTIONS FOR MORE INFORMATION.

• A. Incorporated in (state);	• Incorporated on (date)	• B. State of commercial domicile	• C. Date business activity began in Oregon	• D. Business Activity Code
• E. (1) Was a consolidated federal return filed? <input type="checkbox"/> Yes <input type="checkbox"/> No		• (2) Is this a consolidated Oregon return? <input type="checkbox"/> Yes <input type="checkbox"/> No		• (3) Are corporations included in the consolidated federal return, but not in the Oregon return? <input type="checkbox"/> Yes <input type="checkbox"/> No
• F. Are you a high-income taxpayer? <input type="checkbox"/> Yes <input type="checkbox"/> No		• G. Enter name of parent corporation, if applicable;		• Enter FEIN of parent corporation, if applicable
• H. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire; if more than four years, see instructions				
• I. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year; if more than four years, see instructions				
• J. If first return, indicate <input type="checkbox"/> New business, or <input type="checkbox"/> Successor to prev. existing business	Name of previous business	FEIN	BIN	
• K. If final return, indicate <input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or <input type="checkbox"/> Merged or reorganized	Name of merged or reorganized corporation	FEIN	BIN	
L. Check the box if your business is a utility or telecommunications company electing alternative apportionment..... • L <input type="checkbox"/>				
M. If you did not complete Schedule AP, fill in the amount of your Oregon sales				

See instructions	1. Taxable income from U.S. corporation income tax return, Form 1120 (line 28) or 1120-A (line 24) ... • 1	
ADDITIONS	2. State, municipal, and other interest income not included in line 1 • 2	<i>Round all amounts to the nearest whole dollar.</i>
	3. Oregon excise tax and other state or foreign taxes on or measured by net income or profits • 3	
	4. Income of related FSC or DISC • 4	
	5. Other additions. Attach schedule and explanation • 5	
	6. Total additions (add lines 2 through 5) 6	
	7. Income after additions (line 1 plus line 6) 7	

SUBTRACTIONS	8. Work opportunity tax credit wages not deducted on federal Form 1120 or 1120-A ... • 8		
	9. Interest on U.S. obligations and instrumentalities included in line 1 ... • 9		
	10. State of Oregon interest income included in line 2 • 10		
	11. Dividend deduction. Attach schedule and explanation • 11		
	12. Income of nonunitary corporations. Attach schedule and explanation • 12		
	13. Other subtractions. Attach schedule and explanation • 13		
	14. Total subtractions (add lines 8 through 13) 14		
	15. Net income before apportionment (line 7 minus line 14). Carry amount on line 15 to Schedule AP-2, line 1 ... 15		
	16. Oregon taxable income (from Schedule AP-2, line 11) • 16		
	17. Income tax (6.6 percent of line 16) 17		
	18. Tax adjustments (see instructions) • 18		
	19. Total tax (line 17 plus line 18) 19		
	20. Tax adjustment for LIFO benefit recapture • 20	<	>
	21. Net income tax (line 19 minus line 20). If the amount on line 21 is \$500 or more, see the instructions for interest on underpayment of estimated tax • 21		
	22. 2004 estimated tax payments from Schedule ES. Include payments made with extension • 22		
	23. Tax Due. Is line 21 more than line 22? If so, line 21 minus line 22 Tax Due • 23		
	24. Overpayment. Is line 21 less than line 22? If so, line 22 minus line 21 Overpayment 24		
	25. Penalty due with this return 25		
	26. Interest due with this return 26		
	27. Interest on underpayment of estimated tax. Attach Form 37 • 27		
	28. Total penalty and interest (add lines 25 through 27) 28		
	29. Total Due (line 23 plus line 28) Total Due 29		
	30. Refund available (line 24 minus line 28) Refund 30		
	31. Amount of refund to be credited to 2005 estimated tax 2005 Credit • 31		
	32. Net Refund (line 30 minus line 31) Net Refund 32		

SCHEDULE ES — ESTIMATED TAX PAYMENTS OR OTHER PREPAYMENTS (see instructions)

Voucher	Date of Payment	Amount Paid
1. Voucher 1	1 / /	1
2. Voucher 2	2 / /	2
3. Voucher 3	3 / /	3
4. Voucher 4	4 / /	4
5. Overpayment of last year's tax elected as a credit against this year's tax		5
6. Payments made with extension or other prepayments for this tax year and date paid ...	6 / /	6
7. Claim of right tax credit (attach computation and explanation)	7 / /	7
8. Total prepayments (carry to line 22 above)		8
9. Last year's net income tax	9	

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	Signature of officer	Signature of preparer other than taxpayer	License number of preparer
	X	X	
	Date	Date	Telephone number ()
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM 1120 OR 1120-A AND SCHEDULES

Mail refund returns and no tax due returns to: Refund, PO Box 14777, Salem OR 97309-0960	Mail tax-to-pay returns with payment and payment voucher to: Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470
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SCHEDULE AP — APPORTIONMENT OF INCOME for Form 20-I (see instructions)

Describe the nature and location(s) of your Oregon business activities _____

SCHEDULE AP-1 — APPORTIONMENT FORMULA

Property factor—Value of real and tangible personal property used in the unitary business (owned, at average value; rented, at capitalized value):

Owned property (at original cost; see instructions):

- 1. Inventories 1
- 2. Buildings and other depreciable assets 2
- 3. Land 3
- 4. Other assets (describe) 4
- 5. Minus: Construction in progress 5
- 6. Total of lines 1–5 6
- 7. *Rented property* (capitalize at 8 times the rental paid) ... 7
- 8. Total owned and rented property 8

(Do not enter an amount of less than zero)

	(A) Total within Oregon	(B) Total within and without Oregon	(C) Percent within Oregon (A ÷ B) × 100
1. Inventories 1			
2. Buildings and other depreciable assets 2			
3. Land 3			
4. Other assets (describe) 4			
5. Minus: Construction in progress 5	()	()	
6. Total of lines 1–5 6			
7. <i>Rented property</i> (capitalize at 8 times the rental paid) ... 7			
8. Total owned and rented property 8			%
Payroll factor —Wages, salaries, commissions, and other compensation to employees:			
9. Compensation of officers 9			
10. Other wages, salaries, and commissions 10			
11. Total wages and salaries 11			
Sales factor —Sales delivered or shipped to Oregon purchasers:			
12. Shipped from outside Oregon 12			
13. Shipped from inside Oregon 13			
<i>Sales shipped from Oregon to:</i>			
14. The United States government 14			
15. Purchasers in a state or country where the corporation is not taxable (e.g., under Public Law 86-272) 15			
16. Other business receipts 16			
17. Total sales and other business receipts 17			%
18. Sales factor (same as line 17) 18			%
19. Total percent (add items 8, 11, 17, and 18, within column C) 19			%
20. Oregon apportionment percentage. Enter the amount from the appropriate schedule on page 10 20			%

SCHEDULE AP-2 — TAXABLE INCOME COMPUTATION (see instructions)

1. Net income from business both in Oregon and other states (from Form 20-I, page 2, line 15) 1	
2. Subtract: Net nonbusiness income included in line 1. Attach schedule 2	
3. Subtract: Gains from prior year installment sales included in line 1. Attach schedule 3	
4. Total net income subject to apportionment (line 1 minus line 2 and line 3) 4	
5. Oregon apportionment percentage (from Schedule AP-1, line 20) 5	X %
6. Income apportioned to Oregon (line 5 times line 4) 6	
7. Add: Net nonbusiness income allocated entirely to Oregon. Attach schedule 7	
8. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule 8	
9. Total of lines 6, 7, and 8 9	
10. (a) Oregon apportioned net loss from prior years (b) Net capital loss from other years [from tax year(s) _____]	
Total loss (line 10a plus line 10b) 10	
11. Oregon taxable income (line 9 minus line 10) (carry to Form 20-I, page 2, line 16) 11	

SCHEDULE AF — SCHEDULE OF AFFILIATES for Form 20-I (see instructions)

A Schedule of Affiliates **must** be filed every year with each consolidated tax return. List those affiliates doing business in Oregon, or with Oregon source income, that are part of the unitary group included in this tax return.

Do not include in this list the affiliate shown on the heading of this tax return. You may copy this form if you have more than 12 affiliates to include on this list.

Business Identification Number and Federal Employee Identification Number	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•
BIN _____ FEIN		•	•

UNDERPAYMENT OF OREGON CORPORATION ESTIMATED TAX

Tax Year: _____

Name of Corporation as Shown on your Oregon Corporate Return	Oregon Business Identification Number	Federal Employer Identification Number
--	---------------------------------------	--

Current and Prior Year Information

- 1. Net Excise or Income tax (from Form 20, Form 20-I, Form 20-S, or Form 20-INS) 1
- 2. Prior year's tax liability (**high income taxpayers, see instructions**) 2

PART I — Underpayment. To figure your underpayment, fill in lines 3 through 9.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
3. Divide the amount on line 1 by the number of payments required for the year (usually 4). Fill in the result for the quarters you owed estimated tax ... 3				
4. Estimated tax paid this year for each quarter 4				
5. Refund from last year applied to each quarter 5				
6. Overpayment from line 8 from previous quarter 6				
7. Total tax paid (add lines 4, 5, and 6) 7				
8. Overpayment. If line 7 is more than line 3, enter difference here (do not use exceptions) 8				
9. Amount of underpayment for each quarter. Lesser of lines 10, 11, 12, or 13; less line 7 (whichever is applicable) (only use amounts greater than zero) 9				

Do not enter zero on lines 12 or 13 unless you have computed Exception 3, line 12 (use worksheet below) or Exception 4, line 13 (see instructions) and calculated a loss for the quarter.

PART II — Exceptions to Paying Interest. Exception amounts on lines 11, 12, and 13 cannot be used to calculate an overpayment on line 8.

<input type="checkbox"/> Check box if last year's tax due was \$10 and you are not a "high-income taxpayer" (see instructions).	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
10. Exception 1—Current year's tax due 10	25% of line 1	25% of line 1	25% of line 1	25% of line 1
11. Exception 2—Prior year's tax (high-income taxpayers may use this exception for the first quarter only) (see instructions) 11	25% of line 2	25% of line 2	25% of line 2	25% of line 2
12. Exception 3—Net annualized tax (from line 20) 12	25% of line 20	25% of line 20	25% of line 20	25% of line 20
13. Exception 4—Recurring seasonal income (see instructions) 13				

You will NOT be subject to interest on underpayment of estimated tax if your tax payment (line 7, quarters 1 through 4) equals or exceeds the amounts for one of the exceptions (lines 10, 11, 12, and 13; quarters 1 through 4) for the same payment period.

Exception 3 Worksheet — To figure your annualized income, use the formula and chart below.

Actual income × Factor = Annualized income	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
14. Ending date of annualization period (see instructions) 14				
15. Actual income through date on line 14 less net losses carried forward from prior tax years 15				
16. Annualization factors based on selected annualized period (see instructions) 16				
17. Annualized income (line 16 × line 15) 17				
18. Annualized tax (0.066 × line 17) 18				
19. Less tax credits available at end of quarter 19				
20. Net annualized tax (use to figure line 12) 20				

Part III – Interest on Underpayments. (See instructions below.)

21. Amount of underpayment for each quarter. If you met an exception, enter -0-. If not, enter amount from Part I, line 9	21	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
22a. Date estimated payment was due	22a				
22b. Date underpayment amount was paid or the due date of the return, whichever is earlier	22b				
23. Number of full months between dates on line 22a and 22b	23				
24. Number of days in a partial month between dates on line 22a and 22b	24				
25. Number of full months on line 23 × monthly interest rates × line 21	25				
26. Number of days on line 24 × daily interest rates × line 21	26				
27. Interest due (line 25 plus line 26)	27	a.	b.	c.	d.
28. Total interest due (add line 27, columns a, b, c, and d)	28				

Enter the amount from line 28 above on the “interest on underpayment of estimated tax” line of Form 20, Form 20-I, Form 20-S, or Form 20-INS. Attach this form to your return and check the appropriate box at the top of your return to indicate “Form 37 is attached.”

FORM 37 INSTRUCTIONS

If your tax on the prior year’s return was not over \$10, interest on any underpayment will not be imposed. (This exception does not apply to high-income taxpayers.) High-income taxpayers may use Exception 2 for their first quarter only (see below).

A “**high-income taxpayer**” is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Line 11—Exception 2. You qualify to use this exception if the prior year’s return (1) covers a period of 12 months and (2) shows a liability.

