



Package C

**Corporation Tax
Forms and Instructions**

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These documents are available on the Internet at www.oregon.gov/DOR.

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Oregon Corporation Excise Tax Return

2007 Form 20

For office use only

Fiscal year beginning Fiscal year ending

Payment 1 2 3

Name: Address: City: Contact: Web address: FEIN: BIN: Extension Form 37 Amended Form 24 FCG-20 Form 8886/REIT/RIC OR School Fund New name New address

FOR FUTURE COMPUTER USE ONLY

FOR COMPUTER USE ONLY

Complete A through D only if this is your first return or the answer changed during 2007.

A. Incorporated in (state); B. State of commercial domicile; C. Date business activity began in Oregon; D. Business Activity Code; E. Consolidated federal return; F. Low-income taxpayer; G. Enter name of parent corporation; H. Number of Oregon corporations; I. List the tax years for which federal waivers of the statute of limitations are in effect; J. List the tax years for which your federal taxable income was changed; K. If first return, indicate; L. If final return, indicate; M. Utility, telecommunications, or timber companies; N. If you did not complete Schedule AP, fill in the amount of your Oregon sales

Table with 2 columns: Additions/Subtractions and Amount. Rows include Taxable income from U.S. corporation income tax return, State, municipal, and other interest income excluded, Oregon excise tax, Income of related FSC or DISC, Other additions, Total additions, Income after additions, Work opportunity credit wages, Dividend deduction, Income of non-unitary corporations, Other subtractions, Total subtractions, Income before net loss deduction.

both in Oregon and other states, carry amount from line 13 to Schedule AP-2, line 1.

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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.

Oregon Corporation Income Tax Return	2007	Form 20-I	For office use only		
	Fiscal year beginning ● / /	Fiscal year ending ● / /	1 ●	2 ●	3 ●
Name:		FEIN:	● <input type="checkbox"/> Extension		
Address:		● BIN:	● <input type="checkbox"/> Form 37		
City:	St:	ZIP code:	● <input type="checkbox"/> Amended		
Contact:			● <input type="checkbox"/> Form 24		
Web address:			● <input type="checkbox"/> FCG-20		
		<input type="checkbox"/> New name	● <input type="checkbox"/> Form 8886/REIT/RIC		
		<input type="checkbox"/> New address	<input type="checkbox"/> OR School Fund		
		Phone:			
FOR FUTURE COMPUTER USE ONLY		FOR COMPUTER USE ONLY			

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 7).

Complete A through D only if this is your first return or the answer changed during 2007.

● 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) <input type="checkbox"/> Consolidated federal return		● (2) <input type="checkbox"/> Consolidated Oregon return		● (3) <input type="checkbox"/> Corporations included in the consolidated federal return, but not in the Oregon return					
● F. <input type="checkbox"/> Low-income taxpayer		● 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									
● 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									
● J. If first return, indicate		Name of previous business				FEIN		BIN	
<input type="checkbox"/> New business, or									
<input type="checkbox"/> Successor to previous business									
● K. If final return, indicate		Name of merged or reorganized corporation				FEIN		BIN	
<input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or									
<input type="checkbox"/> Merged or reorganized									
L. Utility, telecommunications, or timber companies: see instructions.....								● L <input type="checkbox"/>	
M. If you did not complete Schedule AP, fill in the amount of your Oregon sales								● M <input type="checkbox"/>	

	1. Taxable income from U.S. corporation income tax return.....	● 1	
Additions	2. State, municipal, and other interest income not included in line 1 ...	● 2	
	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... ● 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 non-unitary 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 (attach schedule)..... ● 18		
	19. Other credits (attach schedule and explanation) ● 19		
	20. Total tax (line 17 plus line 18, minus line 19)..... 20		
	21. One-time small sales credit (67% of line 20) ● 21		
	22. Tax adjustment for LIFO benefit recapture ● 22		
	23. Net income tax (line 20 minus lines 21 and 22) ● 23		
	24. 2007 estimated tax payments from Schedule ES. Include payments made with extension ● 24		
	25. Tax due. Is line 23 more than line 24? If so, line 23 minus line 24 Tax due ● 25		
	26. Overpayment. Is line 23 less than line 24? If so, line 24 minus line 23 Overpayment ● 26		
	27. Penalty due with this return 27		
	28. Interest due with this return 28		
	29. Interest on underpayment of estimated tax ● 29		
	30. Total penalty and interest (add lines 27 through 29) 30		
	31. Total due (line 25 plus line 30)..... Total due 31		
	32. Refund available (line 26 minus line 30) Refund 32		
	33. Amount of refund to be credited to 2008 estimated tax..... 2008 credit ● 33		
	34. Net refund (line 32 minus line 33)..... Net refund 34		

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 tax credit (attach computation and explanation)			/ /	7
8. Total prepayments (carry to line 24 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 form 1120 and schedules

Mail refund returns and no tax due returns to: Refund, PO Box 14777, Salem OR 97309-0960	Mail returns with tax due, 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-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 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 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 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 income tax. The effective date of this subtraction has been extended to tax years beginning before January 1, 2014.

Credits

Biofuel producer credit (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 is a renewable energy resource equipment manufacturing facility a tax credit equal to 10 percent 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.

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 percent of the tax after all other credits.

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.

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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 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 or that has Oregon source income with affiliates.
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.

Filing information

Who must file in Oregon?

Corporations that have income from an Oregon source are required to file an *Oregon Corporation Income Tax Return* (Form 20-I) and pay an income 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-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. Oregon credit forms including notice of credit transfers.

8. Other Oregon statements.
9. Federal Extension, Form 7004.
10. Copy of federal tax return and schedules.

Mail returns with tax due to:

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

Mail returns with refunds or returns with 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, 2006 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-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). Learn more about Information for Tax-Exempt Organizations on www.oregon.gov/DOR.

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 **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 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 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.

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 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 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 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 (150-102-171).

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 schedule 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-I instructions

Heading

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).

- **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

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, business identification number (if any), and federal employer identification number.

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.

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.

For tax years beginning on or after July 1, 2005, 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, are required to use the double-weighted sales factor provided in ORS 314.650. Check the box if you fit this requirement.

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

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. _____
 - f. Dividends not treated as dividend under IRC 243(d) or 965(c)(3) 2f. _____
 - g. Dividends described in IRC 246(a) or (c) that do not receive a deduction..... 2g. _____
3. Total (add lines 2a through 2g) 3. _____
4. Balance subject to 70% (or 80%) deduction (line 1 minus line 3) 4. _____
5. Percentage deduction 5. _____ × 0.7 (0.8)
6. Allowable deduction (line 5 × line 4) 6. _____

- **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 12 [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 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.
- **Trust for cultural development account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return.
- **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).

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 11 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:

- **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** 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.** (ORS 317.391). For non-apportioning taxpayers 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 manufactured 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 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. 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 on line 18. Attach a schedule showing how you figured the interest.
- **Net long-term capital gain from farm property.** Subtract the amount of tax adjustment 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."

Credits

Line 19. 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.

