

	14. Net loss deduction and net capital loss deduction (attach schedule).....	● 14	
	15. Oregon taxable income (line 13 minus line 14 or amount from Schedule AP-2, line 11).....	● 15	
	16. Excise tax (6.6 percent of line 15) (not less than the minimum tax)	16	
	17. Tax adjustments (attach schedule).....	● 17	
	18. Total tax (line 16 plus line 17).....	18	
Credits	19. Pollution control facility credit.....	● 19	
	20. Lender's credit: Energy conservation.....	● 20	
	21. Lender's credit: Affordable housing	● 21	
	22. Lender's credit: Farmworker housing	● 22	
	23. Energy conservation facilities	● 23	
	24. Farmworker housing project investment credit	● 24	
	25. Dependent care credits (Form 150-102-032).....	● 25	
	26. Qualified research activities credit (Form 150-102-128).....	● 26	
	27. Other credits (attach schedule and explanation)	● 27	
	28. Total credits (add lines 19 through 27).....	28	
Excise Tax	29. Excise tax after credits (line 18 minus line 28) (not less than the minimum tax).....	29	
	30. One-time small sales credit (67% of line 29 if eligible).....	● 30	
	31. Tax adjustment for LIFO benefit recapture	● 31	
	32. Net excise tax (line 29 minus lines 30 and 31) (not less than the minimum tax).....	● 32	
	33. 2007 Estimated tax payments from Schedule ES. Include payments made with 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	36	
	37. Interest due with this return	37	
	38. Interest on underpayment of estimated tax	● 38	
	39. Total penalty and interest (add lines 36, 37, and 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 2008 estimated tax.....	2008 Credit ● 42	
	43. Net refund (line 41 minus line 42).....	Net refund 43	

Schedule ES—Estimated Tax Payments or Other Prepayments

	Name of payer	Payer FEIN	Date of payment	Amount paid
1. Voucher 1			/ /	1
2. Voucher 2			/ /	2
3. Voucher 3			/ /	3
4. Voucher 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
7. Claim of right credit (attach computation and explanation)				7
8. Total prepayments (carry to line 33 above)				8

Under penalty of false swearing, I declare that the information in this return and any attachments is true, correct, and complete.

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
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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 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, indicate date affiliate left group
BIN _____			
FEIN _____			
BIN _____			
FEIN _____			
BIN _____			
FEIN _____			
BIN _____			
FEIN _____			
BIN _____			
FEIN _____			
BIN _____			
FEIN _____			

Attach additional schedules if needed.

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 website, www.oregon.gov/DOR.

New information

General information

Reportable transactions (SB 39). Oregon now has a mandatory reporting requirement for participation in listed or reportable transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886 or if you participated in a real estate investment trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature, you must check the "Form 8886/REIT/RIC" box.

Schedule AP. *The Apportionment Schedule* (150-102-171) has been removed from the specific tax booklets. It is now a separate form that will work for all corporate and partnership taxpayers.

Learn more about the *Apportionment Schedule* on www.oregon.gov/DOR.

Subtractions

Sale of manufactured dwelling park (ORS 317.401). Amounts received as a result of the sale of a manufactured dwelling park to a tenant's association, facility purchase association, or tenant's association supported nonprofit organization as described in ORS 90.820; to a community development corporation as described in ORS 458.210; or to a housing authority as defined in ORS 456.005 are exempt from the corporation excise tax. The effective date of this subtraction has been extended to tax years beginning before January 1, 2014.

Manufactured dwelling park tenant payments (HB 2735). Payments made under ORS 90.505 to 90.840 from a manufactured dwelling park landlord to compensate a tenant for costs incurred due to the closure of the park are exempt from corporate excise tax.

Credits

Biofuel producer (Chapter 739, 2007 Oregon Laws). An agricultural producer or collector of biomass will be allowed a credit for biomass that is used in Oregon as biofuel or to produce biofuel. The amount of the credit is determined by the quantity of the biomass multiplied by the appropriate rate set by statute. This credit may be transferred to another taxpayer after notice is given to the Department of Revenue.

Energy conservation credit (ORS 315.354, 315.356). This credit has been expanded to give facilities that use or produce renewable energy resources or are renewable energy resource equipment manufacturing facilities a tax credit equal to 10% of the certified cost for five years. There are also new requirements for installations in single-family homes, high-performances homes and homebuilder installed systems.

Diesel engine replacement credit (notes following ORS 315.356). There are new requirements to qualify for this credit, the engine emissions must be 0.01 grams per brake horsepower-hour or less of particulate matter. The maximum amount of credits that may be certified is \$500,000 or less per calendar year. Qualifying purchases may be made through 2011.

Film production development contribution credit (ORS 315.514). The total amount of credits that may be certified by the Oregon Film and Video Office has increased to \$5 million per fiscal year. The credit must be first claimed in a tax year beginning before January 1, 2012.