You meet this exception if the current year’s tax you paid (Part I, line 7) is equal to or more than the amount of net income tax reported on your prior year’s tax return. Each quarterly installment must be paid on or before its due date. If you are not a high income taxpayer and paid estimated tax during the first quarter equal to or greater than the net tax for the prior tax year, you qualify for exception two for the entire year and owe no interest on underpayment of estimated tax.

High income taxpayer. This exception only applies to the first installment payment of a high income taxpayer. If you meet this exception, any reduction to the first installment payment due to this exception **must** be added to the second installment payment.

The reduction amount is the lower of the actual underpayment on line 9 in the first quarter column, or the difference between the amount on line 11 and the next lowest exception amount in the first installment column. Add the reduction from the first quarter to the amount on line 3 and the lowest amount on line 10, 12, or 13 in the column for the second quarter.

Line 13—Exception 4. This applies to taxpayers with recurring seasonal income. The taxpayer must pay, by each installment due date, an amount equal to 100 percent of the amount by applying Section 6655(e)(3)(C) of the Internal Revenue Code (IRC) to Oregon taxable income. For information about computing seasonal income, definitions, and special rules, see IRC 6655(e). Attach a schedule of your computation.

Line 14—Annualization periods. If you did not elect to use the optional annualization periods for federal purposes allowable under section 6655(e)(2)(C) of the Internal Revenue Code, you must use the standard Oregon annualization periods provided in ORS 314.525(2)(c)(A). If you elected to use the optional annualization periods for federal purposes, you must use the same annualization periods for Oregon.

Months in Annualization Periods

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Standard Oregon Periods	3	3 or 5	6 or 8	9 or 11
Federal Option #1	2	4	7	10
Federal Option #2	3	5	8	11

Line 16—Annualization factors. The annualization factor is based on the number of months in the annualization period.

Annualization Factor

Number of Months	2	3	4	5	6	7	8	9	10	11
Annualization Factor	6	4	3	2.4	2	1.714	1.5	1.333	1.2	1.091

Lines 23 and 24—How to figure the number of months and days. Interest periods generally begin on the 16th day of the month the return is due. Interest is figured daily for periods of less than one month. Example:

September 16 to February 15 = 5 months
February 16 to March 9 = 22 days

Lines 25 and 26—How to figure interest. Interest is computed on the underpayment amount from Part III, line 21. Interest rates may change once a calendar year. The chart below shows the interest rates and effective dates.

Interest Rates			
For Periods Beginning	Annual	Monthly	Daily
January 1, 1999	9%	0.7500%	0.0247%
January 1, 2001	10%	0.8333%	0.0274%
February 1, 2002	8%	0.6667%	0.0219%
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Attach this form to your return if you owe interest or meet an exception and check the box at the top of your return by Form 37

Insurance Excise Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

General information

Foreign insurers are subject to the retaliatory tax and the excise tax. The **retaliatory** tax is paid to the Insurance Division of the Oregon Department of Consumer and Business Services. The **excise** tax is paid to the Oregon Department of Revenue.

All **foreign and domestic insurance companies**, including home warranty companies (but not title insurers), that are required to file an excise tax return (see filing requirements) must file **Form 20-INS** with the Department of Revenue.

Title insurers file **Form 20** instead of Form 20-INS. Title insurers begin with federal taxable income, make the same additions and subtractions that non-insurance corporations make, and apportion using property, payroll, and sales factors.

Reinsurance premiums. Insurance companies may include (if permitted by the department) or the department may require the inclusion of reinsurance premiums in the insurance sales factor. See insurance sales factor, **Schedule AP** instructions.

Filing requirements

Insurance companies must file an *Oregon Insurance Excise Tax Return* if they are doing business in Oregon. Insurance companies with agents in this state whose only activity is solicitation are also subject to the excise tax.

Companies registered with the Insurance Division to do business in Oregon but not actually doing business during the tax year are **not** required to file an Oregon Form 20-INS and are not subject to the minimum tax.

Companies having income from an Oregon source, such as premiums from existing policy holders, must file Form 20-INS.

All insurance companies are required to file an insurance excise tax return on a **calendar year basis**.

Oregon Form 20-INS filers are subject to a **\$10 minimum tax**.

Exempt. Surplus lines insurance companies and fraternal benefit societies, if exempt under IRC 501(c)(8), are not subject to the excise tax.

Consolidated returns

Unitary domestic insurance companies (incorporated in Oregon) not controlled by foreign insurers incorporated outside of Oregon must file consolidated returns if they were included in consolidated federal returns. An inter-insurance and reciprocal exchange and its attorney-in-fact may file consolidated returns. Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a **separate basis**.

When is my return due?

Returns for the calendar year are due on or before April 15. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

Oregon won't charge a **late filing penalty** if the return is filed by the Oregon due date, including extensions. But interest and a 5 percent **late payment penalty** are charged if the tax is not paid in full by the due date.

Extension of time for filing

If you need more time to file both your federal and Oregon returns:

Oregon accepts the extension you have for your federal tax return.

If you need an extension of time to file for Oregon only:

- Attach a copy of federal extension Form 7004 to your Oregon return when you file.
- Write "For Oregon only" at the top of the form.
- Enter the information for question 1, and leave questions 2 through 6 blank.
- **Do not** send the federal Form 7004 to the department before you file your Oregon return.

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Form 20-V	13

If you're filing an extension

- Please use Form 20-V when paying tax due.
- Form 20-V is available in this booklet and on our Web site at www.oregon.gov/DOR.
- Make check payable to "Oregon Department of Revenue."
- **Do not** send a copy of your return or federal extension with your payment.
- Mail any tax due on or before the original due date of your return to avoid penalty and interest. **More time to file does not mean more time to pay your tax!**
- Mail your Form 20-V to: Oregon Department of Revenue, PO Box 14780, Salem OR 97309-0469.

When you file your return

- Attach a copy of your extension to the **back** of your Oregon return behind Schedule AP.
- Check the box on your return indicating "an extension is attached."
- Include the amount of tax paid with Form 20-V on your return, Form 20-INS, line 33.

Federal and Insurance Division audit changes

If the IRS changes your federal return or the Insurance Division changes your Fire Marshal tax, retaliatory tax, or transitional tax for any tax year and the change affects your computation of Oregon excise tax, you must notify the Oregon Department of Revenue, file an amended Oregon return, and attach a copy of the federal or Insurance Division audit report. Mail this separately from your current year's return to: Oregon Department of Revenue, PO Box 14777, Salem OR 97309-0960. If you do not amend or send a copy of the federal or state audit report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS or Insurance Division to issue a deficiency notice. You **must** file within two years after the date of the federal or state audit report to receive a refund.

Amended returns

If you amend your federal return or your annual statement and the change affects your computation of Oregon excise tax, you must file an amended Oregon return within 90 days. Attach a copy of the amended federal return to your amended Oregon return and explain the adjustments made. File an amended return using the form for the year of the original return and check the box indicating "This is an amended return."

On the line for estimated tax payments, enter the net excise tax from the original return. Add or subtract prior tax adjustments to your original return.

Do not amend your Oregon return if you amend your federal return to carry a **net operating loss back** to prior years. Oregon allows corporations to carry losses forward, but not back. See the instructions for line 21.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department. Otherwise, you may be charged a 5 percent late payment penalty.

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the box indicating "This is an amended return" and write the words "Protective Claim for Refund" at the top in blue ink. We will hold your protective claim until you notify us the litigation has been completed.

Form 20-INS instructions

Heading

Please type or legibly print your corporation's name, address, federal employer identification number (FEIN), and Oregon business identification number (BIN).

Oregon business identification number. Each corporation is now identified by a BIN assigned by the department. You may have already been assigned a BIN if payroll taxes, workers' compensation, or unemployment payments are made to the State of Oregon. If you do not have an Oregon BIN, one will be assigned when your return is received. If you do not know your Oregon BIN, an officer of the corporation may contact the Department of Revenue (see "Taxpayer assistance").

Questions

Answer questions A through K. Furnish additional information where necessary.

Foreign insurers and domestic insurers controlled by foreign insurers are not allowed to file consolidated returns and *should omit questions E and F*.

Question E(1). If the answer is **YES**, attach a list of the corporations included in your consolidated federal return.

Question E(2). If the answer is **YES**, complete Schedule AF, Schedule of Affiliates, by listing the corporations included in your consolidated **Oregon** return that:

- Are "doing business" in Oregon, **or**
- Have income from Oregon sources.

Question E(3). If the answer is **YES**, attach a list of corporations included in your consolidated federal return that are not included in this Oregon return. List each corporation's name, Oregon BIN (if any), and FEIN.

Question F. A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Question K. If you are subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 3d, column (A). If you are not subject to

apportionment, compute your Oregon sales as if you were subject to apportionment, using Schedule AP-1, lines 3a through 3d, column (A). See the instructions for the insurance sales factor.

Line instructions

Life, accident, and health companies will be identified as "Life." Fire, property, and casualty companies will be identified as "P&C."

Our forms have changed. Please round all dollar amounts to the nearest whole dollar.

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

Income

Line 2. Income, expenses, and other items attributable to separate accounts. From page 4, lines 5 and 8.1 of the annual statement for life companies.

Line 5. Underwriting profit derived from wet marine and transportation insurance. From page IEE-5, lines 8 and 9, column 41, of the P&C annual statement.

Additions

Line 8. Federal income taxes. Add the amount of federal income taxes deducted in computing net income from operations. If a net refund of federal tax is shown on the annual statement (due to an excess of refund for a prior year over current year net tax), enter a negative figure.

Life companies— Annual statement, amount included on page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included on page 4, line 34.

P&C companies—Use tax on ordinary income from the annual statement, included on page 4, line 19.

Line 9. State income taxes (all jurisdictions). Include only the amount of state income taxes included in the following amounts on the annual statement.

Life companies— Annual statement, included on page 11, exhibit 3, lines 4 and 6.

P&C companies—Annual statement, included on page 11, lines 20.1 and 20.4.

Line 10. Penalty interest on prepayment of loans. Add any amounts not already included in the computation of net income on the annual statement.

Line 11. Realized gains and losses. Add realized gains and losses on sales or exchanges of assets, including non-admitted assets, that were not included in net income from operations. Enter net realized losses as a negative amount.

Line 12. Decreases in certain reserves. These are changes that have not been included in the computation of net income from operations. Add **decreases in mandatory reserves** that the insurer is required to maintain by law or by rules or directives of the director of the Department of Consumer and Business Services, **other than** decreases that (a) are deducted in arriving at the insurer's net gain from operations, or (b) result from net gains or losses, realized or unrealized, in the value of the insurer's property and investments.

Life companies— Annual statement, page 4, line 44.

Also add **decreases in reserves for policies and obligations outstanding** before the beginning of the taxable year resulting from changes in the basis and methods of computing such reserves that are justified by accounting and actuarial practices applicable to or accepted by the insurance industry. Such practices are commonly known as "reserve strengthening" or "reserve weakening."

Life companies— Annual statement, page 4, line 43.

P&C companies—Annual statement, page 4, line 36.

Subtractions

Line 15. Amortization of past service credits. Subtract the amortized portion of contribution for past service credits made to qualified plans and exempt employee trusts. The subtraction is for amounts not deducted in the computation of net gain from operations in the annual statement. There is no explicit item in the annual statement.

P&C and Life companies— See note(s) in the NAIC annual statement about retirement plans.

Line 16. Increases in certain reserves. Subtract increases in reserves described in the instructions for additions on line 12.

Line 17. Depreciation. Subtract, if you so elect for Oregon excise tax purposes, additional or accelerated depreciation on real and personal property that is in excess of the depreciation used in computing net gain from operations. You may elect to use any accelerated depreciation method allowable for federal corporation income tax purposes.

Line 21. Net loss deduction. A net loss is the aggregate amount of Oregon net losses computed on prior years' excise tax returns that have not been previously deducted.

Oregon does not allow net losses to be carried back. Domestic Oregon insurers may carry net losses occurring in tax years starting on or after January 1, 1987 forward, up to 15 years. Foreign insurers may carry net losses occurring in tax years starting on or after January 1, 1997 forward, up to 15 years.

The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in OAR 150-317.476(4).

If you are taxable both in Oregon and another state, do not complete line 21. Any net losses assigned to Oregon during the preceding taxable years (and not previously deducted) must be entered on **Schedule AP-2**, line 8.

Line 22. Oregon taxable income. If you are apportioning income to Oregon, enter the amount from **Schedule AP-2**, line 9.

Line 23. Excise tax. The tax is 6.6 percent of Oregon taxable income. The minimum tax is \$10. Only one \$10 minimum tax payment is required on a consolidated return of domestic insurers.