- Advanced telecommunications facilities (ORS 315.511).
- 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 23 (ORS 315.068).
- Crop donation (form 150-101-240) (ORS 315.156).
- Dependent care assistance (form 150-102-032) (ORS 315.204).
- Dependent care facilities (form 150-102-032) (ORS 315.208).
- Dependent care information and referral (form 150-102-032) (ORS 315.204).
- Diesel engine replacement tax (notes following ORS 315.356).
- Electronic commerce in designated enterprise zone (ORS 315.507).
- Emission-reducing production technology process (ORS 315.311).
- Employee and dependent scholarship program payments (ORS 315.237).
- Energy conservation facilities (ORS 315.354, 315.356).
- Film production development contribution (ORS 315.514).
- First Break program (ORS 315.259).
- Fish habitat improvement (ORS 315.134).
- Individual development accounts (ORS 315.271).
- 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).
- Pollution control facilities (ORS 315.304).
- Qualified research activities (form 150-102-128) (ORS 317.152–154).
- Reforestation (ORS 315.104, 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 21. 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. The amount of the credit is equal to 67 percent of the tax after credits (line 20). 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 M on page 10.

Line 22. 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 22 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 24. Estimated tax payments. Fill in the total estimated tax payments for tax year 2007 from Schedule ES. Include payments made with an extension.

Line 27. Penalty. Include a penalty payment of 5 percent of the unpaid balance of your tax 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 28. 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 29. 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 23, 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 28, enter interest for payment of tax after the original return due date. On line 29, enter interest due from underpayment of estimated tax. **Attach Form 37 to your return and check the "Form 37 is attached" box.**

Line 31. 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).
- "2007 Income Tax."

Special instructions. Do you owe penalty or interest and have an overpayment on line 26? If your overpayment is less than total penalty and interest, fill in the result of line 30 minus line 26, on line 31.

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 corporations 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-I, line 24.

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, 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 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 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

Schedule of Affiliates instructions

If you file a consolidated Oregon return per the instructions on page 7 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

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–Friday 7:00 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 Oregon 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem..... 503-945-8617
Toll-free from Oregon prefix 1-800-886-7204

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.

Subtractions	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	
If income is derived from sources both in Oregon and other states, carry amount on line 19 to Schedule AP-2, line 1. Please complete both Schedules AP-1 and AP-2.		
	20. Net loss deduction (attach schedule) ● 20	
	21. Oregon taxable income (line 19 minus line 20 or amount from Schedule AP-2, line 11)..... ● 21	
	22. Excise tax (6.6 percent of line 21) (not less than the minimum tax) 22	
	23. Tax adjustment for interest on certain installment sales ● 23	
	24. Total tax (line 22 plus line 23) 24	
Credits	25. Other credits (attach explanation)..... ● 25	
	26. Workers' Compensation credit ● 26	
	27. Fire insurance gross premiums tax credit..... ● 27	
	28. Total (add lines 25 through 27)..... 28	
	29. Line 24 minus line 28 (not less than the minimum tax)..... 29	
	30. OLHIGA (Oregon Life and Health Insurance Guaranty Association) offset ● 30	
	31. Excise tax after credits and offsets (line 29 minus line 30) (not less than the minimum tax)..... 31	
	32. One-time small sales credit (67% of line 31, if eligible)..... ● 32	
	33. Net excise tax (line 31 minus line 32) (not less than the minimum tax) ● 33	
	34. Estimated tax payments for tax year 2007 (from Schedule ES below). Include payments made with your extension .. ● 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 37	
	38. Interest due with this return 38	
	39. Interest on underpayment of estimated tax. Attach Form 37 ● 39	
	40. Total penalty and interest (add lines 37 through 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 2008 estimated tax..... 2008 Credit ● 43	
	44. Net refund (line 42 minus line 43)..... Net refund 44	

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. Total prepayments (carry to line 34 above)				7

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

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	

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 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-INS (see instructions)

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

Attach additional schedules if needed.

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 website, www.oregon.gov/DOR.

New Information

The Oregon Legislature passed SB 179, which requires all insurance companies to apportion their income based on a single sales factor. The change applies to tax years beginning on or after January 1, 2007.

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 must file **Form 20-INS** with the Department of Revenue (see filing requirements).

Title insurers file **Form 20** instead of Form 20-INS. Title insurers begin with federal taxable income and make the same additions and subtractions that non-insurance corporations make.

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, or whose only income is premiums from existing policy holders, are doing business in Oregon.

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.

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 the **minimum tax**.

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

Separate returns

Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a **separate basis**.

Consolidated returns

Unitary domestic insurance companies (incorporated in Oregon) not controlled by foreign insurers incorporated outside of Oregon must file a consolidated Oregon return if they were included in a consolidated federal return. An inter-insurance and reciprocal exchange and its attorney-in-fact may file a consolidated return.

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.

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**:

- Use a federal extension Form 7004, complete the header information, answer question 4, and 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.

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Filing information

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-INS.
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

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 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 behind Schedule AP.
- Check the "Extension" box on your return.
- Enter the amount of tax paid with your extension on Schedule ES, line 6.

Federal and Insurance Division audit changes

You must notify the Oregon Department of Revenue if the IRS changes your federal return or the Insurance Division changes your Fire Marshal tax, or retaliatory tax for any tax year and the change affects your computation of Oregon excise tax. If so, you must 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 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 “**Amended**” box.

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 20.

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 “Amended” box 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.

Form 20-INS instructions

Heading

Oregon business identification number. 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.

State School Fund. Not applicable for tax year 2007.

Questions

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 you checked the box, attach a list of the corporations included in your consolidated federal return.

Question E(2). If you checked the box, 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 you checked the box, 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 “**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 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 L. If you are subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 21, 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 18 through 20, 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.**”

Income

Line 2. Income, expenses, and other items attributable to separate accounts. From “Summary of Operations,” 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 “Part II Allocation to Lines of Business Net of Reinsurance,” page Supp 6, 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 in “Summary of Operations,” page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included in “Summary of Operations,” page 4, line 34.

P&C companies—Use tax on ordinary income from the annual statement, included in “Statement of Income,” 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 in “General Expenses,” page 11, exhibit 3, lines 4 and 6.

P&C companies—Annual statement, included in “underwriting and Investment Exhibit,” 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, “Summary of Operations,” 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, “Summary of Operations,” page 4, line 43.

P&C companies—Annual statement, “Underwriting Income,” page 4, line 37.

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 20. 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 20. Any net losses assigned to Oregon during the preceding taxable years (and not previously deducted) must be entered on **Schedule AP-2**, line 10.

Line 21. Oregon taxable income. If you are apportioning income to Oregon, enter the amount from **Schedule AP-2**, line 11.

Line 22. 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 of page 1.

Line 23. 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 this line. 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.

Line 25. Other credits. The following credits and others are explained in *Tax Credits for Corporations* publication.

- 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).
- Energy conservation facilities credit (ORS 315.354 and 315.356).
- 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).
- Long-term care insurance premiums (ORS 315.610).
- Long-term enterprise zone facilities (ORS 317.124 and 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 26. 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 www.oregon.gov/DOR.

Line 27. 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 2007 **Form 20-INS** for the amount of tax shown on your 2007 State Fire Marshal tax return, part 1, line 10, filed with the Insurance Division.

Line 30. 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 32. 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. The amount of the credit is equal to 67 percent of the tax after credits (line 31).

Line 37. 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 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, 2007	9%	0.7500%	0.0247%
January 1, 2008	9%	0.7500%	0.0247%

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

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 excise tax, line 33, is less than \$500 on your 2007 return. If you have an underpayment, you must file **Form 37, Underpayment of Oregon Corporation Estimated Taxes**.

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" box.

Line 41. 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 postdated 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).
- "2007 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 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 previous year's tax return or an Oregon amended return.

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 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 telephone, a secure internet site, or through your financial institution.

A business is required to have an authorization agreement filed with the department before it starts 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

Schedule of Affiliates instructions

If you file a consolidated Oregon return per the instructions on page 5 and have more than one affiliate doing business in Oregon, 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 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 Oregon 503-378-4988
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.