Lender's credit: Affordable housing (ORS 317.097). A change to include loans to finance construction, development, acquisition or rehabilitation of housing consisting of a manufactured dwelling park or a preservation project. Increase the amount of credits that may be certified to not exceed \$13 million for all outstanding loans for any fiscal year.

One-time small sales credit (HB 2031). To qualify for this one-time credit the filing entity must be a C corporation with Oregon sales of less than \$5 million for the tax year. The amount of the credit is equal to 67% of the tax after all other credits.

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Checklist of forms and schedules

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) is 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 making a payment.
Form 37.....	Every corporation with an underpayment of estimated tax or meeting an exception.
*Schedule AF.....	Every corporation doing business in Oregon or receiving income from an Oregon source that has affiliates doing business in Oregon.
Schedule AP.....	Every corporation apportioning income.
**Federal Form 1120 ...	Every corporation is required to file.

*Indicates form is included in this publication.

**In general, Oregon's computation of corporation taxable income begins with federal taxable income, with certain modifications. See line instructions for modifications.

Looking ahead

Credits

Diesel engine repower and retrofit credit (HB 3201). A credit is available for 25 percent of the certified cost for repower and 50 percent of the certified cost for retrofit. Certification will be done by The Environmental Quality Commission who will also establish, by rule, standards to qualify for the credit. This credit may be transferred to another taxpayer when notice is given to the Department of Revenue. This credit will be available in tax years beginning on or after January 1, 2008.

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

For processing your return

- **Payments.** Please write the following information on your payments:
 - Federal employer identification number (FEIN).
 - Oregon business identification number (BIN).
 - Tax Year 2007.
- Enclose your payment and payment voucher (Form 20-V) with your Oregon return. Do not staple your payment or your voucher to the 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 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 corporation, excise, or income tax payments. **If you do not have a BIN, one will be assigned when your return is received.**

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 2008.

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.

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 at www.oregon.gov/DOR or by calling the EFT help/message line at 503-947-2017.

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*.

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. Other Oregon statements.
8. Oregon credit forms including notice of credit transfers.
9. Federal Extension, Form 7004.
10. Copy of federal tax return and schedules.

Mail tax returns with tax due to:

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

Mail returns with refunds or no tax due to:

Refund
PO Box 14777
Salem OR 97309-0960

Oregon tie to federal tax law

There is a retroactive connection to federal changes made since December 31, 2002, to the definition of federal taxable income, with two exceptions:

- No connection to the qualified production activities income (QPAI) deduction. An addition on the Oregon return is required, effective January 1, 2005.
- No connection to certain subsidies for prescription drug plans, effective January 1, 2008.

Effective January 1, 2005, an automatic connection to future changes to the federal definition of taxable income applies in Oregon, unless a specific Oregon law provides for different treatment.

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.
- Employees or representatives providing services to customers as the primary business activity, such as accounting or personal service, or services incidental to the sale of tangible or intangible personal property, such as installation of a product or warranty work.
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.

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). Learn more about Information for Tax-Exempt Organizations on www.oregon.gov/DOR/BUS/IC-102-617.shtml.

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 if they are doing business in Oregon or have 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.

Foreign LLCs are identified as unincorporated associations organized under the laws of a state other than Oregon, or a foreign country. Effective in 2005, Oregon's definition of a foreign LLC no matter when organized, includes an unincorporated association organized under the laws of a federally recognized American Indian tribe.

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.

Learn more about Political Organizations on www.oregon.gov/DOR.

When is my return due?

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

Interest and a 5 percent **late payment penalty** are charged if the tax is not paid by the due date.

If you have an extension, the late payment penalty will not be charged if you:

- Pay at least 90 percent of the tax due on or before the original due date of the return; **and**
- Pay the balance of the tax when you file within the extension period; **and**
- Pay any interest due either when the return is filed or within 30 days of the department's billing.

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*:

- Use federal extension Form 7004, complete the header information and answer question 4, leave the rest of the form blank.
- Write "For Oregon only" at the top of the form.
- **Do not** send the federal Form 7004 to the department before you file your Oregon return.

Making an extension payment

- Please use Form 20-V when making a payment. Do not use Form 20-V as an extension form.
- Check the "Extension" box on Form 20-V.
- Form 20-V is available on our website at www.oregon.gov/DOR.
- Make check payable to "**Oregon Department of Revenue.**" To ensure proper credit to your account, write the BIN (if known), FEIN, and tax year of the filer corporation on your check.
- **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 "Extension" box on your return.
- 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.

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 "**Amended**" box.

On the line for estimated tax payments, enter the net excise 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 "Amended" and write the words "Protective Claim for refund" at the top. We will hold your protective claim until you notify us the litigation has been completed.