Line 24. Tax adjustment for interest on certain installment sales. If you owe interest on deferred tax liabilities with respect to an installment obligation under ORS 314.302, indicate the amount on line 24. Attach a schedule showing how you figured the interest.

Credits

Credits against the excise tax **must** be claimed in the following order: other credits, workers' compensation credit, and fire insurance premiums tax credit. These credits are subtracted from the excise tax. The remaining tax is then reduced by the Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

Taxpayers must take the full amount of a credit allowed per year. For more information, see the information circular *Tax Credits for Corporations* (150-102-694) at www.oregon.gov/DOR.

Line 26. Other credits. The following credits and others are explained in the information circular *Tax Credits for Corporations* (150-102-694).

- Advanced telecommunication facilities (ORS 315.511).
- Alternative fuel vehicle fueling station (ORS 317.115).
- Bone marrow donor expense (ORS 315.604).
- Claim of right (ORS 315.068).
- Contribution of computers for scientific equipment or research (ORS 317.151).
- Crop donation (ORS 315.156).
- Dependent care (form 150-102-032) (ORS 315.204).
- Dependent care facilities (ORS 315.208).
- Electronic commerce in designated enterprise zone (ORS 315.507).
- Employee and dependent scholarship program payments (ORS 315.237).
- Energy Conservation Facilities (ORS 315.354, 315.356, 496.185).
- Farmworker housing project investment (ORS 315.164, 315.167, 315.169).
- First Break program (ORS 315.259).
- Fish habitat improvement (ORS 315.134).
- Fish screening devices (ORS 315.138).
- Individual development accounts (ORS 315.271).
- Insurance (ORS 317.122, 734.835).
- Lenders credit (ORS 317.097, 317.112, 317.147).
- Long-term care insurance (ORS 315.610).
- Long-term enterprise zone facilities (ORS 317.124).
- On-farm processing facilities (ORS 315.304).
- Pollution control facilities (ORS 315.304).
- Qualified research activities (form 150-102-128) (ORS 317.152, 317.153, 317.154).

- Reclaimed plastics recycling (ORS 315.324).
- Reforestation (ORS 315.104, 315.106).
- Reservation enterprise zone (ORS 285C.309).
- Trust for cultural development account (ORS 315.675).
- Voluntary removal of riparian land from farm production (ORS 315.113).
- Youth apprenticeship sponsorship (ORS 315.254).

Line 27. Workers' compensation credit. Insurance companies that write workers' compensation insurance receive a credit against the excise tax. The credit is the lesser of the workers' compensation premium assessment or the excise tax on the profit attributable to the workers' compensation line of business (ORS 317.122). For information on calculating this credit, see the worksheet form *Workers' Compensation Insurance Tax Credit* (150-102-044). See "Taxpayer assistance" to order the form or go to our Web site at www.oregon.gov/DOR.

Line 28. Fire insurance gross premiums tax credit. Insurance companies that write fire insurance premiums receive a credit against the excise tax for the tax paid to the Insurance Division (ORS 317.122). The credit is for the amount of tax paid to the Insurance Division based on fire insurance premiums paid during the tax year. Enter a credit on your 2004 **Form 20-INS** for the amount of tax shown on your 2004 State Fire Marshal tax return, part 1, line 10, filed with the Insurance Division.

Line 31. Guaranty association assessment offset. Credits can be claimed for the assessments paid to the Oregon Life and Health Insurance Guaranty Association (OLHIGA). The assessments can be offset at a rate of 20 percent of the amount paid in each of the five calendar years following the year in which the assessment was paid. See ORS 734.835.

Line 36. Penalties. Include a penalty payment if you:

- Mail your tax due after the original due date (even if you have an extension).
- File your excise tax return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you **file more than three months** after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax. If you do not file returns for three consecutive years by the due date of the third year's return, including extensions, you must pay a 100 percent penalty on the tax liability for each tax year.

Line 37. Interest. If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file.

For more information, see publication, *Interest on Tax You Owe: Computation*, www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency, **and**
- The assessment is not paid within 60 days after the notice of assessment is issued, **and**
- You have not filed a timely appeal.

Line 38. Interest on underpayment of estimated tax. You have an underpayment if you paid less than 100 percent of the tax due on each estimated tax payment due date. Interest on underpayment will not be imposed if net excise tax after credits, line 34, is less than \$500 on your 2004 return. If you have an underpayment, you must file **Form 37**, *Underpayment of Oregon Corporation Estimated Taxes*. Form 37 and instructions are on our Web site at www.oregon.gov/DOR.

Use **Form 37** to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; **or**
- Show that you meet an exception to the payment of interest.

Attach Form 37 to your return and check the "Form 37 is attached" box.

Line 40. Total due. Attach your check or money order to your return. Make your check or money order payable to the "Oregon Department of Revenue." Do not send cash or post-dated checks. Please use blue or black ink. Please include the following information on your check:

- Oregon business identification number (BIN).
- Federal employer identification number (FEIN).
- "2004 Excise Tax."

Special instructions. Do you owe penalty or interest and have an overpayment on line 35? If your overpayment is less than total penalty and interest, fill in the result of line 39 minus line 35, on line 40.

Schedule ES

Estimated tax payment instructions

Estimated tax paid for the 2004 tax year. Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form 20-V. Also include any refund applied from your 2003 tax return or an Oregon amended return.

Consolidated return filers. Identify each estimated tax payment made to Oregon by each affiliate. Attach a schedule showing the name, federal employer identification number (FEIN), Oregon business identification number (BIN), date of payment, and the amount paid for correct application of your estimated payments.

Electronic funds transfer (EFT). You must make your Oregon estimated tax payments by EFT if you are required to make your federal estimated tax payments by EFT.

Payments for corporation estimated taxes may be made using Revenue's electronic funds transfer (EFT) program. This program allows payments to be initiated via a touch-tone telephone, a secure Internet site, or through your financial institution.

A business is required to have an authorization agreement filed with the department before they start initiating EFT payments. Information and authorization agreements are available on the Internet at: www.oregon.gov/DOR, or by calling the EFT Help/Message line at 503-947-2017.

The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement (OAR 150-314.518).

Voluntary participation. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

Schedule AP

Schedule AP-1—Apportionment formula

Real estate income and interest factor

Real estate income

- Life companies— Annual statement, page E-01, schedule A, part 1, column 15 minus column 16, and page E-03, column 15 minus column 16.
- P&C companies— Annual statement, pages E-01 and E-03, column 15 minus column 16, and part 3, column 15 minus column 16.

If you have income from a joint venture, partnership, or LLC, include real estate income and interest included on:

Life companies— Annual statement, page 8, exhibit of net investment income, line 8, column 1 of the Net Investment Income schedule.

P&C companies—Annual statement, page 12, exhibit of net investment income, line 8, column 1 of the Underwriting and Investment Exhibit.

Interest

Life companies— Annual statement, page 8, exhibit of net investment income, line 3, column 1.

P&C companies—Annual statement, page 12, exhibit of net investment income, line 3, column 1.

Wage and commission factor

Enter wage and commission amounts from the annual statement.

Insurance sales factor

Use total premiums written including Oregon premiums written.

Life companies— Annual statement, page 62, schedule T, lines 38 and 99. Insurance premiums include life insurance in column 2, annuity considerations in column 3, and accident and health insurance premiums in column 4.

P&C companies—Annual statement, page 104, schedule T, lines 38 and 58, column 2. Finance and service charges are included in the apportionment factor for premiums.

ORS 317.660 provides that the insurance sales factor does not include reinsurance accepted and there is no deduction of reinsurance ceded. If the exclusion of reinsurance premiums results in an apportionment formula that does not fairly represent the extent of the insurance company's activity in Oregon, you may include reinsurance premiums in the insurance sales factor. You **must** request and receive permission from the Oregon Department of Revenue to include these premiums in the insurance factor **before** you file your return. Send your request to the **Oregon Department of Revenue, 955 Center Street NE, Salem OR 97301-2555.**

Line 5. Oregon apportionment percentage. The Oregon apportionment is arrived at by averaging the above three factors.

Schedule AP-2—Computation of taxable income

Line 2. Subtract: Gains from prior year installment sales included in line 1. OAR 150-314.615-(G) requires that installment gains be apportioned to Oregon using the average percent from the year of the sale rather than the year payment is received.

Line 6. Add: Gains from prior year installment sales apportioned to Oregon. Multiply the installment gains subtracted on line 2 by the average percent from the year of the sale.

Schedule AF

Schedule of Affiliates instructions

If you file a consolidated Oregon return per the instructions on page 1 and have more than one affiliate doing business in Oregon or with Oregon source income, you **must** complete **Schedule AF** and submit it with your Oregon return.

List on **Schedule AF** each corporation's name, Oregon business identification number (if known), federal employer identification number, and date each affiliate became part of, or left, the unitary group during the tax year.

List those affiliates that are doing business in Oregon, or with Oregon source income that are included in the Oregon consolidated return.

If you need more room, please make copies of the form as needed.

Taxpayer assistance

Printed information (free)

Most forms and publications are available on our Web site. You can also order by telephone or return the form below.

Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Dependent Care Credits for Employers* 150-102-032
- Form 20-V, Corporation Tax Payment Coupon* 150-102-172
- Lender's Credit* 150-102-125
- Long-Term Enterprise Zone Facilities* 150-102-043
- Tax Information Authorization and Power of Attorney for Representation* 150-800-005

Information circulars and brochures

- Audits: What to Do if You Are Audited* 150-101-607
- Information for Tax-Exempt Organizations* 150-102-617
- Limited Liability Companies, Limited Liability Partnerships* 150-101-613
- Political Organizations* 150-102-663
- Tax Credits for Corporations* 150-102-694
- What You Need to Know About Corporation Excise and Income Tax* 150-102-401
- Your Rights as an Oregon Taxpayer* 150-800-406

List of other printed information:
Form and Publication Order 150-800-390

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

Please print

Name _____

Address _____

City _____

State _____ ZIP Code _____

Internet

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 BIN or FEIN and a daytime telephone number for faster service.

E-mail: corp.help.dor@state.or.us

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.



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.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary. Closed on holidays.

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.

Form
20-INS
(200)

**OREGON
INSURANCE
EXCISE TAX
RETURN**

2004
Calendar Year

For office use only		
Date received		
Payment		
1	2	3

SHORT YEAR ONLY Mo / Day / Year Mo / Day / Year
 • Beginning: / / 04 • Ending: / / 04

If you filed a return in 2003, indicate if you had a: Name change Address change

Name				Federal employer identification number (FEIN)		
				Oregon business identification number (BIN)		
Mailing address				<input type="checkbox"/> An extension is attached <input type="checkbox"/> Form 37 is attached <input type="checkbox"/> This is an amended return		
City	State	ZIP Code	Internet address			
Contact person			Telephone number ()			

Complete A through D only if this is your first return or the answer changed during 2004.

- A. Incorporated in _____ (state), on _____ (date)
- B. State of commercial domicile _____
- C. Date business activity began in Oregon _____
- D. Business Activity Code from federal return _____

If you answer yes to E, see instructions on page 2.

- E. (1) Was a consolidated federal return filed? Yes No
 (2) Is this a consolidated Oregon return? Yes No
 (3) Are corporations included in the consolidated federal return, but not in the Oregon return? Yes No
- F. Are you a high-income taxpayer? Yes No
- G. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire:

- H. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year: _____
 Send a copy of the IRS report or the amended return under separate cover, if not furnished previously.
- I. **First** return, indicate: New business, or Successor to previously existing business.
 Enter name, FEIN, and BIN of previous business:
 Name: _____
 FEIN: _____ BIN: _____
- J. **Final** return, indicate: Withdrawn, Dissolved, or Merged or reorganized.
 Enter name, FEIN, and BIN of merged or reorganized corporation:
 Name: _____
 FEIN: _____ BIN: _____
- K. If you did not complete Schedule AP, fill in the amount of your Oregon sales: \$ _____

Attach payment here **Round all amounts to the nearest whole dollar**

Net income from the Annual Statement to the Insurance Commissioner:	
1. Life, accident, and health companies (from page 4, line 35 of the annual statement)	1
2. Less: Income, expenses, and other items attributable to separate accounts (see page 3) ...	2
3. Subtotal (line 1 minus line 2)	3
4. Fire, property, and casualty companies (from page 4, line 20 of the annual statement) ...	4
5. Less: Underwriting profit derived from wet marine and transportation insurance (see page 3) ...	5
6. Subtotal (line 4 minus line 5)	6
7. Total (line 3 plus line 6)	7
ADDITIONS (see instructions)	
8. Federal income taxes deducted in arriving at line 7	8
9. State income taxes deducted in arriving at line 7	9
10. Penalty interest on prepayment of loans	10
11. Realized gains and losses on sales or exchanges by insurer of property excluded from line 7 ...	11
12. Decreases in certain reserves	12
13. Total additions (add lines 8 through 12)	13
14. Income after additions (line 7 plus line 13)	14
SUBTRACTIONS (see instructions)	
15. Amortization of past service credits	15
16. Increases in certain reserves	16
17. Depreciation in excess of annual statement allowance	17
18. Total subtractions (add lines 15 through 17)	18
19. Income before net loss deduction (line 14 minus line 18)	19

20. Income before net loss deduction—carried forward from page 1, line 19 20

If income is derived from sources both in Oregon and other states, carry amount on line 20 to Schedule AP-2, line 1, and skip line 21 below. Please complete both Schedule AP-1 and Schedule AP-2.