Name: FEIN: Extension
 Address: ● BIN: Form 37
 City: St: ZIP code: Amended
 Contact: Form 24
 FCG-20
 Form 8886/REIT/RIC
 OR School Fund
 Web address: New name
 New address Phone: OR School Fund

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Complete A through D only if this is your first return or the answer changed during 2007.

● 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	FEIN	BIN	
<input type="checkbox"/> New business, or				
<input type="checkbox"/> Successor to previous business				
● H. If final return, indicate	Name of merged or reorganized corporation	FEIN	BIN	
<input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or				
<input type="checkbox"/> Merged or reorganized				
I. Enter the amount from federal Form 1120S, line 21	● I			
J. Utility, telecommunications, or timber companies: see instructions	● J	<input type="checkbox"/>		
K. If you did not complete Schedule AP, fill in the amount of your Oregon sales	● K			

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	<input type="text"/>	
	(b) Excess net passive income	<input type="text"/>	Total ● 1 <input type="text"/>
	2. Additions		● 2 <input type="text"/>
	3. Subtractions		● 3 <input type="text"/>
	4. S corporation income before net loss deduction (line 1 plus line 2, minus line 3)		4 <input type="text"/>
	If income is derived from sources both in Oregon and other states, see instructions.		
	5. Net loss from prior years as C corporation (attach schedule) (deductible from built-in gain income only) ...		● 5 <input type="text"/>
	6. Oregon taxable income (line 4 minus line 5 or amount from Schedule AP-2, line 11)		● 6 <input type="text"/>
	7. Tax (6.6 percent of line 6) (excise tax returns, see instructions)	7	<input type="text"/>
	8. Tax adjustments	● 8	<input type="text"/>
	9. Total tax (line 7 plus line 8)		9 <input type="text"/>

Staple payment here

10. Credits against tax (attach schedule and explanation).....	● 10	
11. Tax after credits (line 9 minus line 10) (excise tax not less than minimum tax).....	11	
12. State surplus refund credit (0% of line 11).....	12	
13. Tax adjustment for LIFO benefit recapture	● 13	
14. Net tax (line 11, minus line 12 plus line 13) (excise tax not less than minimum tax)	● 14	
15. 2007 estimated tax payments from Schedule ES. Include payments made with extension.....	● 15	
16. Tax due. Is line 14 more than line 15? If so, line 14 minus line 15	Tax due ● 16	
17. Overpayment. Is line 14 less than line 15? If so, line 15 minus line 14	Overpayment ● 17	
18. Penalty due with this return	18	
19. Interest due with this return	19	
20. Interest on underpayment of estimated tax (attach Form 37).....	● 20	
21. Total penalty and interest (add lines 18 through 20)	21	
22. Total due (line 16 plus line 21).....	Total due 22	
23. Refund available (line 17 minus line 21)	Refund 23	
24. Amount of refund to be credited to 2008 estimated tax.....	2008 credit ● 24	
25. Net refund (line 23 minus line 24).....	Net refund 25	

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

	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. Total prepayments (carry to line 15 above)				7

Under penalties 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 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
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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 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 (Section 7 chapter 826, Oregon Laws 2005). 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 credit (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 is a renewable energy resource equipment manufacturing facility a tax credit equal to 10 percent 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.

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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 that needs to make a payment.
Form 24.....	Oregon Like-Kind Exchanges/Involuntary Conversions.
Form 37.....	Every corporation with an underpayment of estimated tax or meeting an exception.
Schedule AF.....	Every corporation doing business in Oregon or that has Oregon source income with affiliates.
Schedule AP.....	Every corporation apportioning income.
**Federal Form 1120S...	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?

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

- **Payments.** Please write the following information on your payments:
 - Oregon business identification number (BIN).
 - Federal employer identification number (FEIN).
 - 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 on your return by completing Schedule ES. 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 S 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-S.
2. Schedule AP, Apportionment of Income.
3. Form 37, *Underpayment of Oregon Corporation Estimated Tax*.
4. Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
5. Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate*.
6. Other Oregon statements.
7. Oregon credit forms and notice of credit transfers.
8. Federal Extension, Form 7004.
9. Copy of federal tax return and schedules.

Mail 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, 2006, 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 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.

Excise tax 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.
- Employees or representatives providing services to customers as the primary business activity, such as accounting or personnel services, 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.

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

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 still be subject to Oregon corporation income tax if you have income from an Oregon source.

Income tax 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.

There is no minimum tax for a corporate **income tax** filer.

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

Shareholder tax returns

Shareholders who meet Oregon filing requirements must file an Oregon tax return. Refer to the appropriate Oregon tax returns and instructions, based on what type (individual, corporation, trust, or estate) of taxpayer the shareholder is, and for an explanation of those requirements.

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.

Each individual shareholder of an S corporation may claim their pro rata share of the corporation's business tax credits. 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.

A pass-through entity is required to file a Form OC, *Oregon Composite Return*, if one or more nonresident owners elect to be included in such return. A nonresident owner is an individual who is not a resident of Oregon, a business entity that has a commercial domicile outside of Oregon, a nonresident trust or a qualified funeral trust.

For more information refer to the Oregon Composite Return instructions available on our website.

Withholding requirement

An S corporation with one or more nonresident owners who have no other Oregon source income is required to withhold tax on the owner's distributive share of S corporation income. The requirement is waived if the owner makes an election to join in the filing of a composite return, sends the department a signed *Oregon Affidavit for a Nonresident Owner in a Pass-through Entity*, or meets another exception listed in Oregon Administrative Rule 150-314.775.

The S corporation must withhold 9 percent of the owner's share of distributive income for owners who will file personal income tax returns, and 6.6 percent for owners who file corporate excise or income tax returns. The S corporation must send an annual payment on Form 40-ESV for each individual owner or on Form 20-V for each corporate owner. Each payment voucher must include the owner's name and tax identification number, and identify the quarter in which the payment is being made. The payment must be made on or before the date the S corporation is required to issue Schedule K-1 to its shareholders.

An S corporation with 50 or more non-electing owners may send one check and one payment voucher for each type of owner. This payment should be accompanied by a schedule identifying each shareholder and the amount of withholding attributable to them.

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 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.

If you filed Form 20-S and later determined you should file Form 20, check the “Amended” box on 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.

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.

Note: If a deficiency is assessed against any taxpayer as a result of the retroactive adoption of the 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 Oregon Form 24 to your 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 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.

Form 20-S instructions

Heading

Enter all information as requested.

Type of tax. Do you pay an **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.

Oregon business identification number. 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 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 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 of the form to your Oregon return.

State School Fund. Not applicable for tax year 2007.

Questions

Question G. If this is the corporation’s first return, check the box and provide all information as requested. If the corporation is a successor to a previously existing business in Oregon, check the box and provide all information as requested. You would only check one of the boxes.

Question H. Final returns: A final tax return is required when a corporation has ceased to exist, withdrawn from doing business in Oregon, dissolved, merged, or reorganized. Check the box and provide requested information.

Question J. 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 provided in ORS 314.650. Check the box if you fit this requirement.

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. S corporations without federal taxable income, start on line 7.

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.” 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.**

Additions

Line 2. 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:

- **Claim of right income repayment adjustment** when credit is claimed. The deduction under IRC section 1341 of the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).
- **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).
- **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.
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC 199 claimed on the federal return.

