

- Extension is attached
- Form 37 is attached
- Amended return
- First return (see "J", pg. 2)
- Final return (see "K", pg. 2)

FOR DEPARTMENT OF REVENUE USE ONLY				
Code	Tax	P & I	Payment	Date Received
			↓	↓
			Extension Date	1 2 3
			↓	↓ ↓ ↓

FORM **20-S** Excise Tax or Income Tax **1995**
 or other taxable year beginning _____, 1995, ending _____, 19____

PLACE MAILING LABEL HERE	Name	Federal Employer ID No.
	Mailing Address	Oregon Filing No. (see instructions)
	City State ZIP Code	County

— PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM 1120S AND SCHEDULES —
S corporations doing business, or authorized to do business in Oregon are subject to the \$10 minimum excise tax (see instructions).

SCHEDULE A-1 — S CORPORATIONS WITH FEDERAL TAXABLE INCOME OR LIFO BENEFIT RECAPTURE (see instructions)
 S corporations with federal taxable income from built-in gains, capital gains, or net passive investment income start on line 1. **S corporations without taxable income start on line 7.**

Attach payment here

1. Income taxed on federal Form 1120S from built-in gains (a) _____, certain capital gains (b) _____, and excess net passive income (c) _____ Total	● 1	
2. Additions (see instructions)	● 2	
3. Subtractions (see instructions)	● 3	
4. S corporation income before net loss deduction (line 1 plus line 2 minus line 3)	4	
If income is derived from sources both in Oregon and other states, carry amount on line 4 to line 1, Schedule C-2 and skip line 5 below.		
5. Net loss from prior years as C corporation. Attach schedule (deductible from built-in gain income only)	● 5	
6. Oregon taxable income (line 4 minus line 5 or amount from line 9, Schedule C-2)	● 6	
7. Tax (6.6% of line 6) (excise tax returns, \$10 minimum tax)	● 7	
8. Credits against tax (see instructions)	● 8	
9. Tax after credits (line 7 minus line 8) (excise tax not less than \$10)	9	
10. 1993-1995 state surplus refund (50.1 % of line 9)	10	
11. Tax adjustment for LIFO benefit recapture (see instructions)	● 11	
12. Net tax (line 9 minus line 10 plus line 11) (excise tax not less than \$10)	● 12	
13. Prepayments (from line 7, Schedule B)	● 13	
14. Tax Due or <Overpayment> (line 12 minus line 13)	14	
15. Penalty and interest due with this return (see instructions)	15	
16. Total now due (line 14 plus line 15)	16	
17. Refund available (line 13 minus lines 12 and 15)	17	
18. Amount of refund to be credited to 1996 estimated tax	1996 Credit	
19. Net Refund (line 17 minus line 18)	Net Refund	

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

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

FILE THIS RETURN WITH THE OREGON DEPARTMENT OF REVENUE, PO BOX 14777, SALEM OR 97309-0960

PLEASE COMPLETE THE FOLLOWING

- ▼A. Incorporated in _____ (state), on _____ (date)
- ▼B. State of commercial domicile _____
- ▼C. Date began business activity in Oregon _____
- ▼D. Business Activity Code from your federal return _____
Principal business activity _____
- E. Telephone number _____ (_____)
- F. Accounting method _____
- G. Did you file under the same name last year? Yes No
If No, please enter name you filed under last year _____

▼H. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire:

▼ I. Has your federal taxable income for a prior year changed due to an IRS audit or amended return you filed during this tax year? Yes No
If Yes, for what years? _____ Send a copy of the agent's report or the amended return under separate cover, if not furnished previously.

▼J. If this is your **first** return, indicate whether: New business or Successor to previously existing business.

Enter name, address, and federal employer identification number of previous business _____

▼K. If this is your **final** return, indicate whether:
 Dissolved Withdrawn Merged or reorganized (date) _____

L. ●(1) Do your employees perform services in the Tri-County Transportation District? Yes No

●(2) Do your employees perform services in the Lane County Mass Transit District? Yes No

If (1) or (2) is Yes, have the correct tax returns been filed with the Department of Revenue? Yes No

M. Did your federal 1120S return have income taxed at the corporate level, or a tax adjustment for an LIFO benefit recapture? Yes No

If Yes, fill out Schedule A-1 on page 1. If No, fill out Schedule A-1, starting with line 7.