21. Net loss deduction. **Attach schedule** (see instructions) 21

22. Oregon taxable income (line 20 minus line 21 or amount from Schedule AP-2, line 9) 22

23. Excise tax (6.6 percent of line 22) (**not less than the minimum tax**) 23

24. Tax adjustment for interest on certain installment sales 24

25. Total tax (line 23 plus line 24) 25

CREDITS [see circular *Tax Credits for Corporations* (150-102-694)]

26. Other credits 26

27. Workers' Compensation credit 27

28. Fire insurance gross premiums tax credit 28

29. Total (add lines 26 through 28) 29

30. Line 25 minus line 29 (not less than the minimum tax) 30

31. OLHIGA (Oregon Life and Health Insurance Guaranty Association) offset 31

32. Net excise tax* (line 30 minus line 31) (not less than the minimum tax) 32

33. Estimated tax payments for tax year 2004 (from Schedule ES below). **Include payments made with your extension** ... 33

34. **Tax Due.** Is line 32 more than line 33? If so, line 32 minus line 33 **Tax Due** 34

35. **Overpayment.** Is line 32 less than line 33? If so, line 33 minus line 32 **Overpayment** 35

36. Penalty due with this return (see instructions) 36

37. Interest due with this return (see instructions) 37

38. Interest on underpayment of estimated tax. Attach Form 37 (see instructions) 38

39. Total penalty and interest (add lines 36 through 38) 39

40. **Total due** (line 34 plus line 39) **Total Due** 40

41. **Refund** available (line 35 minus line 39) **Refund** 41

42. Amount of refund to be credited to 2005 estimated tax **2005 Credit** 42

43. **Net Refund** (line 41 minus line 42) **Net Refund** 43

*If the amount on line 32 above is \$500 or more, see the instructions for interest on underpayment of estimated tax.

SCHEDULE ES — ESTIMATED TAX PAYMENTS OR OTHER PREPAYMENTS (see instructions)

Voucher	Date of Payment			Amount Paid
	Month	Day	Year	
1. Voucher 1	1			1
2. Voucher 2	2			2
3. Voucher 3	3			3
4. Voucher 4	4			4
5. Overpayment of last year's tax elected as a credit against this year's tax				5
6. Payments made with extension or other prepayments for this tax year (date paid ____/____/____) ...				6
7. Total prepayments (carry to line 33 above)				7
8. Last year's net excise tax from 2003 Form 20-INS, line 34		8		

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	X _____ Signature of officer	_____ Date
	_____ Print name	
	_____ Title	
	X _____ Signature of preparer other than taxpayer	
	_____ Print name	
	_____ Address	

FILE THIS RETURN WITH THE OREGON DEPARTMENT OF REVENUE

Mail refund returns and no tax due returns to: Refund, PO Box 14777, Salem OR 97309-0960	Mail tax-to-pay returns to: Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470
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SCHEDULE AP – APPORTIONMENT OF INCOME for Form 20-INS (See instructions)

Describe the nature and location(s) of your Oregon business activities:

Location	Nature of Business Activity

SCHEDULE AP-1 – APPORTIONMENT FORMULA

	(A) Total Within Oregon	(B) Total Within and Without Oregon	(C) Percent Within Oregon (A ÷ B) × 100
1. Real Estate Income and Interest Factor			
a. Total net income received from real property (gross rental income less real estate expenses, property taxes, and depreciation)			
b. Interest received on loans secured by real property			
c. Total real estate income and interest	•	•	%
2. Wage and Commission Factor			
Wages, salaries, commissions, and other compensation to employees and insurance salespeople:			
a. Compensation of officers			
b. Other wages, salaries, and commissions			
c. Total wages and salaries	•	•	%
3. Insurance Sales Factor			
a. Direct premiums (see instructions)			
b. Annuity considerations			
c. Finance and service charges			
d. Total insurance sales	•	•	%
4. Total percent (add lines 1c, 2c, and 3d, column C)			%
5. Oregon apportionment percentage (average of the above three factors) (enter on Schedule AP-2, line 4) [compute percent to 4 decimal places (e.g., 12.34558 should be 12.3456%)]			• _____ %

SCHEDULE AP-2 – COMPUTATION OF TAXABLE INCOME

1. Net income from business both in Oregon and other states (from Form 20-INS, line 20)	1	
2. Subtract: Gains from prior year installment sales included in line 1. Attach schedule (see instructions) ...	2	
3. Total net income subject to apportionment (line 1 minus line 2)	3	
4. Oregon apportionment percentage (from Schedule AP-1, line 5)	4	× _____ %
5. Income apportioned to Oregon (line 3 times line 4)	5	
6. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule (see instructions) ...	6	
7. Total (line 5 plus line 6)	7	
8. Subtract: Oregon apportioned net loss from prior years (see Form 20-INS, line 21 instructions)	8	
9. Oregon taxable income (line 7 minus line 8) (carry to Form 20-INS, line 22)	9	

SCHEDULE AF — SCHEDULE OF AFFILIATES for Form 20-INS

Domestic insurers, inter-insurance, and reciprocal exchanges. Use this schedule to list those affiliates doing business in Oregon that are included in the consolidated return. **(DO NOT INCLUDE** the name shown on the heading of this return.) Use a copy of this schedule to list additional affiliates, if necessary, and attach it directly behind this page.

Business Identification Number and Federal Employer Identification Number	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, please indicate date affiliate left group
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•
• <u> </u> BIN FEIN		•	•

S Corporation Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

New information

Apportionment (ORS 314.650, 314.280)

For tax years beginning on or after May 1, 2003, and before July 1, 2006, business income is apportioned to Oregon using a multiplier equal to 80 percent of the sales factor, plus 10 percent of the property factor, plus 10 percent of the payroll factor.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income from business activity using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition). This election may be revoked later. See OAR 150-314.280(3) for instructions on making the election or revocation.

There are new schedules for computing Oregon apportionment percentage. See Schedule AP instructions.

Credits

Voluntary removal of riparian land from farm production credit (ORS 315.113). A credit is allowed for 75 percent of the market value of crops foregone when riparian land is voluntarily taken out of farm production in tax years beginning on or after January 1, 2004.

Child Care Division contributions and community agency contributions (ORS 315.213). If you claim the credit for Oregon and you also claimed a deduction on the federal return, you must add the amount of credit claimed to your Oregon taxable income for tax years beginning on or after January 1, 2004.

New form

Form 20-V, Oregon Corporation Tax Payment Voucher. Use Form 20-V to make income and excise tax payments to Oregon. Form 20-V replaces the previous Form 20-EXT and Form 20ES coupons. The new Form 20-V is available in software programs, on our Web site, and upon request. To order, see "Taxpayer assistance."

Form changes

- **Form 37.** The instructions for high-income taxpayers have been revised.
- **Rounding cents to the nearest whole dollar.** Please round all amounts to the nearest whole dollar. You will no longer enter cents on your return. Drop amounts less than 50 cents, and increase amounts from 50 to 99 cents to the next dollar.

Looking ahead . . .

Credits

Film production development contribution credit (ORS 315.514). A credit is allowed for contributions to the Oregon Production Investment Fund that are certified by the Oregon Film and Video Office. Contributions must be made in tax years beginning on or after January 1, 2005. Credits may be claimed in tax years beginning on or after January 1, 2005.

Diesel engine replacement tax credit (notes following ORS 315.356). A credit taken between \$400 and \$925 per truck engine purchased is allowed on diesel engines certified by the federal Environmental Protection Agency. Qualifying engines must be purchased in calendar years 2004, 2005, 2006, or 2007. Certificates of credit approval may not be issued after December 31, 2007. The credit may be claimed in tax years beginning on or after January 1, 2005.

Mile-based or time-based motor vehicle insurance (notes following ORS 317.122). A \$100 credit is allowed for each vehicle insured under a policy that is at least 70 percent based on a mile-based or time-based rating plan. The credit may not exceed \$300 for each policy. The credit may be claimed in tax years beginning on or after January 1, 2005 and before January 1, 2010.

Farmworker housing tax credit (notes following ORS 315.164). A taxpayer who is eligible to claim a farmworker

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Checklist of forms and schedules (* indicates form is included in this booklet)

For forms not included in this booklet, go to our Web site at www.oregon.gov/DOR

Form number	Who must file
Form 20	Every corporation (except S corporations and insurance companies) doing business in Oregon.
Form 20-I	Every corporation (except S corporations and insurance companies) with income from an Oregon source, but not doing business in Oregon. Every Real Estate Mortgage Investment Conduit (REMIC) required to file.
Form 20-INS	Every insurance company doing business in Oregon.
*Form 20-S	Every S corporation doing business in Oregon or with income from an Oregon source.
*Form 20-V	Every corporation that needs to make a payment.
*Form 37	Every corporation with an underpayment of estimated tax or meeting an exception.
*Schedule AF	Every corporation doing business in Oregon with affiliates.
*Schedule AP	Every corporation apportioning income.
Federal Form 1120S or 1120-A**	Every corporation required to file. (**In general, Oregon's computation of corporation taxable income begins with federal taxable income, with certain modifications. See line instructions for modifications.)

housing tax credit may transfer the credit to another taxpayer for tax years beginning on or after January 1, 2005.

Qualified research activities credit (notes following ORS 317.152). The maximum amount of the credit that may be claimed per business is increased from \$500,000 to \$750,000 for tax years beginning on or after January 1, 2006.

Apportionment

For tax years beginning on or after July 1, 2006, and before July 1, 2008, business income is apportioned to Oregon by the total of five percent of the property factor, plus five percent of the payroll factor, plus 90 percent of the sales factor.

A taxpayer in the forest products industry is required to use the double-weighted sales factor formula as provided in ORS 314.650 (Note 1). This applies to all tax years beginning after July 1, 2006.

A utility or telecommunications taxpayer may elect to use the double-weighted sales factor formula as provided in ORS 314.280.

For tax years beginning on or after July 1, 2008, business income is apportioned to Oregon by 100 percent of the sales factor. As previously stated, the election for utility or telecommunications corporations, and the requirement for a forest products industries corporation to use the double-weighted sales factor formula continues to apply.

2004 Filing information

Who must file with Oregon?

S corporations that are **doing business** in Oregon are required to file an *Oregon S corporation Tax Return* (Form 20-S) and pay a \$10 minimum excise tax.

S corporations that have **income from Oregon** but are not doing business in Oregon are required to file an *Oregon S corporation Tax Return* (Form 20-S) and are not subject to a minimum tax.

Important information

For processing your return

- Please use blue or black ink to prepare your return. Equipment used to scan documents cannot read certain types and colors of ink, especially gel pens and red ink.
- **Payments.** Please include the following information on your payments:
 - Federal employer identification number (FEIN).
 - Oregon business identification number (BIN). If you do not have a BIN, one will be assigned when your return is filed.
 - The tax year that your payment is for.
 - Type of tax your payment is for: excise or income.
- Enclose your payment and payment voucher with your Oregon return.
- **Form 20-V payment voucher.** When filing, please include a completed Form 20-V with your tax payment included with your tax return.
- **Estimated payments.** Please identify all estimated payments claimed by completing Schedule ES on your return. Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.
- **Oregon business identification number.** Each corporation is identified by a business identification number (BIN) assigned by the department. You have a BIN if you have made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for S corporation, excise, or income tax payments. The BIN is located on the upper right corner of the payroll tax payment coupon. **If you do not have a BIN, one will be assigned when your return is received.**

On the Internet

Refer to our Web site, www.oregon.gov/DOR, for helpful information about the Corporation Tax program.

How to assemble your Oregon tax return

Put your tax return in the following order before mailing:

1. Oregon Form 20-S.
2. Schedule AP, Apportionment of Income.
3. Schedule AF, Schedule of Affiliates.
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax*.
5. Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
6. Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.
7. Federal Extension, Form 7004.
8. Copy of federal tax return and schedules.