Subtractions

Line 3. 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:

- **Film production labor rebate.** The amount of rebate received and included on the federal return is allowed as a subtraction on the Oregon return.
- **Interest on obligations** of the United States and its instrumentalities included in line 1. **This applies to income tax filers only.**
- **Temporary dividends-received deduction.** Dividends from controlled foreign corporations are deductible to the extent deductible for federal tax purposes per IRC 965.
- **The difference in gain or loss on sale of assets** when the Oregon basis is greater than it is for federal purposes.

Line 7. Tax. Oregon minimum tax of \$10 is required for excise taxpayers. Income taxpayers do not pay a minimum tax.

Line 8. Tax adjustments. Enter the **net** amount of both adjustments on this line:

- **Interest on certain installment sales.** Interest you owe on deferred tax liabilities with respect to installment obligations under ORS 314.302. 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*.

Credits

Line 10. Taxpayers must take the full amount of credit allowed per 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).
- Biofuel producer (Chapter 739, 2007 Oregon Laws).
- 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).
- Diesel engine replacement (notes following ORS 315.356).
- 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).
- 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).
- Lenders loans for affordable housing (ORS 317.097, 317.112).
- 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).
- 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).
- 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).

See www.oregon.gov/DOR/BUS/docs/102-694-9.pdf to learn more about Tax Credits for Corporations.

Line 12. State surplus refund credit. Not applicable for tax year 2007.

Line 13. 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 (ORS 314.750).

Line 15. Estimated tax payments and other prepayments. Fill in the total estimated tax payments for tax year 2007 from Schedule ES. Include payments made with an extension.

Line 18. 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 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 19. 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.

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 20. 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 14 is less than \$500 on your 2007 return.

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

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 at www.oregon.gov/DOR.

Line 22. 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:

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

Special instructions. Do you owe penalty or interest and have an overpayment on line 17? If your overpayment is less than the total penalty and interest, fill in the result of line 21 minus line 17, on line 22.

Schedule SM instructions

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 instructions

Estimated tax payment instructions

Estimated tax paid for the 2007 tax year. List all estimated tax payments made prior to 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. On line 7, enter the total of line 1 through 6, then carry total to Form 20-S, line 15. List name and FEIN of payer only if different from corporation filing this return.

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–Friday 7:00 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 Oregon 503-378-4988

Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617

Toll-free from Oregon prefix 1-800-886-7204

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.

**Schedule AP
Apportionment of Income for Corporations and Partnerships**

Tax Year: _____

Name of entity as shown on your Oregon return	Oregon business identification number	Federal employer identification number
---	---------------------------------------	--

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

Schedule AP-1—Apportionment information

(Do not enter an amount of less than zero)

Property/real estate income and interest factor

	(A) Oregon	(B) Everywhere
1. Inventories.....	1	
2. Buildings and other depreciable assets.....	2	
3. Land.....	3	
4. Other assets.....	4	
5. Minus: Construction in progress.....	5	
6. Rented property (capitalize at 8 times the rental paid).....	6	
7. Net income from real property (insurance only).....	7	
8. Interest received on loans secured by real property (insurance only).....	8	
9. Total property or real estate income and interest.....	9	

Wage and commission factor

10. Compensation of officers.....	10	
11. Other wages, salaries, and commissions.....	11	
12. Total wages and compensation.....	12	

Sales factor

13. Shipped from outside Oregon.....	13	
14. Shipped from inside Oregon.....	14	
15. Shipped from Oregon to the United States government.....	15	
16. Shipped from Oregon to purchasers where corporation is not taxable.....	16	
17. Other business receipts.....	17	
18. Direct premiums (insurance only).....	18	
19. Annuity considerations (insurance only).....	19	
20. Finance and service charge (insurance only).....	20	
21. Total sales.....	21	

22. **Oregon apportionment percentage**..... 22 %

Schedule AP-2—Taxable income computation

1. Net income from business both in Oregon and other states.....	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.....	4	
5. Oregon apportionment percentage (from Schedule AP-1, line 22).....	5	x %
6. Income apportioned to Oregon (line 4 times line 5).....	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).....	11	

Worksheets for computing Oregon apportionment percentage

These worksheets are for businesses having business activities both inside and outside of Oregon. If the entity's business activities are all within Oregon, do not use this form.

Oregon standard apportionment method

Business income is apportioned to Oregon by multiplying the income by a multiplier equal to Oregon sales and other receipts as determined by Schedule AP-1, divided by total sales and other receipts from the federal return. See ORS 314.650.

	(A)	(B)	(C) = (A ÷ B) X 100
1. Total sales and other receipts (Schedule AP-1, line 21)..... 1			
2. Oregon apportionment percentage (enter on Schedule AP-1, line 22) 2			%

Alternative apportionment method (double-weighted sales factor formula) for utility or telecommunication taxpayers and qualified forest products taxpayers

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).

Qualifying forest products industry taxpayers must apportion business income using the double-weighted sales factor formula provided in ORS 314.650(2) (2005 edition) for tax years beginning on or after July 1, 2005.

Check the box on front of your return if you're using the alternative apportionment method (Form 20, question M; Form 20-I, question L; Form 20-S, question J). All others use the appropriate Oregon standard apportionment schedule above.

	(A)	(B)	(C) = (A ÷ B) X 100
1. Total owned and rented property (Schedule AP-1, line 9) 1			%
2. Total wages and salaries (Schedule AP-1, line 12) 2			%
3. Total sales and other receipts (Schedule AP-1, line 21)..... 3			%
4. Total sales and other receipts (same as line 3 above)..... 4			%
5. Total percent (add lines 1-4, column C above) 5			%
6. Number of factors with a positive number in column B..... 6			
7. Alternative apportionment percentage (divide line 5 by line 6; enter on Schedule AP-1, line 22)..... 7			%

For instructions to Schedule AP and worksheets go to:
www.oregon.gov/DOR/BUS/102-171-07i.shtml

Corporation/Partnership Apportionment

[New information](#)

[Schedule AP-1—Line instructions](#)

[Schedule AP-2—Taxable income computation](#)

[Schedule AP and Worksheet](#)

New information

Schedule AP is now used for all corporations and partnerships that are doing business in more than one state. Use this form if you are filing one of the following forms: corporate excise and income tax (Forms 20, 20-I, and 20-S); insurance excise tax (Form 20-INS); or partnership information return (Form 65). There will no longer be a separate apportionment schedule for each form type. **Be sure to follow these instructions as many of the line numbers have changed.**

General information

These instructions are 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](#).

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. Most business entities having unitary business activities, as defined in ORS 317.705, both inside and outside Oregon must use the apportionment and allocation methods provided in the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.690). Certain types of business entities are required to use modified apportionment factors as specified below.

Modified factors. The following businesses use modified apportionment factors as provided in the following OARs and ORSs:

Airlines	OAR 150-314.280-(I)
Electricity and natural gas	OAR 150-314.665(2)-(C)
Forest products industry	ORS 314.650(2)
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)

Publishing companies	OAR 150-314.670-(A)
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 business entity's apportioned and allocated income assigned to Oregon. Schedule AP must be completed by each business 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.

Utility and telecommunication taxpayers. Taxpayers primarily engaged in utilities and telecommunications as defined in ORS 314.280(3)(e) may elect to use the alternative apportionment method provided in ORS 314.650 (1999 edition). You must check the box on the following forms if you are making this election: Form 20, question M; Form 20-I, question L; or Form 20-S, question J.

Forest products industry taxpayers. For tax years beginning on or after July 1, 2005, 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 are required to use the alternative apportionment method provided in ORS 314.650. You must check the box on the following forms if you meet this requirement: Form 20, question M; Form 20-I, question L; or Form 20-S, question J.