Note: If a deficiency is assessed against any taxpayer as a result of the retroactive adoption of federal law changes, the department will cancel any penalty or interest pertaining to these changes. If a taxpayer files an amended return showing

a refund due based on the retroactive adoption of federal law changes, the department will not pay interest.

Deferred gain

Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC section 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 “**Form 24**” box 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

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 (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.

Form 8886/REIT/RIC. Oregon now has a mandatory reporting requirement for participation in listed or reportable transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886 or if you participated in a real estate investment trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature, you must check the “Form 8886/REIT/RIC” box. Retain Form 8886 with your Oregon tax records. Do not attach a copy to your Oregon return.

State School Fund. Not applicable for tax year 2007.

Questions

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

Question E(1). If you checked the box, attach a list of the corporations included in the consolidated **federal** return.

Question E(2). If you checked the box, complete **Schedule AF**, Schedule of Affiliates, to list only the corporations included in the consolidated **Oregon** return that:

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

Question E(3). If you checked the box, attach a list of corporations included in the consolidated federal return that are not included in this Oregon return. List each corporation’s name, BIN (if any), and FEIN.

Question F. A “**low-income taxpayer**” is one that did not have federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1 million 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 H. Enter the total number of corporations doing business in Oregon that are included in this return. This number will be used in calculating the minimum tax for this return.

Question M. 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.

Taxpayers in the forest products industry that own or manage at least 300,000 but not more than 400,000 acres and process at least 20 percent of the total wood chip supply for papermaking from sawmill residue generated within the state must use the double-weighted sales factor formula provided in ORS 314.650(2). Check the box if you fit this requirement.

Question N. Non-apportioning corporations, enter the amount of Oregon sales, as defined by ORS 314.665. **This information is necessary in order to determine eligibility for the one-time small sales credit for C corporations.**

Oregon sales can be calculated by adding the following:

- Gross receipts from sales of inventory (less returns and allowances), equipment and other assets;
- Gross receipts from the sale or lease of intangible property if it is part of the corporations’s primary business;
- Gross rent and lease payments received;
- Gross receipts from the performance of services; and
- Net gains from the sale of intangible property if it is not a part of the corporation’s primary business.

Line instructions

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:

- **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).
- **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).
- **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).
- **Claim of right income repayment adjustment when credit is claimed.** The deduction under IRC section 1341 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).
- **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)].
- **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.

- **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)].
- **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).
- **Film production development contributions.** Add back the amount of contribution for which a tax credit certification is made that is allowed as a deduction for federal tax purposes (ORS 315.514).
- **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).
- **Income from sources outside the United States.** Income not included in federal taxable income under IRC 861 or 864 (ORS 317.625).
- **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)].
- **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)].
- **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).
- **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).
- **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)].
- **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 2, 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).
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC 199 claimed on the federal return (ORS 317.398).
- **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.
- **University venture fund contributions.** Add to federal taxable income the amount of contributions used to calculate the University Venture Fund Contribution credit that were deducted from federal taxable income (ORS 315.521).
- **Unused business credits.** Unused business credits taken as a federal deduction under IRC 196 must be added back to Oregon income (ORS 317.304).
- **Trust for cultural development account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return.

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 13 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:

- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC 170(d)(2)(B) (ORS 317.307).
- **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.
- **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)].
- **Dividends from debt financed stock** to the extent deductible for federal tax purposes (see IRC 246A) [ORS 317.267(2)].
- **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 other corporations in this consolidated Oregon return.** Subtract 100 percent from federal taxable income [ORS 317.267(1)].
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming a federal credit (ORS 317.303).
- **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).
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in federal taxable income in determining your Oregon taxable income.
- **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).
- **Inventory costs.** See instructions under line 5.
- **IRC section 78 dividends** (gross-up dividends) must be subtracted in full from federal taxable income (ORS 317.273).
- **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).
- **Losses from outside the United States.** Losses not included in federal taxable income under IRC 861 to 864 (ORS 317.625).
- **Manufactured dwelling park tenant payments.** Payments made under ORS 90.505 to 90.840 to compensate a tenant for costs incurred due to the closure of the park may be subtracted (Chapter 906, 2007 Oregon Laws).
- **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).
- **Oregon depletion in excess of federal allowance** (ORS 317.374).

- **Oregon investment advantage.** Subtract income attributable to qualified new facilities sited in certain locations in Oregon. For apportioning taxpayers, refer to the instructions for Schedule AP-2. To qualify, facilities must be certified by the Department of Economic and Community Development (ORS 317.391).
- **Sale of manufactured dwelling park.** The taxable gain attributable to the sale of a manufacturing dwelling park to a tenant’s association, facility purchase association or tenant’s association supported nonprofit organization is exempt from tax (Note following ORS 317.401).