General information

Changes to taxable income. Oregon tax law generally is tied to the federal tax law as amended and in effect on December 31, 2002 with exceptions provided in ORS 314.011, including depreciation and expensing of depreciable assets.

Oregon follows the federal provisions and tax treatment for S corporations owning qualified subchapter S subsidiaries (QSSS).

Consolidated returns. S corporations cannot be included in consolidated federal returns. IRC 1361(b) provides that a corporation that is a QSSS is not treated as a separate corporation. All income, deductions, and credits of the QSSS will be treated as belonging to the parent S corporation.

Filing requirements

File **Form 20-S**, *Oregon S Corporation Tax Return*, if your corporation files federal Form 1120S and meets the excise tax or income tax filing requirements.

Check the appropriate box on Form 20-S to indicate whether this return is an **excise** or an **income** tax return.

Excise tax filing requirements

S corporations doing business in Oregon must file Form 20-S under the **excise** tax provisions in ORS Chapter 317.

“Doing business” means being engaged in any profit-seeking activity in Oregon not protected by Federal Public Law 86-272. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.
- “Doing business” also includes providing services to customers as the primary business activity or incidental to the sale of tangible or intangible personal property.

Excise tax filers with business activity in Oregon are subject to a **\$10 minimum tax**.

Corporations with **no business activity** in Oregon, even if registered to do business in the state, are **not** subject to the \$10 minimum tax and are not required to file a return. You may be subject to Oregon corporation income tax if you have income from an Oregon source.

If the S corporation has an **Oregon address**, generally the S corporation will file and pay excise tax.

Income tax filing requirements

S corporations that derive income from sources within Oregon, but whose income producing activity does not actually constitute “doing business” must file Form 20-S under the **income** tax provisions in ORS Chapter 318.

Income is from an Oregon source if it is derived from:

- Tangible or intangible property located in Oregon.
- Any activity carried on in Oregon, whether intrastate, interstate, or foreign commerce.

Income tax filers **are not** subject to a minimum tax.

When you file your first Oregon S corporation return, attach a copy of your federal S corporation election, federal Form 2553. Oregon accepts the S Corp election made for federal purposes.

Shareholder individual income tax returns

Shareholders who meet the Oregon filing requirements must file an individual income tax return. Refer to the Oregon full-year resident and the nonresident/part-year resident tax booklets.

Full-year residents file Form 40, part-year residents file Form 40P and nonresidents file Form 40N. Nonresident shareholders may choose to file an individual nonresident tax return or join with other nonresident shareholders in filing a multiple nonresident tax return, Form 40N with Schedule MNR.

Resident shareholders are taxed on their pro rata share of S corporation income, loss, and deductions from the federal K-1s. Those amounts are modified by Oregon additions and subtractions.

Nonresident shareholders are taxed on their share of modified income from the Federal K-1s multiplied by the S corporation’s apportionment percentage from **Schedule AP-1**. See ORS 314.734.

An S corporation’s business tax credits can be claimed on the personal income tax return of its shareholders if the same credit is allowable for individuals. See ORS 314.752 and OAR 150-314.752. The credit is allowable for the tax year of the individual, in which the S corporation’s tax year ends. Each shareholder is allowed their pro rata share of the tax credit subject to any limitations that may apply to the individual shareholder.

Multiple Nonresident Income Tax returns are filed by two or more nonresident shareholders. To be included in the multiple nonresident return, **all** the following conditions must be met:

- The shareholder must be an individual or electing small business trust (ESBT). Shareholders that are estates, trusts (other than ESBTs), partnerships, LLCs, LLPs, or S corporations cannot be included in the multiple nonresident filing; and
- The shareholder must be a full-year nonresident of Oregon; and
- The shareholder must have no other Oregon source income.

Multiple Nonresident Income Tax return instructions are available to explain:

- Allowed deductions;
- Allowed credits;
- Estimated tax payments;
- Due date;
- Additional information.

Multiple Nonresident Income Tax return instructions with Schedule MNR are available on our Web page or see “Taxpayer assistance.”

When is my return due?

Returns for the calendar year are due on or before April 15. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. Returns for other tax periods are due on or before the 15th day of the month following the due date of the federal return. **Do not file your return before the end of your tax year.**

Oregon will not charge a **late filing penalty** if the return is filed by the Oregon due date, including extensions. Interest and a 5 percent **late payment penalty** are charged if the tax is not paid by the due date.

Extension of time for filing

If you need more time to file both your federal and Oregon returns:

Oregon accepts the extension you have for your federal tax return.

If you need an extension of time to file for Oregon only:

- Attach a copy of Federal extension Form 7004 to your Oregon return when you file.
- Write “For Oregon only” at the top of the form.
- Complete the information for question 1, and leave questions 2 through 6 blank on Form 7004.
- **Do not** send the federal Form 7004 to the department before you file your Oregon return.

If you’re making an extension payment

- Please use Form 20-V when making a payment.
- Mark the “2004 Extension” box when completing Form 20-V.

- Make check payable to “Oregon Department of Revenue.”
- **Do not** send a copy of your return or federal extension with your payment.
- Mail any tax due on or before the original due date of your return to avoid penalty and interest. **More time to file does not mean more time to pay your tax!**
- Mail your payment with Form 20-V to:
Oregon Department of Revenue
PO Box 14780
Salem OR 97309-0469
- Form 20-V is included with this booklet and also is available on our Web site at www.oregon.gov/DOR.

When you file your return

- Attach a copy of your extension to the **back** of your Oregon return. It should be the last item before the federal corporation return (see “How to assemble your return”).
- Check the box on your return indicating “**an extension is attached.**”
- Enter the amount of tax paid with your extension on Schedule ES, line 6.

Federal audit changes

If the IRS changes your federal net income for any tax year, you must notify the Oregon Department of Revenue. File an amended Oregon return and attach a copy of the federal audit report. Mail this separately from your current year’s return to: Oregon Department of Revenue, PO Box 14777, Salem OR 97309-0960. If you do not amend or send a copy of the federal report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS to issue a deficiency notice. You **must** file an amended return within two years after the date of the federal report to receive a refund.

Deferred gain

Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC § 1031 or 1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it is included in federal taxable income.

Attach a copy of Oregon Form 24 to the back of your Oregon return and check the box indicating “**Form 24 is attached**” if **all** of the following apply:

- The corporation reported deferred gain on a federal Form 8824;
- All or part of the property exchanged or given up was located in Oregon; and
- All or part of the acquired property was located outside of Oregon.

See OAR 150-314.650 and 150-314.665(5) regarding apportionment of deferred gain.

Amended returns

If you change taxable net income by amending your federal return, you **must** file an amended Oregon return within 90 days. Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Use the tax form for the tax year you are amending and check the box indicating “**this is an amended return.**”

If you filed Form 20-S and later determined you should file Form 20, check the “This is an amended return” box on your amended Form 20.

On the line for estimated tax payments, enter the net excise or income tax from your original return. Add or subtract prior tax adjustments to your original return tax amount.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department. Otherwise, you may be charged a 5 percent late payment penalty.

Form 20-S instructions

Heading

Type or legibly print all information as requested.

Type of tax. Do you pay and excise tax or income tax to Oregon? One box must be checked:

- Excise tax if you do business in Oregon.
- Income tax if you have taxable income from Oregon.

Fiscal year. Fill in the beginning and ending dates of your fiscal year. These dates are required for processing your tax return.

Name. Enter the complete legal name of the S corporation. If this is a new corporation or the name has changed from the last filed return, please check the “New name” box.

BIN. Your Oregon business identification number is required unless this is your first return filed. A number will be assigned to you when you file your first return.

If you do not know your BIN, an officer of the corporation may contact the department. See “Taxpayer assistance.”

FEIN. Your federal employer identification number is required. A FEIN is issued by the IRS. If you do not have a FEIN, you must apply to the IRS for one.

Address. Provide the complete address of the S corporation. If the address is new or have changed from last year’s return as filed, please check the “New address” box.

Contact person. Fill in the name of a contact person as required for the S corporation.

Web address. Please provide your address as found on the Internet for your business.

Telephone number. A telephone number for the corporation or the contact person is required.

Check the appropriate box as it applies to your return if you have any of the following:

- Extension.
- Form 37.
- Amended return.
- Form 24.
- FCG-20.

Questions

Please answer all questions and provide additional information where necessary for processing your return.

First time filers are required to answer questions A through K.

Question G. If this is the corporation’s first return, check the box and provide all information as requested.

Question H. If this is the corporation’s final return, check the box and provide all information as requested. A final return is required to be filed when a corporation has ceased to exist.

Question K. Non-apportioning S corporations, enter the amount of Oregon sales, as defined by ORS 314.665.

Line instructions

Tax computation for S corporations with federal taxable income or LIFO benefit recapture

Line 1. Income taxed on federal Form 1120S. On line 1(a), enter the amount from Form 1120S, Schedule D, Part III, line 16. To determine the amount to enter on line 1(b), refer to federal Form 1120S instructions, “Worksheet for line 22a”
line 10. On Oregon Form 20-S, enter the total of lines 1(a) and 1(b) on line 1. **Do not complete these lines unless you have taxable income and tax on federal Form 1120S.**

Line 2. Additions. Enter only additions that apply to taxable income included in line 1. See ORS 317.259 through 317.488. Examples of additions that apply to S corporation income are:

- **Interest income.** State, municipal, or other interest income excluded from federal taxable income. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income. Income tax filers should not include interest on State of Oregon obligations.
- **Oregon excise tax** and other state or foreign taxes on or measured by net income or profits.
- **Gain or loss on disposition of depreciable property.** The difference in gain or loss on sale of business assets when the Oregon basis is less than it is for federal purposes (ORS 317.356).
- **Dependent care credit.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed [ORS 315.204(7)].
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount

of federal deduction must be added to federal taxable income if the Oregon credit is claimed [ORS 317.151(4)].

- **Claim of right income repayment adjustment** when credit is claimed. The deduction under section 1341 of the Internal Revenue Code on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).

Line 3. Subtractions. Enter only subtractions that apply to income included in line 1. See ORS 317.259 through 317.488. Examples of subtractions for S corporations are:

- **Interest on obligations** of the United States and its instrumentalities included in line 1. **This applies to income tax filers only.**
- **The difference in gain or loss on sale of assets** when the Oregon basis is greater than it is for federal purposes.
- **Farm capital gain taxed at special rate.** Gains from the sale of farm assets that were included on line 1a or 1b as provided in ORS 317.063. This gain is taxed on line 8. For Form FCG-20, see "Taxpayer assistance."

Line 7. Tax. Oregon minimum tax is required for excise taxpayers. Income taxpayers do not pay a minimum tax.

Line 8. Tax adjustments:

- **Interest on certain installment sales.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount on line 8. Attach a schedule showing how you figured the interest.
- **Net long-term capital gain.** Add the amount of tax on net long-term capital gain from farm property (ORS 317.063) from line 5 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.

Line 10. Credits against tax. Taxpayers must claim the full amount of any tax credit that is allowed for the tax year, to the extent of the tax liability (ORS 314.078).

Only credits carried forward from C corporation years are allowed to offset the tax on built-in gains [ORS 314.740(5)(b)]. No credits are allowed to offset the tax on excess net passive income. Attach a list of credits claimed and the required credit form listed below. **Credits with a carryover provision are:**

- Alternative fuel vehicle fueling stations (ORS 317.115).
- Bone marrow donor expense (ORS 315.604).
- Child Care Division and community agency contributions (ORS 315.213).
- Contribution of computers or scientific equipment for research (ORS 317.151).
- Crop donation (form 150-101-240) (ORS 315.156).
- Dependent care (form 150-102-032) (ORS 315.204).
- Electronic commerce in designated enterprise zone (ORS 315.507).
- Emission reducing production technology or process (ORS 315.311).
- Employee and dependent scholarship program payments (ORS 315.237).
- Energy conservation facilities (ORS 315.354, 315.356, 469.185).

- Farmworker housing project investment (ORS 315.164, 315.167, 315.169).
- First Break program (ORS 315.259).
- Fish habitat improvement (ORS 315.134).
- Fish screening devices (ORS 315.138).
- Individual development account (ORS 315.271).
- Lenders loans for affordable housing (ORS 317.097, 317.112).
- Long-term enterprise zone facilities (ORS 317.124, 317.125).
- On-farm processing facilities (ORS 315.119).
- Pollution control facilities (ORS 315.304).
- Qualified research activities (form 150-102-128) (ORS 317.152, 317.153, 317.154).
- Reclaimed plastics recycling (ORS 315.324).
- Reforestation (ORS 315.104, 315.106).
- Voluntary removal of riparian land from farm production (ORS 315.113).
- Youth apprenticeship sponsorship (ORS 315.254).