Schedule AP-1—Line instructions

Consolidated returns. 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.

Rounding. 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.

Line instructions

Property factor (all companies except insurance companies). Enter all owned or rented business property in column B of Schedule AP-1. Enter business property owned or rented within Oregon in column A. See ORS 314.655 and administrative rules.

Lines 1 through 5. 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.

Line 6. Value rented property at eight times the annual rental value. Reduce the annual rental value by nonbusiness sub rentals.

Real estate income (insurance companies only).

Line 7.

- Life companies—Annual statement, page E-01, Schedule A, part 1, column 15 minus column 16, and page E-03, Schedule A, part 3, column 16 minus column 17.
- P&C companies—Annual statement, Schedule A, part 1, pages E-01 and E-03, column 15 minus column 16, and Schedule A, part 3, column 16 minus column 17.

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.

Real estate interest (insurance companies only).

Line 8.

- 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.

Line 9.

All companies except insurance companies total lines 1 through 6. Insurance companies only total lines 7 and 8.

Payroll factor (all companies).

Lines 10 and 11. 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.

Insurance companies should use the wage and commission amounts from the annual statement.

Sales factor (all companies except insurance companies complete lines 13 through 17).

Assign sales to Oregon if:

- **Lines 13 and 14.** The property is shipped or delivered to a purchaser in Oregon other than the United States Government; or
- **Lines 15 and 16.** 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 business 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 business is taxable in another state. Charges for services are Oregon sales if a greater proportion of the income-producing activity is performed in Oregon than in any other state, based on cost of performance. 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. For taxpayers other than financial organizations, as defined in ORS 317.010(11), 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.

Insurance sales factor (insurance companies only).

Lines 18 through 20. Use total premiums written including Oregon premiums written.

- Life companies—Annual statement, "Premiums and Annuity Considerations," page 62, schedule T, lines 38 and 95. 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, "Schedule of Premiums Written," page 104, schedule T, lines 38 and 59, columns 2 and 8. 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.**

Apportionment percentage

Line 21.

All companies except insurance companies total lines 13 through 17. Insurance companies total lines 18 through 20.

Line 22.

Use the worksheets to compute your Oregon apportionment percentage.

Schedule AP-2—Taxable income computation

Lines 2 and 7. Business and nonbusiness income (all companies except insurance companies). "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 (all companies except partnerships). See instructions for Form 20, line 14.

Line 11. Carry this amount to the appropriate line on your tax return: Form 20, line 15; Form 20-I, line 16; Form 20-S, line 6; or Form 20-INS, line 21.

Updated November 2007

Name of Corporation as Shown on your Oregon Corporate Return	Oregon Business Identification Number	Federal Employer Identification Number
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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 this year's tax..... 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.

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.)

	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.

Low income taxpayer. If you 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 (difference between line 3 and line 7) 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. 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 27 and 28—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
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5000%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2007	9%	0.7500%	0.0247%
January 1, 2008	9%	0.7500%	0.0247%

