Clear form

OREGON DEPRECIATION SCHEDULE 2002

For Individuals, Partnerships, Corporations, and Fiduciaries

• **Do not** attach this schedule to your Oregon individual return. Keep it with your records. Complete a new schedule each year.

Name	Social Security Number, Business Identification Number, or Federal EIN

Description of property (a)	Date placed in service (b)	Cost or other basis (c)	Oregon depreciation allowed or allowable in earlier years (d)	Method of figuring Oregon depreciation (e)	Oregon life or rate (f)	Oregon depreciation for this year (g)	Federal depreciation for this year (h)

	(g)	(h)
1. Totals 1		
2. Difference in depreciation for Oregon. If Oregon depreciation is less than federal depreciation, the difference is an **addition.** If Oregon depreciation is greater than federal, the difference is a **subtraction** 2		

Instructions for Oregon Depreciation Schedule

Figure your depreciation deduction for each asset. Fill in the information for columns (a) through (h). In column (e), you may use abbreviations for the depreciation method you used, such as "MACRS" for Modified Accelerated Cost Recovery System, or "150% DB" for 150 percent declining balance. Use appropriate Oregon and federal depreciation methods.

Individuals

Enter the difference in depreciation from line 2 of your Oregon Depreciation Schedule on your Oregon individual income tax return as an "Other addition" or "Other subtraction." Label the line "**Difference in depreciation for Oregon**," or "**Dif Dep.**"

You have an addition if your Oregon depreciation on line 1(g) is **less** than your federal depreciation on line 1(h). You have a subtraction if your Oregon depreciation on line 1(g) is **more** than your federal depreciation on line 1(h).

Part-year and nonresidents

- **Federal column**—complete an Oregon Depreciation Schedule for **all** assets both inside and outside of Oregon.
- **Oregon column**—complete another Oregon Depreciation Schedule only for property you owned while an Oregon resident, **or** property used to produce Oregon income.

Partnerships, corporations, and fiduciaries

You may also use this form to figure the difference in depreciation you report on your Oregon:

- Partnership Return of Income, Form 65.
- Corporation Excise Tax Return, Form 20.
- Corporation Income Tax Return, Form 20-I.
- S Corporation Tax Return, Form 20-S.
- Insurance Excise Tax Return, Form 20-INS.
- Fiduciary Income Tax Return, Form 41.

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Did you first place assets in service outside Oregon **before** January 1, 1981? If so, your Oregon basis will be the same as your federal basis.

Assets placed in service on or after January 1, 1987

MACRS is effective for assets placed in service on or after January 1, 1987. The method and life will be the same as you used on the federal return. If you elect to expense the cost of qualifying assets under IRC Section 179, the election and amount is also effective for Oregon purposes.

The regular federal investment credit was repealed for property placed in service after 1985. The credit is still available for limited types of property and expenditures. If you have taken this credit, you will have a higher basis for Oregon because your Oregon basis isn't reduced by the federal credit. The difference in depreciation for Oregon will be shown as an "Other subtraction."

Asset Depreciation Range (ADR)

The election to use ADR for Oregon applies only to assets placed in service in tax years beginning **on or after** October 4, 1977, and **before** January 1, 1985. Corporations still using ADR depreciation for assets placed in service in tax years beginning before October 4, 1977 for federal purposes, have an Oregon adjustment.

Assets first placed in service outside Oregon

Did you bring an asset into Oregon after it was first placed in service outside Oregon? If so, use the depreciation method available for the year the asset was first placed in service outside Oregon.

The Oregon basis for depreciation is generally the lower of the federal unadjusted basis or the fair market value. The federal unadjusted basis is the original cost before any adjustments. Adjustments include: reductions for investment tax credits, depletion, amortization, or amounts expensed under IRC Section 179. The fair market value is figured when the asset is brought into Oregon.

For assets placed in service before 1985, the useful life is based on Oregon law in effect at the time the asset was originally placed in service and is determined when the asset is brought into Oregon. For assets placed in service after 1984, the useful life is determined when the asset is placed into service for Oregon tax purposes.

Example. Jeff has owned a business in Caldwell, ID since 1984 when he placed in service a building purchased for $50,000. For federal purposes, the building qualified for ACRS depreciation as 18-year real property. On June 1, 1998 Jeff bought a light truck for $12,000. For federal, the truck qualified as 5-year property depreciated under MACRS. On January 1, 2001 Jeff moved to Ontario, Oregon. Since Jeff "brought" his business assets into Oregon, he had to figure his Oregon basis in order to depreciate the assets for Oregon.

	Building	Truck
Cost (federal unadjusted basis) ...	$50,000	$12,000
Fair Market Value (as of 1/1/01) .	$95,000	$8,000

The Oregon basis of the building is $50,000. Oregon did not adopt ACRS for assets first placed in service before January 1, 1985, so Jeff used an allowable method using federal laws in effect as of December 31, 1980. Jeff elected to depreciate the building using the straight-line method over a useful life of 30 years for Oregon purposes.

The Oregon basis of the truck is $8,000. Oregon adopted MACRS for assets first placed in service after December 31, 1986, so Jeff used MACRS for Oregon and began depreciating the truck based on its original recovery period (5 years).

The basis of an asset subject to apportionment rules when brought into Oregon is figured as if it had always been subject to Oregon tax. The original unadjusted basis is reduced by depreciation allowable in previous years, using a method acceptable to Oregon for the year the asset is placed in service. This adjusted basis is depreciated over the remaining useful life using the same allowable method.

Example. A California partnership started operation by purchasing a Los Angeles building on January 1, 1984 for $100,000. For federal purposes, the partnership depreciated the building under ACRS as 15-year property. The partnership began doing business in Oregon on July 1, 1986. Oregon did not allow ACRS in 1984, so the partnership elected to depreciate the building using the straight-line method over a 20-year life. Since the partnership is subject to the apportionment rules, the basis of the building for Oregon is as if the building was depreciated for Oregon using the straight-line method from the date of purchase.

Cost		$100,000
1984 straight-line depreciation	(5,000)	
1985 straight-line depreciation	(5,000)	
1986 depreciation through June 30	(2,500)	(12,500)
Oregon basis as of July 1		$ 87,500

For Oregon purposes, the building is depreciated using an Oregon basis of $87,500 and the straight-line method over the remaining life.