For more information, see the information circular *Tax Credits for Corporations* (150-102-694). See "Taxpayer assistance" to order the circular or go to our Web site at www.oregon.gov/DOR.

Line 12. Tax adjustment for LIFO benefit recapture. Make this adjustment in the first three years after a C corporation becomes an S corporation. Add one-third of the tax that was deferred on the final C corporation return.

Line 14. Estimated tax payments and other prepayments. Fill in the total estimated tax payments for tax year 2004 from Schedule ES. Include payments made with an extension.

Line 17. Penalty. Include a penalty payment if you:

- Mail your payment of tax due after the original due date (even if you have an extension), **or**
- File your tax return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you **file more than three months** after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax. If you do not file returns for three consecutive years by the due date of the third year's return, including extensions, you must pay a 100 percent penalty on the tax liability for each tax year.

Include any penalty due on Form 20-S, line 17.

Line 18. Interest. If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file.

Include interest for payment of tax after the due date on Form 20-S, line 18.

For more information, see *Computing Interest on Tax You Owe*, www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency, **and**
- The assessment is not paid within 60 days after the notice of assessment is issued, **and**
- You have not filed a timely appeal.

Line 19. Interest on underpayment of estimated tax. Enter interest due from underpayment of estimated tax. You have an underpayment if you paid less than 100 percent of the tax due on each estimated tax payment due date. Interest on underpayment will not be imposed if net tax on Form 20-S, line 13, is less than \$500 on your 2004 return.

If you have an underpayment, you must file Form 37, *Underpayment of Oregon Corporation Estimated Tax*.

Use Form 37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; **or**
- Show you meet an exception to the payment of interest.

Form 37 is provided with these instructions and is available on our Web site at www.oregon.gov/DOR.

Attach Form 37 to your return and check the "Form 37 is attached" box.

Line 21. Total due. Enclose your check (or money order) and payment voucher with your return. Make your check or money order payable to the "**Oregon Department of Revenue**." Do not send cash or postdated checks. Please use blue or black ink on your check. **Do not use** gel pens or red ink.

Please include the following information on your check:

- Oregon business identification number (BIN).
- Federal employer identification number (FEIN).
- "2004 S corp Tax."

Special instructions. Do you owe penalty or interest and have an overpayment on line 16? If your overpayment is less than the total penalty and interest, fill in the result of line 20 minus line 16, on line 21.

Schedule SM

Modifications passed through to shareholders

Line 1. Interest on government bonds of other states. Enter interest the corporation received from states and local governments **other than Oregon and its municipalities**. Example: Include interest from state of Washington bonds or San Francisco city bonds, but omit interest from Oregon government bonds.

Line 2. Gain or loss on the sale of depreciable property. Enter the difference in gain or loss on the sale of business assets when the Oregon basis is less than it is for federal purposes. See ORS 316.716.

Line 3. Other additions. See ORS 316.680–316.848. Examples of other additions are:

- **Gain from involuntary conversion.** The S corporation shall make the election to defer gain from the involuntary conversion of property owned by it.
- **Depletion in excess of basis.**
- **High yield discount obligation interest.**

Line 5. Interest from U.S. government. Enter the amount of interest received from the U.S. government, its instrumentalities, and organizations that invest in U.S. government securities.

Line 6. Gain or loss on the sale of depreciable property. Enter the difference in gain or loss on the sale of business assets when the Oregon basis is greater than it is for federal purposes. See ORS 316.716.

Line 7. Work opportunity credit wage reductions. Were salaries and wages on federal Form 1120S reduced for the work opportunity tax credit? Enter the amount of reduction here.

Line 8. Other subtractions. See ORS 316.680 through 316.848 and ORS 314.734(4) and (5). You may subtract the Oregon corporation tax paid on built-in gains reported on line 1 of the return. Examples of other subtractions are:

- Local government bond interest.
- Like-kind exchanges.
- High yield discount obligation dividends.
- Sale of public utility dividend reinvestment plan stock.
- Depreciation of basis differences due to claiming a federal tax credit.
- Long-term capital gains from sale of farm.

Each shareholder's share of additions and subtractions must be reported to the shareholder. These amounts may be added to the federal K-1s and labeled "Oregon additions" and "Oregon subtractions." Nonresident shareholders must report their ownership percentage of modifications, multiplied by the S corporation's Oregon apportionment percentage from Schedule AP.

Schedule ES

Estimated tax payment instructions

Estimated tax paid for the 2004 tax year. Fill in the total estimated tax payments made before filing your Oregon return on lines 1 through 4. Enter any refund applied from your 2003 tax return or an Oregon amended return on line 5. Enter payments made with your extension on line 6. On line 7, enter the total amount of line 5 plus line 6. Carry total to Form 20-S, line 14. On line 8, enter last year's net tax.

Electronic funds transfer (EFT). You must make your Oregon estimated tax payments by EFT if you are required to make federal estimated tax payments by EFT. Information is available on the Internet at www.oregon.gov/DOR or by calling the EFT Help/Message line at 503-947-2017.

The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement (OAR 150-314.518).

Voluntary participation. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

Schedule AP

Apportionment instructions

Apportionment is dividing business income between the states by use of a formula. **Allocation** is the assignment of specific nonbusiness income to a state. A corporation having unitary business activities both inside and outside Oregon must use the apportionment and allocation methods provided under the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.690) and administrative rules, under ORS 314.280.

The following businesses use modified or different apportionment factors as provided in the following Oregon Administrative Rules (OARs) and laws:

Airlines	OAR 150-314.280-(I)
Financial corporations	OAR 150-314.280-(N)
Health care service contractors	OAR 150-314.280-(E)
Insurance companies	ORS 317.660
Interstate broadcasters	ORS 314.682-314.686 OAR 150-314.684 (4) OAR 150-314.686
Interstate river transportation companies	OAR 150-314.280-(L)
Long-term construction contractors ...	OAR 150-314.615-(F)
Movie and television production companies	OAR 150-314.615-(H)
Railroads	OAR 150-314.280-(H)
Sea transportation companies	OAR 150-314.280-(K)
Title insurance companies	OAR 150-314.280-(E)
Trucking companies	OAR 150-314.280-(J)

Oregon income is the total of the corporation's apportioned and allocated income assigned to Oregon.

Schedule AP must be completed by each corporation carrying on a unitary business both inside and outside Oregon. If another method of assigning income is proposed, Schedule AP must still be completed.

A negative amount is not accepted. Enter zero if the factor is less than zero.

Qualified subchapter S subsidiaries (QSSS). Include property, payroll and sales of a QSSS in the parent corporation's factors for apportionment.

Schedule AP-1—Apportionment formula

For tax years starting on or after May 1, 2003, the apportionment formula is 10 percent of the property factor, plus 10 percent of the payroll factor, plus 80 percent of the sales factor. See instructions for line 6.

Taxpayers primarily engaged in utilities and telecommunications may elect to use the apportionment formula method provided in ORS 314.650 (1999 edition). Check the box on question J if making this election.

A negative amount in any of the apportionment factors is not accepted. Enter zero if the factor is less than zero.

When computing the property, payroll, and sales factor percentages, as well as the Oregon apportionment or alternative apportionment, round the percentage to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Property factor. (1) Value owned property at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and end of the tax period. An average of the monthly values may be required if a more reasonable value results.

(2) Value rented property at eight times the annual rental value. Reduce the annual rental value by nonbusiness subrentals.

Enter all owned or rented business property in Column B of Schedule AP-1. Enter business property within Oregon in Column A. See ORS 314.655 and administrative rules.

Payroll factor. Assign payroll to Oregon if:

- The services are performed entirely inside Oregon; **or**
- The services are performed both inside and outside Oregon but those services performed outside are only incidental; **or**
- Some of the services are performed in Oregon and (a) the base of operation or control is located in Oregon, or (b) the base of operation or control is not in any state in which the services are performed and the employee's residence is in Oregon.

See ORS 314.660 and administrative rules.

Sales factor. Assign sales to Oregon if:

- The property is shipped or delivered to a purchaser in Oregon other than the United States Government; **or**
- The property is shipped from a warehouse or other place of storage in Oregon and (a) the purchaser is the United States Government, or (b) the corporation is not taxable in the state of the purchaser. See ORS 314.665(3) for exception.

See ORS 314.620 and Public Law 86-272 to determine if a corporation is taxable in another state.

Charges for services are Oregon sales to the extent the services are performed in Oregon. See ORS 314.665 and administrative rules.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity.

The net gains from sales, exchanges, or redemption of intangible assets that are not derived from your primary business activity are included in the sales factor if the gains are business income.

Schedules for computing Oregon apportionment percentage

Oregon standard apportionment method. Business income is apportioned to Oregon by multiplying the income by a multiplier equal to 80 percent of the sales factor, plus 10 percent of the property factor, plus 10 percent of the payroll factor. See ORS 314.650.

Oregon standard apportionment percentage:

1. Multiply the property factor percentage from Schedule AP-1, line 8, column C, by 0.1. 1. _____
2. Multiply the payroll factor percentage from Schedule AP-1, line 11, column C, by 0.1. 2. _____
3. Multiply the sales factor percentage from Schedule AP-1, line 18, column C, by 0.8. 3. _____
4. Oregon apportionment percentage. 4. _____
Add lines 1, 2, and 3. Enter on Schedule AP-1, line 20.

Alternative apportionment method for utility or telecommunications corporations. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Check the box for question J on page 1 of Form 20-S if making this election.

Alternative apportionment percentage:

1. Total percent from line 19, Schedule AP-1. 1. _____
2. Enter the number of factors on lines 8, 11, 17, and 18 of Schedule AP-1 with a positive total in column B. 2. _____
3. Oregon apportionment percentage. 3. _____
Divide line 1 by line 2. Enter on Schedule AP-1, line 20.

Schedule AP-2—Taxable income computation

Business and nonbusiness income. “Business income” is income arising from transactions and activities in the regular course of the taxpayer’s business. It includes income from tangible and intangible property related to the regular business operation.

Examples of business income are:

- Sales of products or services;
- Rents, if property rental is a related business activity;
- Royalties, if the patent, processes, etc., were developed by or used in the business operation;
- Gain or loss on the disposal of business property; and
- Interest income on trade receivables or installment contracts arising out of the business or from the investment of working capital.

“**Nonbusiness income**” means all income other than business income. Rents, royalties, gains or losses, and interest also can be nonbusiness income if they arise from investments not related to the taxpayer’s business. Nonbusiness income is allocated to a particular state based upon the source of the income. Gain or loss from the sale of a partnership interest may be allocable to Oregon [ORS 314.635(4)]. **A schedule of nonbusiness income must be attached to the return.** The amounts allocable to Oregon must be added to Oregon’s apportioned income. See ORS 314.610 and administrative rules.

Line 3. Subtract: Gains from prior year installment sales included in line 1. OAR 150-314.615-(G) requires that installment gains be apportioned to Oregon using the average percent from the year of the sale rather than the year payment is received.

Line 8. Add: Gains from prior year installment sales apportioned to Oregon. Multiply the installment gains subtracted on line 3 by the average percent from the year of the sale. Also add the tax on certain long-term capital gains from the sale of farm property per ORS 317.063 and attach Worksheet FCG-20 to the back of your return.

Line 10. Net loss and net capital loss deduction (for S corporations only). Only the Oregon net loss carried over from a year in which the corporation was a C corporation shall be allowed as a deduction. Only income from built-in gains may be offset by net loss deductions. See ORS 314.740(4).

Taxpayer assistance

Printed information (free)

Most forms and publications are available on our Web site. You can also order by telephone or return the form below.

Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Dependent Care Credits for Employers* 150-102-032
- Donated Crops Tax Credit* 150-101-240
- Form 20-V, Corporation Tax Payment Coupon* 150-102-172
- Form 24, Like-Kind Exchanges/Involuntary Conversions* 150-800-734
- Long-Term Enterprise Zone Facilities* 150-102-043
- Tax Information Authorization and Power of Attorney for Representation* 150-800-005
- Qualified Research Activities Credit* 150-102-128
- Worksheet FCG-20, Farm Liquidation Long-Term Capital Gain Tax Rate* 150-102-167

Information circulars and brochures

- Audits: What to Do if You Are Audited* 150-101-607
- Information for Tax-Exempt Organizations* 150-102-617
- Limited Liability Companies, Limited Liability Partnerships* 150-101-613
- Political Organizations* 150-102-663
- Tax Credits for Corporations* 150-102-694
- What You Need to Know About Corporation Excise and Income Tax* 150-102-401
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:**
 - Form and Publication Order* 150-800-390

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

Please print

Name _____

Address _____

City _____

State _____ ZIP Code _____

Internet

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 BIN or FEIN and a daytime telephone number for faster service.