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

Tax Credits for Corporations



October 2007

www.oregon.gov/DOR

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

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
Alternative Fuel Vehicle Fueling Stations	ORS 317.115	For contractor who constructs a fueling station as defined in ORS 469.160, placed in service on or after January 1, 1998.	Yes, 5 years.	No.	A verification form signed by contractor and owner, purchaser, or tenant.
<i>Description of Credit</i>	25 percent of cost of the fueling station, but not more than \$750.				
Biofuel Raw Materials Credit	HB 2210	For tax years beginning on or after January 1, 2007 and before January 1, 2013.	Yes, 4 years.	Yes, for reporting credit transfers. 150-101-179 Department of Revenue.	Written receipts from a biofuel producer to the agricultural producer or biomass collector claiming the credit.
<i>Description of Credit</i>	The credit is available to agricultural producers and biomass collectors for the production or collection of biomass that is to be used in Oregon as biofuel or to produce biofuel. The credit is based on the amount or quantity of biomass transferred to a biofuel producer during the tax year. This credit may be transferred to an Oregon taxpayer.				
Bone Marrow Donor Expense (For carry-forward purposes only.)	ORS 315.604	For tax years beginning on or after January 1, 1991, and prior to January 1, 2002.	Yes, 5 years.	No.	Employer must retain details for audit verification.
<i>Description of Credit</i>	25 percent of employer's expense incurred during the year for employees who donate bone marrow.				
Child Care Division and Community Agency Contributions	ORS 315.213	For tax years beginning on or after January 1, 2002, and before January 1, 2013.	Yes, 4 years.	No.	Certificate issued by Child Care Division, 503-947-1418, or 1-800-556-6616, www.oregon.gov/EMPLOY
<i>Description of Credit</i>	The credit is allowed for certified contributions made to the Child Care Division of the Employment Department for the purpose of promoting child care. If credit is claimed, there may be an addition on the Oregon return. For tax years beginning before January 1, 2004, contributions to selected community agencies qualify for the credit.				
Claim of Right	ORS 315.068	For tax years beginning on or after January 1, 1998.	No, the credit is refundable.	No.	Taxpayer must retain details for audit verification.
<i>Description of Credit</i>	The difference between the actual Oregon tax for the year the claim of right income was included in federal income and the Oregon tax if such income had not been included in federal income. See IRC 1341(a)(1) and (2).				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
Contribution of Computers or Scientific Equipment for Research	ORS 317.151	For contributions made in tax years beginning on or after January 1, 1986, and prior to January 1, 2010.	Yes, 5 years for credits earned in tax years beginning on or after January 1, 1993.	No.	Donor must retain details for audit verification.
<i>Description of Credit</i>	Computers, scientific equipment, maintenance agreements, or money for scientific research donated to Oregon institutions of higher education or post-secondary schools. Beginning January 1, 1998, qualified institutions include pre-kindergarten through grade 12. 10 percent of fair market value of qualified charitable contributions.				
Crop Donation	ORS 315.156	For tax years beginning on or after January 1, 1986.	Yes, 3 years.	Yes, 150-101-240, Department of Revenue.	Donor must retain details for audit verification.
<i>Description of Credit</i>	Crop gleaning permitted by growers. 10 percent of wholesale market price of crop donated.				
Dependent Care • Assistance	ORS 315.204	For tax years beginning on or after January 1, 1988, and prior to January 1, 2017.	Yes, 5 years.	Yes, 150-102-032, Department of Revenue.	Certificate issued by Child Care Division, 503-947-1418 or 1-800-556-6616, www.oregon.gov/EMPLOY
<i>Description of Credit</i>	Dependent care assistance for employees. 50 percent of annual cost up to \$2,500 per benefitting employee.				
• Information and Referral	ORS 315.204	For tax years beginning on or after January 1, 1988, and prior to January 1, 2017.	Yes, 5 years.	Yes, 150-102-032, Department of Revenue.	Certificate issued by Child Care Division, 503-947-1418 or 1-800-556-6616, www.oregon.gov/EMPLOY
<i>Description of Credit</i>	Information and referral services to help employees obtain dependent care assistance. 50 percent of cost.				
Dependent Care Facilities (For carry forward purposes only)	ORS 315.208	The first year of the credit begins on or after January 1, 1988 and prior to January 1, 2002.	Yes, 5 years.	No.	Certificate issued by Child Care Division, 503-947-1418, or 1-800-556-6616. www.oregon.gov/EMPLOY
<i>Description of Credit</i>	The amount of the credit is the lesser of: \$2,500 multiplied by the number of full-time employees, or 50 percent of cost, or \$100,000. One-tenth of the credit is allowable each year for 10 years, as long as the facility is in operation.				
Diesel Engine Replacement	Notes following ORS 315.356	Tax years beginning on or after January 1, 2005.	Yes, 4 years.	No.	Certification issued by the Federal Environmental Protection Agency.
<i>Description of Credit</i>	The amount of the credit varies from \$400 to \$925 per qualifying engine depending on the number of trucks owned by the taxpayer prior to the purchase. Qualifying purchases may be made in years 2004 through 2011. A taxpayer may not claim a credit of more than \$80,000 for purchases made in any one year. Certificates of credit approval may not be issued after December 31, 2011.				
Diesel Engine Repower or Retrofit	Chapter 843, 2007 Oregon Laws	Tax years beginning on or after January 1, 2008.	Yes, 3 years.	Yes.	Certification issued by the Department of Environmental Quality, 503-229-6549 or www.oregon.gov/DEQ .
<i>Description of Credit</i>	The amount of the credit is 25 percent of the certified cost of each qualifying repower and 50 percent of the certified cost of each qualifying retrofit. "Repower" means to replace an old diesel engine with a new, used, or remanufactured engine or with electric motors, drives, or fuel cells with a minimum useful life of seven years. "Retrofit" means to equip a diesel engine with new emissions-reducing parts or technology that meets the cost-effectiveness threshold. The credit may be transferred to an Oregon taxpayer.				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
Emission Reducing Production Technology or Process. (Pollution Prevention) (For carry forward purposes only)	ORS 315.311. Refer to ORS 468A.098.	For tax years beginning on or after January 1, 1996. For facilities built before January 1, 2000.	Yes, 3 years.	No.	Certificates issued by Department of Environmental Quality, 503-229-6878. www.oregon.gov/DEQ
<i>Description of Credit</i>	For the installation of a certified pollution-eliminating production technology or process. The maximum credit allowed in any one tax year shall be the lesser of the tax liability of the taxpayer or one-tenth of the cost. Certification of a project is for five years.				
Employee and Dependent Scholarship Program Payments	ORS 315.237	For tax years beginning on or after January 1, 2002.	Yes, 5 years.	No.	Certified by Student Assistance Commission, 1-800-452-8807, ext. 7395, www.oregon.gov/OSAC
<i>Description of Credit</i>	The credit may be claimed by an employer with at least 4 full-time employees. The credit equals 50 percent of scholarships funded but cannot exceed \$50,000.				
Energy Conservation Facilities	ORS 315.354, 315.356, 469.185	For tax years beginning on or after January 1, 1980. The credit must be first claimed in a tax year beginning before January 1, 2016.	Yes, 8 years.	No.	Certificate issued by Office of Energy, toll-free 1-800-221-8035, www.oregon.gov/ENERGY
<i>Description of Credit</i>	Facility used to process or use renewable energy resources, or to achieve energy efficiency that exceeds industry or regulatory standards by 10 percent or better. "Facility" includes alternative fuel fleet vehicles, telecommuting equipment, and refueling stations. Beginning January 1, 1998, "facility" includes employer-provided transit passes. Beginning January 1, 2001, eligibility is expanded to include facilities providing transit passes to students and patrons of medical facilities, and certain utilities. Beginning January 1, 2007, "facility" also includes a high-efficiency combined heat and power facility, a high-performance home, a homebuilder-installed renewable energy system, or a renewable energy resource equipment manufacturing facility. The credit allowed is based on the certified cost of the facility. This credit may be sold or transferred to another tax payer at a discounted rate.				
Enterprise Zone Credits <ul style="list-style-type: none">• Electronic Commerce in Designated Enterprise Zone or City	ORS 315.507 and 315.508	For tax years beginning on or after January 1, 2002.	Yes, 5 years.	No.	Local enterprise zone authorization and qualification. Contact Economic and Community Development, 503-986-0123. econ.oregon.gov
<i>Description of Credit</i>	Available to qualified businesses engaged in e-commerce in an approved enterprise zone. The credit is equal to 25 percent of the investment in capital assets that are used in the designated area primarily for electronic commerce operations, limited to the lesser of \$2 million or the tax liability.				
<ul style="list-style-type: none">• Long-Term Enterprise Zone Facilities	ORS 317.124, 317.125	For a five- to 15-year period; for tax years beginning on or after January 1, 1998, and within three years of date placed in service. For facilities certified on or before June 30, 2013.	Yes, 5 years.	Yes, 150-102-043, Department of Revenue.	Taxpayer must receive written approval from the governor and retain details for audit verification. Contact Economic and Community Development, 503-986-0123, econ.oregon.gov
<i>Description of Credit</i>	Constructing or operating a facility certified in a qualified rural enterprise zone eligible for long-term exemption from property taxes. Credit equals 62.5 percent of payroll, employee benefit costs, and all other employee costs of the facility. Only available against the C corporation tax liability in excess of \$1 million, or lesser amount applicable to counties with population under various thresholds and meeting specified criteria. Beginning January 1, 2005, a taxpayer eligible for the credit is allowed to take other eligible credits if this credit does not offset the tax liability on the return.				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
• Reservation Enterprise Zone	ORS 285C.309	For tax years beginning on or after January 1, 2002.	No.	Yes, 150-102-046, Department of Revenue.	Economic and Community Development, 503-986-0123, econ.oregon.gov
<i>Description of Credit</i>	The credit is allowed to eligible businesses operating a new business facility in a reservation enterprise zone. The credit is equal to the tribal property tax imposed on a new business facility that is paid or incurred by the business during the tax year, or the amount of tribal tax paid or incurred by the business during the tax year, if the business has not previously conducted business operations within the reservation enterprise zone. "Tribal tax" includes, but is not limited to, an income or excise tax, an ad valorem property tax, a gross receipts tax, or a sales and use tax.				
Farm Machinery and Equipment	ORS 315.119 and 315.123	Tax years beginning on or after January 1, 2002 and before January 1, 2008.	Yes, 5 years.	No.	Farm owner or operator must retain details for audit verification.
<i>Description of Credit</i>	For property taxes paid on machinery, equipment and personal property used for processing wholesale farm crops or livestock after harvest, but before sale of the modified or altered products. The machinery and equipment must be located on or contiguous to land that is specially assessed for farm use and is owned and controlled by the farm operator. The amount of the credit is the lesser of the effective property tax rate multiplied by the adjusted basis (for income tax purposes) of the qualified machinery and equipment or \$30,000. A tax credit is not allowed if the machinery and equipment is fully depreciated for tax purposes.				
Farmworker Housing Project Investment	ORS 315.163-172	For projects started and completed in tax years beginning on or after January 1, 1990. Refer to the ORS regarding credits for tax years before 2002.	Yes, 9 years.	Yes, 150-101-163, annual certification required for projects completed after Dec. 31, 1995.	Certified by Oregon Housing and Community Services, 503-986-2148, www.oregon.gov/OHCS
<i>Description of Credit</i>	Construction or rehabilitation of farmworker housing in Oregon. Fifty percent of costs for projects completed in tax years after 2001; no more than 20 percent of that in any one year over a 10-year period. On or after January 1, 2005 eligible taxpayers may transfer all or any portion of their credit to another taxpayer.				
Film Production Development Contributions	ORS 315.514	Tax years beginning on or after January 1, 2005. The credit must be first claimed in a tax year beginning before January 1, 2012.	Yes, 3 years.	No.	Certification issued by the Oregon Film and Video Office, 503-229-5832, www.oregonfilm.org
<i>Description of Credit</i>	A credit is allowed for contributions to the Oregon Production Investment Fund that is certified by the Oregon Film and Video Office. The amount of the tax credit shall equal the amount certified for credit by the Oregon Film and Video Office, except that a contribution must equal at least 90 percent of the tax credit.				
First Break Program (For carry forward purposes only)	ORS 315.259	For qualified youth hired in tax years beginning on or after January 1, 1998, and before January 1, 2005.	Yes, 5 years.	No.	Employer must retain a copy of the certificate issued by a designated community-based organization.
<i>Description of Credit</i>	Hiring of qualified youth age 14–23, as defined by the Employment Department. Lesser of \$1,000, the amount that has not been taken by a qualified youth's previous employer, or 50 percent of the wages paid to the youth during the relevant time period.				
Fish Habitat Improvement	ORS 315.134	Beginning on or after January 1, 1988. Credit must be claimed for the year in which final certification is granted.	Yes, 5 years.	No.	
<i>Description of Credit</i>	The credit is 25 percent of the amount certified.				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
Fish Screening Devices	ORS 315.138	For final certifications in tax years beginning on or after January 1, 1990.	Yes, 5 years.	No.	Certificate issued by Department of Fish and Wildlife, 503-947-6229, www.oregon.gov/ODFW
<i>Description of Credit</i>	Installations of fish screening devices, bypass devices, or fishways. 50 percent of installation costs, not to exceed \$5,000 per device.				
Individual Development Accounts	ORS 315.271	For donations made on or after Oct. 23, 2000, to fiduciary organization approved by Oregon Housing and Community Services.	Yes, 3 years.	No.	Lender must retain detail for audit verification.
<i>Description of Credit</i>	Lesser of \$25,000 or 25 percent of the donated amount for donations made before January 1, 2002. Lesser of \$75,000 or 75 percent of the donated amount for donations made on or after January 1, 2002.				
Insurance: Available to Insurance Companies					
• Workers' Compensation Tax	ORS 317.122	All insurance credits can be claimed by both foreign and domestic insurance companies in tax years beginning on or after January 1, 1997.	No.	Yes, 150-102-044, Department of Revenue.	Companies must retain details for audit verification.
<i>Description of Credit</i>	Lesser of the premium assessment to fund operations of the Oregon Insurance Division or the excise tax on the profit attributable to the workers' compensation line of business.				
• Fire Insurance Gross Premiums Tax	ORS 317.122		No.	No.	Companies must retain details for audit verification.
<i>Description of Credit</i>	Tax paid to the Insurance Division for Fire Marshal tax.				
• Guaranty Association Assessments: OLHIGA	ORS 734.835		No.	No.	Companies must retain details for audit verification.
<i>Description of Credit</i>	A credit for 20 percent of the amount paid in each of the five calendar years following the year in which the assessment is paid to the Oregon Life and Health Insurance Guaranty Association (OLHIGA).				
Lenders: Available to Commercial Lending Institutions					
• Lending Institution Loans for affordable Housing	ORS 317.097	For loans made on or after January 1, 1990, and before January 1, 2020.	Yes, 5 years.	Yes, 150-102-125, Department of Revenue.	File annual statement with Oregon Housing and Community Services, 503-986-2036, www.oregon.gov/OHCS
<i>Description of Credit</i>	Loans to finance certified housing projects for low-income households. For credit certifications issued on or after September 28, 2007, qualifying loans include loans to develop, acquire, construct, or rehabilitate qualified housing. Qualified housing now includes manufactured dwelling parks and housing preservation projects.				
• Energy Conservation Loans	ORS 317.112	For loans made on or after January 1, 1982.	Yes, 15 years for loans made after Sept. 28, 1991.	Yes, 150-102-125, Department of Revenue.	Lender must retain details for audit verification.
<i>Description of Credit</i>	Loans to improve space heating efficiency for oil- and wood-heated residences.				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
<ul style="list-style-type: none"> Farmworker Housing Loans 	ORS 317.147	For loans made on or after January 1, 1990. For farmworker housing projects completed on or after January 1, 2002.	No.	Yes, 150-102-125, Department of Revenue.	Lender must retain details for audit verification.
<i>Description of Credit</i>	Loans for construction or rehabilitation of farmworker housing in Oregon. The credit is equal to 30 percent if the loan was made in tax years beginning on or after January 1, 1996, and the farmworker housing project was completed before January 1, 2002. The credit is equal to 50 percent if the loan was made in tax years beginning before January 1, 1996, or if the farmworker housing project was completed on or after January 1, 2002. Claimed over the term of the loan or 10 years, whichever is shorter. This credit may be sold to an Oregon taxpayer.				
Long-Term Care Insurance	ORS 315.610	Tax years beginning on or after January 1, 2000.	No.	No.	Taxpayer must retain details for audit verification.
<i>Description of Credit</i>	Lesser of 15 percent of premiums paid or incurred during the tax year, or \$500 multiplied by the number of Oregon employees covered. For policies issued on or after January 1, 2000.				
Motor Vehicle Insurance (Mile-based or time-based)	Notes following ORS 317.122	Tax years beginning on or after January 1, 2005 and before January 1, 2010.	No.	No.	Obtain a verified statement from the policy holder.
<i>Description of Credit</i>	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 of the tax liability.				
On-Farm Processing Facilities	ORS 315.119	For tax years beginning on or after January 1, 2002, and before January 1, 2008.	Yes, 5 years.	No.	Contact Department of Revenue at 503-378-4988 or within Oregon at 1-800-356-4222, www.oregon.gov/DOR
<i>Description of Credit</i>	The amount of credit is the lesser of: the effective property tax rate multiplied by the adjusted basis of the qualified machinery and equipment; or \$30,000.				
One-time Small Sales Credit	Chapter 4, 2007 Oregon Laws	A tax year that begins on or after January 1, 2007 and before January 1, 2008.	No.	No.	Amount of Oregon sales may be subject to verification.
<i>Description of Credit</i>	C corporations with Oregon sales of less than \$5 million may claim a credit equal to 67 percent of the income or excise taxes that would otherwise be due, but not less than the minimum excise tax.				
Plastics Recycling (For carry-forward purposes only.)	ORS 315.324	For investments made on or after January 1, 1986, and prior to January 1, 2002.	Yes, 5 years.	No.	Certificate issued by Department of Environmental Quality, 503-229-6878. www.oregon.gov/DEQ
<i>Description of Credit</i>	The credit is allowed beginning in the tax year the investment received final certification. The taxpayer claiming the credit must have been recycling, collecting, transporting, processing, or manufacturing a reclaimed plastic product during the tax year for which the credit is claimed. The maximum credit allowed in any one year shall be the lesser of the tax liability or 10 percent of the certified cost of the taxpayer's investment.				
Pollution Control Facilities	ORS 315.304	For construction completed before January 1, 2008.	Yes, generally 3 years. Up to 3 additional years if certain conditions are met.	Yes, see www.oregon.gov/DEQ .	Certificate issued by Department of Environmental Quality, 503-229-6878, www.oregon.gov/DEQ
<i>Description of Credit</i>	For the prevention, control or reduction of air, water, or noise pollution, nonpoint source pollution; solid or hazardous waste; recycling; or disposal of used oil.				