Line 14. Net loss and net capital loss deductions.

- **Net loss deduction.** A net loss is the amount determined under IRC chapter 1, subtitle A, 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.**

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

Line 16. Excise tax. The tax is 6.6 percent of Oregon taxable income. The minimum tax is \$10 multiplied by the number of corporations shown in question H.

Line 17. Tax adjustments. Enter the **net** amount of the following adjustments on this line:

- **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. Attach a schedule showing how you figured the interest.
- **Net long-term capital gain from farm property.** Subtract the amount of adjustment for tax on net long-term capital gain from farm property (ORS 317.063) from line 9 of Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Adjustment*.
- **Tax paid on composite return.** Subtract the amount of tax that was paid on behalf of any corporation included in the consolidated return if they elected to be part of an Oregon Composite Return. The amount can be found on Schedule OC2, column g, “net tax.”

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. _____
 - Dividends not treated as dividends under IRC 243(d) and 965(c)(3) 2f. _____
 - Dividends described in IRC 246(a) or (c) that do not receive a deduction..... 2g. _____
- Total (add lines 2a through 2g) 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. _____

Credits

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

Learn more about Tax Credits for Corporations on www.oregon.gov/DOR/BUS/docs/102-694-9.pdf.

Line 27. Other credits.

- Advanced telecommunications facilities (ORS 315.511).
- Alternative fuel vehicle fueling stations (ORS 317.115).
- Biofuel producer (Chapter 739, 2007 Oregon Laws).
- 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 33 (ORS 315.068).
- Contribution of computers for scientific equipment research (ORS 317.151).
- Crop donation (form 150-101-240) (ORS 315.156).
- Diesel engine replacement (notes following ORS 315.356).
- Electronic commerce in designated enterprise zone (ORS 315.507).
- Employee and dependent scholarship program payments (ORS 315.237).
- Farmworker housing (notes following ORS 315.164).
- Film production development contribution (ORS 315.514).
- 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).
- Mile-based or time-based motor vehicle insurance (notes following ORS 317.122).
- 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).
- University venture fund credit (ORS 315.521).
- Voluntary removal of riparian land from farm production (ORS 315.113).
- Water transit vessel credit (ORS 315.517).

Line 30. One-time small sales credit. To be eligible for this credit the filing corporation must be a C corporation with Oregon sales of less than \$5 million for the tax year. Taxpayers that are public utilities, financial organizations, insurers, taxpayers with income from long-term construction contracts, motion picture and television film producers, publishers, and interstate broadcasters and apportion their income should see OAR 150 chapter 00004, Oregon Laws 2007 to compute Oregon sales. Taxpayers that are not required to apportion their income should follow the instructions for

question N on page 10. The amount of the credit is equal to 67% of the tax after credits (line 29).

Line 31. 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 31 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 33. Estimated tax and pre-payments. Fill in the total estimated tax payments for tax year 2007 from Schedule ES. Include payments made with an extension.

Line 36. Penalty. Include a penalty of 5 percent of the unpaid balance of your tax 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,

If you have an extension, the late payment penalty will not be charged if you:

- Pay at least 90 percent of the tax due on or before the original due date of the return; **and**
- Pay the balance of the tax when you file within the extension period; **and**
- Pay any interest due either when the return is filed or within 30 days of the department's billing.

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
January 1, 2007	9%	0.75%	0.0247%
January 1, 2008	9%	0.75%	0.0247%

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

Learn more about computing interest on tax you owe on 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 tax on Form 20, line 32, is less than \$500 on your 2007 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 available on www.oregon.gov/DOR.

On line 37, enter interest due for payment of tax after the original return due date. On line 38, 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 include the following information on your check:

- Federal employer identification number (FEIN).
- Oregon business identification number (BIN).
- "2007 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 instructions

Estimated tax payment instructions

Estimated tax paid for the 2007 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 2006 tax return or an Oregon amended return on line 5. Enter payments made with your extension on line 6. Enter payments made on

the corporation's behalf by a pass-through entity on line 6. On line 8, enter the total of lines 1 through 7, then carry total to Form 20, line 33.

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, fill in the paying corporation's name, and federal identification number on the schedule 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 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 AF instructions

Schedule AF 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

www.oregon.gov/DOR

- Download forms and publications.
- Get up-to-date tax information.
- E-mail: **corp.help.dor@state.or.us**.

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Telephone

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

Monday through Friday.....7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday7:00 a.m.–7:00 p.m.
Saturday, April 12.....9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon503-378-4988
Gratis de prefijo de Oregon.....1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem.....503-945-8617
Toll-free from Oregon prefix1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Correspondence

Include your BIN or FEIN and a daytime telephone number for faster service. **Write to:**

Oregon Department of Revenue
955 Center St NE
Salem OR 97301-2555.