E-mail: corp.help.dor@state.or.us

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.



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.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary. Closed on holidays.

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.

**Oregon
S Corporation
Tax Return**

- Excise Tax
- Income Tax

2004

Form
20-S

For office use only

Date received	Payment
•	•
1	2
•	•
	3
•	•

NAME 1: NEW NAME • BIN: _____

NAME 2: NEW ADDRESS FEIN: _____

ADDRESS 1: _____

ADDRESS 2: _____

CITY: _____ ST: _____ ZIP: _____

CONTACT: _____

PREVIOUS NAME: _____

WEB ADDRESS: _____

PHONE: _____

- EXTENSION
- FORM 37
- AMENDED
- FORM 24
- FCG-20

FOR COMPUTER USE ONLY

FOR FUTURE
COMPUTER USE

Complete A through D only if this is your first return or the answer changed during 2004. SEE INSTRUCTIONS FOR MORE INFORMATION.

• A. Incorporated in (state);	• Incorporated on (date)	• B. State of commercial domicile	• C. Date business activity began in Oregon	• D. Business Activity Code
• E. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire; if more than four years, see instructions				
• F. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year; if more than four years, see instructions				
• G. If first return, indicate	Name of previous business			
<input type="checkbox"/> New business, or	_____			
<input type="checkbox"/> Successor to previously existing business	FEIN	BIN		
• H. If final return, indicate	Name of merged or reorganized corporation			
<input type="checkbox"/> Withdrawn,	_____			
<input type="checkbox"/> Dissolved, or	FEIN	BIN		
<input type="checkbox"/> Merged or reorganized				
I. Enter the amount from federal Form 1120S, line 21				• I
J. Check the box if your business is a utility or telecommunications company electing alternative apportionment				• J <input type="checkbox"/>
K. If you did not complete Schedule AP, fill in the amount of your Oregon sales				• K

See instructions. S Corporations without federal taxable income, start on line 7. Round all amounts to the nearest whole dollar.

1. Income taxed on federal Form 1120S from:

(a) Built-in gains

(b) Excess net passive income Total • 1

2. Additions (see instructions) • 2

3. Subtractions (see instructions) • 3

4. S corporation income before net loss deduction (line 1 plus line 2, minus line 3) 4

If income is derived from sources both in Oregon and other states, see instructions on page 8.

5. Net loss from prior years as C corporation. **Attach schedule** (deductible from built-in gain income only) • 5

6. Oregon taxable income (line 4 minus line 5 or amount from Schedule AP-2, line 11) • 6

7. Tax (6.6 percent of line 6) (excise tax returns, see instructions for minimum tax) ... 7

8. Tax adjustment for interest on certain installment sales and tax on certain capital gains from sale of farm assets (see instructions) • 8

9. Total tax (line 7 plus line 8) 9

Staple
payment
here

10. Credits against tax (attach schedule) (see instructions)	• 10	
11. Tax after credits (line 9 minus line 10) (excise tax not less than minimum tax)	11	
12. Tax adjustment for LIFO benefit recapture (see instructions)	• 12	
13. Net tax (line 11 plus line 12) (excise tax not less than minimum tax). If the amount is \$500 or more, see the instructions for interest on underpayment of estimated tax	• 13	
14. 2004 estimated tax payments from Schedule ES. Include payments made with extension (see instructions) ...	• 14	
15. Tax Due . Is line 13 more than line 14? If so, line 13 minus line 14	Tax Due • 15	
16. Overpayment . Is line 13 less than line 14? If so, line 14 minus line 13	Overpayment • 16	
17. Penalty due with this return (see instructions)	17	
18. Interest due with this return (see instructions)	18	
19. Interest on underpayment of estimated tax. Attach Form 37	• 19	
20. Total penalty and interest (add lines 17 through 19)	20	
21. Total Due (line 15 plus line 20) (see instructions)	Total Due 21	
22. Refund available (line 16 minus line 20)	Refund 22	
23. Amount of refund to be credited to 2005 estimated tax	2005 Credit • 23	
24. Net Refund (line 22 minus line 23)	Net Refund 24	

SCHEDULE SM — OREGON MODIFICATIONS PASSED THROUGH TO SHAREHOLDERS (see instructions)

Federal taxable income passed through to the shareholders is adjusted to the extent that items of income, loss, or deduction of the shareholder are required to be adjusted under the provisions of Oregon Revised Statutes, Chapters 314 and 316. Indicate which federal Schedule K-1 line item each modification is for.

ADDITIONS	1. Interest on government bonds of other states (K-1 line _____) 1	
	2. Gain or loss on the sale of depreciable property ... (K-1 line _____) 2	
	3. Other (attach schedule)	3
	4. Total Oregon additions	4
SUBTRACTIONS	5. Interest from U.S. government, such as Series EE and HH bonds ... (K-1 line _____) 5	
	6. Gain or loss on the sale of depreciable property ... (K-1 line _____) 6	
	7. Work opportunity credit wage reductions (K-1 line _____) 7	
	8. Other (attach schedule)	8
	9. Total Oregon subtractions	9

SCHEDULE ES — ESTIMATED PAYMENTS OR OTHER PREPAYMENTS

Voucher	Date of Payment	Amount Paid
1. Voucher 1	1 / /	1
2. Voucher 2	2 / /	2
3. Voucher 3	3 / /	3
4. Voucher 4	4 / /	4
5. Overpayment of last year's tax elected as a credit against this year's tax		5
6. Payments made with extension or other payments for this tax year and date paid	6 / /	6
7. Total (carry to line 14 above)		7
8. Last year's net tax	8	

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	Signature of officer X	Signature of preparer other than taxpayer X	License number of preparer
	Date	Date	Telephone number ()
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM 1120S AND SCHEDULES, INCLUDING ALL K-1s

Mail refund returns and no tax due returns to:
Refund, PO Box 14777, Salem OR 97309-0960

Mail tax-to-pay returns to:
Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470

Name of Corporation as Shown on your Oregon Corporate Return	Oregon Business Identification Number	Federal Employer Identification Number
--	---------------------------------------	--

Current and Prior Year Information

1. Net Excise or Income tax (from Form 20, Form 20-I, Form 20-S, or Form 20-INS) 1
2. Prior year's tax liability (**high income taxpayers, see instructions**) 2

PART I — Underpayment. To figure your underpayment, fill in lines 3 through 9.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
3. Divide the amount on line 1 by the number of payments required for the year (usually 4). Fill in the result for the quarters you owed estimated tax ... 3				
4. Estimated tax paid this year for each quarter 4				
5. Refund from last year applied to each quarter 5				
6. Overpayment from line 8 from previous quarter 6				
7. Total tax paid (add lines 4, 5, and 6) 7				
8. Overpayment. If line 7 is more than line 3, enter difference here (do not use exceptions) 8				
9. Amount of underpayment for each quarter. Lesser of lines 10, 11, 12, or 13; less line 7 (whichever is applicable) (only use amounts greater than zero) 9				

Do not enter zero on lines 12 or 13 unless you have computed Exception 3, line 12 (use worksheet below) or Exception 4, line 13 (see instructions) and calculated a loss for the quarter.

PART II — Exceptions to Paying Interest. Exception amounts on lines 11, 12, and 13 cannot be used to calculate an overpayment on line 8.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<input type="checkbox"/> Check box if last year's tax due was \$10 and you are not a "high-income taxpayer" (see instructions).	25% of line 1	25% of line 1	25% of line 1	25% of line 1
10. Exception 1—Current year's tax due 10	25% of line 2	25% of line 2	25% of line 2	25% of line 2
11. Exception 2—Prior year's tax (high-income taxpayers may use this exception for the first quarter only) (see instructions) 11	25% of line 20	25% of line 20	25% of line 20	25% of line 20
12. Exception 3—Net annualized tax (from line 20) 12				
13. Exception 4—Recurring seasonal income (see instructions) 13				

You will NOT be subject to interest on underpayment of estimated tax if your tax payment (line 7, quarters 1 through 4) equals or exceeds the amounts for one of the exceptions (lines 10, 11, 12, and 13; quarters 1 through 4) for the same payment period.

Exception 3 Worksheet — To figure your annualized income, use the formula and chart below.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Actual income × Factor = Annualized income				
14. Ending date of annualization period (see instructions) 14				
15. Actual income through date on line 14 less net losses carried forward from prior tax years 15				
16. Annualization factors based on selected annualized period (see instructions) 16				
17. Annualized income (line 16 × line 15) 17				
18. Annualized tax (0.066 × line 17) 18				
19. Less tax credits available at end of quarter 19				
20. Net annualized tax (use to figure line 12) 20				

Part III — Interest on Underpayments. (See instructions below.)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
21. Amount of underpayment for each quarter. If you met an exception, enter -0-. If not, enter amount from Part I, line 9 21				
22a. Date estimated payment was due 22a				
22b. Date underpayment amount was paid or the due date of the return, whichever is earlier 22b				
23. Number of full months between dates on line 22a and 22b 23				
24. Number of days in a partial month between dates on line 22a and 22b 24				
25. Number of full months on line 23 × monthly interest rates × line 21 25				
26. Number of days on line 24 × daily interest rates × line 21 26				
27. Interest due (line 25 plus line 26) 27	a.	b.	c.	d.
28. Total interest due (add line 27, columns a, b, c, and d) 28				

Enter the amount from line 28 above on the “interest on underpayment of estimated tax” line of Form 20, Form 20-I, Form 20-S, or Form 20-INS. Attach this form to your return and check the appropriate box at the top of your return to indicate “Form 37 is attached.”

FORM 37 INSTRUCTIONS

If your tax on the prior year’s return was not over \$10, interest on any underpayment will not be imposed. (This exception does not apply to high-income taxpayers.) High-income taxpayers may use Exception 2 for their first quarter only (see below).

A “high-income taxpayer” is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

Line 11—Exception 2. You qualify to use this exception if the prior year’s return (1) covers a period of 12 months and (2) shows a liability.

You meet this exception if the current year’s tax you paid (Part I, line 7) is equal to or more than the amount of net income tax reported on your prior year’s tax return. Each quarterly installment must be paid on or before its due date. If you are not a high income taxpayer and paid estimated tax during the first quarter equal to or greater than the net tax for the prior tax year, you qualify for exception two for the entire year and owe no interest on underpayment of estimated tax.

High income taxpayer. This exception only applies to the first installment payment of a high income taxpayer. If you meet this exception, any reduction to the first installment payment due to this exception **must** be added to the second installment payment.

The reduction amount is the lower of the actual underpayment on line 9 in the first quarter column, or the difference between the amount on line 11 and the next lowest exception amount in the first installment column. Add the reduction from the first quarter to the amount on line 3 and the lowest amount on line 10, 12, or 13 in the column for the second quarter.

Line 13—Exception 4. This applies to taxpayers with recurring seasonal income. The taxpayer must pay, by each installment due date, an amount equal to 100 percent of the amount by applying Section 6655(e)(3)(C) of the Internal Revenue Code (IRC) to Oregon taxable income. For information about computing seasonal income, definitions, and special rules, see IRC 6655(e). Attach a schedule of your computation.

Line 14—Annualization periods. If you did not elect to use the optional annualization periods for federal purposes allowable under section 6655(e)(2)(C) of the Internal Revenue Code, you must use the standard Oregon annualization periods provided in ORS 314.525(2)(c)(A). If you elected to use the optional annualization periods for federal purposes, you must use the same annualization periods for Oregon.

Months in Annualization Periods

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Standard Oregon Periods	3	3 or 5	6 or 8	9 or 11
Federal Option #1	2	4	7	10
Federal Option #2	3	5	8	11

Line 16—Annualization factors. The annualization factor is based on the number of months in the annualization period.

Annualization Factor

Number of Months	2	3	4	5	6	7	8	9	10	11
Annualization Factor	6	4	3	2.4	2	1.714	1.5	1.333	1.2	1.091

Lines 23 and 24—How to figure the number of months and days. Interest periods generally begin on the 16th day of the month the return is due. Interest is figured daily for periods of less than one month. Example:

September 16 to February 15 = 5 months
February 16 to March 9 = 22 days

Lines 25 and 26—How to figure interest. Interest is computed on the underpayment amount from Part III, line 21. Interest rates may change once a calendar year. The chart below shows the interest rates and effective dates.