Type of Credit	Oregon Law	Date Credit Available	Excess Credit Carried Forward?	Tax Form Available?	Verification Required
Qualified Research Activities	ORS 317.152, 317.153, and 317.154	For tax years beginning on or after January 1, 1989, and before January 1, 2012.	Yes, 5 years.	Yes, 150-102-128, Department of Revenue.	Companies must retain details for audit verification.
<i>Description of Credit</i>	Five percent of qualified research expenses and basic research payments in excess of base amount (IRS Sec. 41), or 5 percent of qualified research expenses that exceed 10 percent of Oregon sales. For tax years beginning on or after January 1, 2006, the maximum credit is \$2,000,000. Prior to this date, the maximum is \$500,000. Limited to research activities in Oregon.				
Reforestation	ORS 315.104 and 315.106	For preliminary certification issued on or before Dec. 31, 2011.	Yes, 3 years.	No.	Certificate issued by Department of Forestry, 503-945-7368, www.oregon.gov/ODF
<i>Description of Credit</i>	The credit shall be allowed in an amount equal to 50 percent of reforestation project costs actually paid or incurred to reforest underproductive Oregon forestlands.				
Trust for Cultural Development Account Contributions	ORS 315.675	For donations made on or after December 1, 2002, in tax years beginning on or after January 1, 2002, and before January 1, 2013.	No.	No.	Proof of contribution must be provided if requested by Department of Revenue. Contact Oregon Cultural Trust, 503-986-0088, www.culturaltrust.org
<i>Description of Credit</i>	Credit is 100 percent of contributions to the account that are matched by an equal contribution to an Oregon cultural organization. Limited to \$500 per individual taxpayer, \$2,500 for corporations.				
University Venture Fund	ORS 315.521	Tax years beginning on or after January 1, 2006.	Yes, 5 years.	No.	Taxpayer must retain tax credit certificate issued by the Oregon University.
<i>Description of Credit</i>	A credit is allowed for contributions to a university venture development fund when a tax credit certificate has been issued. The amount of the credit is 60 percent of the certified amount with limitations as to how much may be claimed yearly.				
Voluntary Removal of Riparian Land from Farm Production	ORS 315.113	Tax years beginning on or after January 1, 2004.	Yes, 5 years.	No.	Taxpayer must retain details for audit verification.
<i>Description of Credit</i>	Credit is 75 percent of the market value of crops foregone.				
Water Transit Vessel	ORS 315.517	For tax years beginning on or after January 1, 2006 and before January 1, 2013.	No.	No.	Employer must retain details for audit verification.
<i>Description of Credit</i>	A credit is allowed based on wages paid to a person employed in Oregon to assist in the manufacture of a water transit vessel. The credit available is the lesser of \$5,000, 15 percent of the wages paid, or tax liability. Wages must be paid to a person initially hired on or after January 1, 2006.				
Youth Apprenticeship Sponsorship	ORS 315.254	For tax years beginning on or after January 1, 1991.	Yes, 2 years.	No.	Employer must retain details for audit verification.
<i>Description of Credit</i>	The amount of the credit is equal to the wages paid to a participating student by the sponsoring employer during the first year of employment, not to exceed \$2,500. The taxpayer who sponsors students must have begun participating in the youth apprenticeship program prior to November 4, 1993.				



WORKSHEET FCG-20

Farm Liquidation Long-Term Capital Gain Tax Adjustment (ORS 317.063)

Name of Taxpayer (as shown on return)	Business Identification Number (BIN)	Federal Employer Identification Number (FEIN)	Tax Year
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Calculation of tax adjustment from sale of qualified farm assets

1. Oregon taxable income from Form 20, line 15; Form 20-I, line 16; or Form 20-S, line 6
(if zero or less, do not continue).....1. _____
2. Farm net long-term capital gain (NLTCG) (from line 11 below).....2. _____
3. Modified taxable income (subtract line 2 from line 1, but not less than zero).....3. _____
4. Oregon tax on the amount on line 3 (line 3 multiplied by 6.6 percent)4. _____
5. Enter the smaller of line 1 or line 2 above.5. _____
6. Multiply line 5 by 5 percent.6. _____
7. Add line 4 and line 6.....7. _____
8. Multiply line 1 by 6.6 percent8. _____
9. Subtract line 7 from line 8, if line 7 is less than line 8 (if line 7 is greater than line 8, do not continue).
Enter this amount on Form 20, line 17; Form 20-I, line 18; or Form 20-S, line 8 as a **negative** number.....9. _____

Calculation of qualified farm gain

1. Total NLTCG from business activity included on federal Form 1120, Schedule D, line 11
(reduced by any NLTCG from non-unitary affiliates included in the federal consolidated return)1. _____
2. 100 percent if all business is done in Oregon or Oregon apportionment percentage from
Schedule AP-1, line 18.....2. _____
3. Oregon NLTCG from business activity (line 1 multiplied by line 2)3. _____
4. NLTCG from non-business activity included in Schedule AP-2, line 74. _____
5. Total Oregon NLTCG (line 3 plus line 4).....5. _____
6. Total farm NLTCG from business activity included on federal Form 1120, Schedule D, line 11
(reduced by any farm NLTCG from non-unitary affiliates included in the federal consolidated return)6. _____
7. 100 percent if all business is done in Oregon or Oregon apportionment percentage from
Schedule AP-1, line 18.....7. _____
8. Oregon farm NLTCG from business activity (line 6 multiplied by line 7)8. _____
9. Farm NLTCG from non-business activity included in Schedule AP-2, line 79. _____
10. Total Oregon farm NLTCG (line 8 plus line 9)10. _____
11. Farm NLTCG (lesser of line 5 or line 10).....11. _____

Please mark the "FCG-20" box on the front of your return and attach the worksheet to your return

INSTRUCTIONS FOR WORKSHEET FCG-20

To reduce your tax on the qualified gain, complete the worksheet, check the box on the front of Form 20, 20-I, or 20-S, and include with your return. You do **not** need to complete the form if your net long-term capital gain is zero or a loss, or if you do not have taxable Oregon income.

Beginning in 2002, a reduced tax rate is available if you sold or exchanged capital assets used in farming. The sale or exchange must represent a substantially complete termination of your farming business or a termination of all your ownership interest in property that is used in a farming business.

You may not claim the special tax rate on a sale or exchange to a subsidiary/affiliate in the unitary group, as defined under Internal Revenue Code Section 267(b). Ownership of a farm dwelling or farm homesite is not considered to be ownership of property employed in the trade or business of farming.

Farming activity does not include the growing and harvesting of marketable species of trees, other than the growing and harvesting of cultured Christmas trees or certain hardwood timber.

Partnerships or S corporations. The sale of ownership interest in a farming corporation, partnership, or other entity qualifies for the special tax rate. The taxpayer must have had at least a 10 percent ownership interest in the entity before the sale or exchange. If the income is taxed at the personal level, please use Form FCG (150-101-167) to calculate the special tax rate.

Farming activities include:

- Raising, harvesting, and selling crops.
- Feeding, breeding, managing, or selling livestock, poultry, fur-bearing animals, or honeybees, or the produce thereof.
- Dairying and selling dairy products.
- Stabling or training of horses, including providing riding lessons, training clinics, and schooling shows.
- Propagating, cultivating, maintaining, or harvesting aquatic species, birds, and other animals.
- Any other agricultural, horticultural, or animal husbandry activity.
- On-site construction and maintenance of equipment and facilities used in farming activities.
- Preparation, storage, or disposal of products or by-products raised for human or animal use on land employed in farming activities.
- Growing and harvesting cultured Christmas trees or certain hardwood timber.

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from Oregon prefix 1-800-356-4222
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.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from Oregon prefix 1-800-886-7204

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