Interest Rates			
For Periods Beginning	Annual	Monthly	Daily
January 1, 1999	9%	0.7500%	0.0247%
January 1, 2001	10%	0.8333%	0.0274%
February 1, 2002	8%	0.6667%	0.0219%
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%

Attach this form to your return if you owe interest or meet an exception and check the box at the top of your return by Form 37

FORM
20-V OREGON CORPORATION TAX PAYMENT VOUCHER INSTRUCTIONS 2004

This voucher may be used to remit the following payments:

- **Tax due when you file your 2004 return.** Fill in the appropriate boxes and include the voucher with your check in the same envelope as your 2004 Oregon corporation tax return.
- **Tax due by the 2004 return due date, if you are filing your 2004 return on extension.** Fill in the appropriate boxes and include the voucher with your check. *Do not send copy of federal extension—save the federal extension and attach it when you file your 2004 return.*
- **2005 Estimated tax payments for any quarterly due date.** Fill in the appropriate boxes (include beginning and ending dates of your tax year if you use a fiscal year, and the quarter for which the payment is intended) and include the voucher with your check.
- **Tax due with an amended return, for any tax year.** Fill in the appropriate boxes and include the voucher with your check in the same envelope as your amended return.
- **Tax due with an original return for a prior year tax.** Fill in the appropriate boxes and include the voucher with your check in the same envelope with your prior year's tax return.

Mailing information:

Please send estimated tax payments and extension payments to:

Oregon Department of Revenue
 PO Box 14780
 Salem OR 97309-0469

Please send all other payments with return to:

Oregon Department of Revenue
 PO Box 14790
 Salem OR 97309-0470

Did you know that you can print additional vouchers at www.oregon.gov/DOR?



OREGON CORPORATION TAX PAYMENT VOUCHER

150-102-172 (Rev. 12-04)

FORM
20-V

Department of Revenue Use Only

• **Tax Year** (check only one):

Calendar Year

Fiscal Year — Begins: _____

Ends: _____

• **Payment Type** (check only one):

2004 Return

2004 Extension

2005 Estimated Tax—Quarter: _____

Amended Return—Tax Year: _____

Prior Year Return—Tax Year: _____

• **Tax Return Type** (check only one):

⁽²⁰⁰⁾ Excise (Form 20, 20-S, or 20-INS)

⁽²⁰²⁾ Income (Form 20-S or 20-I)

• BIN: _____

FEIN: _____

Enter Payment Amount

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								.	0	0		

Corporation Name: _____

Corporation Address: _____

City: _____ State: _____ Zip Code: _____

First time filer

New name or address

Estimated Corporation Excise or Income Tax

This publication is a guide, not a complete statement of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

New voucher: Form 20-V

Form 20-V replaces Form 20ES. Form 20-V may be used to remit the following payments:

- **Tax due when you file your 2004 return.** Fill in the appropriate boxes and include the voucher with your check in the same envelope as your 2004 Oregon corporation tax return.
- **Tax due by the 2004 return due date, if you are filing your 2004 return on extension.** Fill in the appropriate boxes and include the voucher with your check. *Do not send copy of federal extension—save the federal extension and attach it when you file your 2004 return.*
- **2005 Estimated tax payments for any quarterly due date.** Fill in the appropriate boxes (include beginning and ending dates of your tax year if you use a fiscal year, and the quarter for which the payment is intended) and include the voucher with your check.
- **Tax due with an amended return, for any tax year.** Fill in the appropriate boxes and include the voucher with your check in the same envelope as your amended return.
- **Tax due with an original return for a prior tax year.** Fill in the appropriate boxes and include the voucher with your check in the same envelope with your prior year's tax return.

Estimated tax instructions

Use these instructions with Form 20-V to determine estimated excise or income tax:

- Payment options;
- Due dates;
- Calculation of payment amounts;
- Calculation of interest if you have underpaid your estimated tax; or
- Claiming an exception to paying that interest.

Important information

Has your business closed? Are you no longer doing business in Oregon? Have you filed a final Oregon tax return? If you are no longer required to make estimated tax payments, please contact us to close your account. See "Taxpayer assistance."

What is estimated tax?

Estimated tax is the amount of tax you expect to owe when you file your 2005 Oregon corporation excise or income tax return.

You must make estimated tax payments if you expect to owe net tax after credits of \$500 or more. The same requirement applies if you are an S corporation paying tax on income from built-in gains, certain capital gains, and excess passive investment income.

If you fail to make estimated tax payments as required, you may be subject to interest on any underpayment of estimated tax.

Corporation excise and income tax rate. The tax rate is 6.6 percent.

Payment options

Estimated tax payments may be made by electronic funds transfer or by mail.

Electronic funds transfer (EFT). The department accepts corporation estimated tax payments by EFT. EFT reduces both the time and expense of processing payments and enhances accuracy.

You must make your Oregon estimated tax payments by EFT if you are required to make your federal estimated tax payments by EFT. If you pay by EFT, **do not** send Form 20-V.

EFT payments for corporation estimated taxes must be made using Revenue's EFT program. This program allows payments to be initiated via touch-tone telephone, a secure Internet site, or through your financial institution.

A business is required to have an authorization agreement filed with the department before they start initiating EFT payments. Information and authorization agreements are available on the Internet at www.oregon.gov/DOR or by calling the EFT Help/Message line at 503-947-2017.

The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement. See Oregon Administrative Rule (OAR) 150-314.518.

Voluntary participation. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

Mail. If paying by mail, send each payment with a Form 20-V voucher. Do not send estimated tax payments with Form 20, 20-I, 20-S, 20-INS, or copies of those forms. **If you are required to file EFT, do not send Form 20-V.** It is the taxpayer's duty to obtain the correct forms. Failure to obtain them is not an excuse for failure to make estimated tax payments as required by law.

Payment due dates

Estimated tax payments are paid quarterly, as follows:

Calendar-year filers: April 15, June 15, September 15, and December 15.

Fiscal-year filers: The 15th day of the 4th, 6th, 9th, and 12th months of your fiscal year.

Private foundation: The first quarterly payment for a private foundation is due on or before the 15th day of the 5th month of the tax year.

If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

Short-year taxpayers. If your return is filed for a period of less than 12 months, estimated payments are due as follows:

- **If the period covered is less than four months,** only one payment is required. It is equal to 100 percent of the estimated tax and is paid on or before the due date of the tax return, not including extensions.
- **If the period covered is four months or longer but less than six months,** two payments are required. One-half of the estimated tax is due on the 15th day of the fourth month. The balance is paid on or before the due date of the tax return, not including extensions.
- **If the period covered is six months or longer but less than nine months,** three payments are required. One-third of the estimated tax is due on the 15th day of the fourth month and the 15th day of the sixth month. The balance is paid on or before the due date of the tax return, not including extensions.
- **If the period covered is nine months or longer but less than twelve months,** four payments are required. One-fourth of the estimated tax is due on the 15th day of the fourth month, the 15th day of the sixth month, and the 15th day of the ninth month. The balance is paid on or before the due date of the tax return, not including extensions.

Consolidated filers. If you are required to file a consolidated Oregon corporation excise or income tax return, you must make estimated tax payments on a consolidated basis. Only one minimum tax payment is required for the consolidated group. See OAR 150-314.505(2).

Apportionment

Oregon standard apportionment method: All business income is apportioned to Oregon by multiplying the income by a multiplier equal to 80 percent of the sales factor plus 10 percent of the property factor plus 10 percent of the payroll factor.

Insurers: Apportion income to Oregon by multiplying income by a fraction. The numerator of the fraction is the insurance sales percentage, plus the wage and commission percentage, plus the real estate income and interest percentage. The denominator is three. The denominator is reduced by the number of factors with a zero denominator. See ORS 317.660.

Alternative apportionment method for utilities or telecommunications: Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income from business activity using the double-weighted sales factor provided in ORS 314.650 (1999 edition). Business income will be apportioned to Oregon by multiplying income by a fraction. The numerator of the fraction is the property percentage, plus the payroll percentage, plus two times the sales percentage. The denominator is four. The denominator is reduced by the number of factors with a zero denominator. For example, if the sales percentage denominator is zero, the sum of the factors is divided by two. See Oregon Revised Statutes (ORS) 314.650.

Interest on underpayment of estimated tax

Oregon charges interest when payments received on or before the due date are less than the amount due. If your final tax liability when you file your return is \$500 or more, you may be subject to underpayment interest. If you have an underpayment, use Form 37 to figure your underpayment amount and interest due. Interest is also charged on late payments from the due date to the date paid.

The interest rate in effect for interest periods beginning on or after January 1, 2005 is 5 percent annually, or 0.4167 percent per month (0.0137 percent per day).

Interest periods begin on the 16th day of the month the return is due, because all return due dates fall on the 15th.

Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. To calculate daily interest:

$$\text{Tax} \times \text{Daily interest rate} \times \text{Number of days}$$

Note: Interest on underpayment of estimated tax is not charged if tax on the prior year's return was \$10 or less. However, this provision does not apply to a high-income taxpayer. A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three years, not including the current year.

Exceptions to interest charged for underpayment of estimated tax. Interest on underpayment is not charged on payments made on or before the due dates when you meet one of the following exceptions:

- Each payment is equal to at least 25 percent of the tax for the tax year.
- Each payment is equal to at least 25 percent of the tax on last year's return. The prior year's return must cover a 12-month period and must show a tax liability. **A high-income taxpayer may use this exception only for the first installment payment,** and any reduction to the first installment payment due to this exception must be added to the second installment payment. See OAR 150-314.525(5).
- Each payment is equal to at least 25 percent of the tax after credits on annualized taxable income. If you did not elect to use the optional annualization periods for federal

purposes allowable under section 6655(e)(2)(C) of the Internal Revenue Code (IRC), you must use the standard Oregon annualization periods provided in ORS 314.525(2)(c)(A). If you elected to use the optional annualization periods for federal purposes, you must use the same annualization periods for Oregon.

- Each payment is equal to at least 25 percent of the amount obtained by applying IRC section 6655(e)(3) to Oregon taxable income. This is the seasonal income exception.

If you meet one of the exceptions, please complete and attach Form 37 (Underpayment of Oregon Corporation Estimated Tax) to your return and check the box on the face of the return. Form 37 is available on our Web site or see "Taxpayer assistance." For more information, see OAR 150-314.505-(A) through 150-314.525(2)-(B).

These instructions are not a complete statement of laws and Oregon Department of Revenue rules.

Taxpayer assistance

Telephone: Salem 503-378-4988
Toll-free within Oregon 1-800-356-4222

E-mail: corp.help.dor@state.or.us

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).

For general tax information: www.oregon.gov/DOR

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

Oregon estimated tax worksheet

Use this worksheet to calculate your 2005 estimated tax. (Keep for your records—do not file with payment.)

1. Oregon net income expected in 2005 1 _____
2. Tax on Oregon net income (multiply line 1 by 6.6 percent) 2 _____
3. Subtractions
 - a. 2004 overpayment applied to 2005 tax* 3a _____
 - b. Tax credits expected for 2005 3b _____
4. Total subtractions (line 3a plus line 3b) 4 _____
5. Net tax (line 2 minus line 4) 5 _____

If the amount on line 5 is less than \$500, **stop**. You don't have to make estimated tax payments. See instructions, "What is estimated tax?" **Caution: If your final tax liability when you file your return is \$500 or more, you may be subject to underpayment interest.** See instructions, "Interest on underpayment of estimated tax."

6. Amount of each payment (Divide line 5 by the number of payments you need to make. This is usually 4.) 6 _____

- * To use your 2004 overpayment to evenly reduce **each of your 2005 payments**, enter the full 2004 overpayment amount on line 3a.
- * To use your entire 2004 overpayment to reduce your **first 2005 quarterly payment**, enter -0- on line 3a. Reduce your first 2005 quarterly installment by the amount of your 2004 overpayment.
- * Refer to your 2004 return (Form 20, 20-I, 20-S or 20-INS) to see the amount available. If you received a notice that adjusted your 2004 return, refer to that notice for the amount still available.

If you change the amount of your estimate during the tax year, use the Amended Estimated Tax Worksheet below. Enter the amount of the revised payment on the next voucher due. See OAR 150-314.515.

Amended estimated tax worksheet

1. Amended estimated tax 1 _____
2. Payment and credits already applied to your 2005 estimated tax 2 _____
3. Underpaid balance (line 1 minus line 2) 3 _____
4. Amount of each remaining payment (divide line 3 by the number of remaining payments). Enter here and on the next voucher due 4 _____