SCHEDULE A-2 — OREGON MODIFICATIONS PASSED THROUGH TO SHAREHOLDERS (see instructions)

Federal taxable income passed through to the shareholders shall be adjusted to the extent that as items of income, loss or deduction of the shareholder, the items 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 (see instructions)

1. Interest on government bonds of other states	(K-1 line _____)	1	<input type="text"/>
2. Difference in depreciation for Oregon	(K-1 line _____)	2	<input type="text"/>
3. Gain or loss on the sale of depreciable property	(K-1 line _____)	3	<input type="text"/>
4. Other (attach schedule)		4	<input type="text"/>
5. Total Oregon additions		5	<input type="text"/>

SUBTRACTIONS (see instructions)

6. Interest from U.S. Government, such as Series EE and HH bonds. (K-1 line _____)	6	<input type="text"/>
7. Difference in depreciation for Oregon	(K-1 line _____)	7
8. Gain or loss on the sale of depreciable property	(K-1 line _____)	8
9. Federal targeted jobs tax credit	(K-1 line _____)	9
10. Other (attach schedule)		10
11. Total Oregon subtractions		11

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

Voucher	Date of Payment			Amount Paid
	Month	Day	Year	
1. Voucher 1	1			1
2. Voucher 2	2			2
3. Voucher 3	3			3
4. Voucher 4	4			4
5. Overpayment of last year's tax elected as a credit				5
6. Payments made with extension or other prepayments for this tax year (specify amount and date made) ...				6
7. Total prepayments (carry to line 13, Schedule A-1)				7
8. Last year's net excise or income tax				8
9. Check box if you are not a "high-income taxpayer" (see Form 37 instructions) ...				<input type="checkbox"/>

If the amount on line 12, page 1 is \$500 or more, see the instructions for interest on underpayment of estimated tax, page 2 of Instructions for Form 20-S.

SCHEDULE C — APPORTIONMENT OF INCOME (see instructions on reverse side)

1. Describe the nature and location(s) of your Oregon business activities _____
2. Enter the address and telephone number of the office where Oregon tax records are maintained _____

SCHEDULE C-1 — APPORTIONMENT FORMULA

1. Property Factor

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

- a Owned property (at original cost; see instructions)
 - Inventories
 - Buildings and other depreciable assets
 - Land
 - Other assets (describe) _____
 - Minus: Construction in progress
 - Total of section a
- b. Rented property (capitalize at 8 times the rental paid) ...
- c. Total owned and rented property

	(A) Total Within Oregon	(B) Total Within and Without Oregon	(C) Percent Within Oregon $(A \div B) \times 100$
	()	()	
c. Total owned and rented property	\$	\$	%

2. Payroll Factor

Wages, salaries, commissions, and other compensation to employees:

- a. Compensation of officers
- b. Other wages, salaries, and commissions
- c. Total wages and salaries

c. Total wages and salaries	\$	\$	%

3. Sales Factor

- a. Sales delivered or shipped to Oregon purchasers:
 - (1) Shipped from outside Oregon
 - (2) Shipped from inside Oregon
- b. Sales shipped from Oregon to:
 - (1) The United States Government
 - (2) Purchasers in a state or country where the corporation is not taxable (e.g., under Public Law 86-272)
- c. Other business gross receipts
- d. Total sales and other business gross receipts

d. Total sales and other business gross receipts	\$	\$	%
4. Sales factor (same as line 3d)	\$	\$	%

5. Total percent (add lines 1, 2, 3, and 4, column C)
6. Average percent (divide line 5 by the number of factors in column B) (enter on line 4, Schedule C-2) (compute percent to 4 decimal places (e.g., 12.3456%))

SCHEDULE C-2 — COMPUTATION OF TAXABLE INCOME

1. Income from business both in Oregon and other states (from line 4, page 1)	1		
2. Minus: Net nonbusiness income and gains from prior year installment sales included in line 1. Attach schedule (see instructions)	2	▼	
3. Income subject to apportionment (line 1 minus line 2)	3		
4. Oregon apportionment percentage (from line 6, Schedule C-1)	4	×	%
5. Income apportioned to Oregon (line 4 times line 3)	5		
6. Add: Net nonbusiness income allocated entirely to Oregon and gains from prior year installment sales apportioned to Oregon. Attach schedule (see instructions)	6	▼	
7. Total of lines 5 and 6	7		
8. Minus: Oregon apportioned net loss from prior years (see instructions)	8	▼	
9. Oregon taxable income (line 7 minus line 8) (carry to line 6, page 1)	9		

INSTRUCTIONS — SCHEDULE C, C-1, AND C-2 — APPORTIONMENT OF INCOME

Consolidated Returns. S corporations can't be included in consolidated federal returns. IRC 1361(b) provides that an S corporation may not be a member of an affiliated group of corporations.

Apportionment and Allocation. Apportionment is dividing business income between the states by use of a formula. Allocation is the assignment of specific nonbusiness income to a state. A corporation having business activities both inside and outside Oregon must use the apportionment and allocation methods provided under the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.670), ORS 314.680 through 314.690, and the rules under ORS 314.280.

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

Domestic insurance companies	ORS 317.660
Title insurance companies incorporated in Oregon	OAR 150-314.280-(E)
Health care service contractors	OAR 150-314.280-(E)
Financial corporations	OAR 150-314.280-(N)
Railroads	OAR 150-314.280-(H)
Airlines	OAR 150-314.280-(I)
Trucking companies	OAR 150-314.280-(J)
Sea transportation companies	OAR 150-314.280-(K)
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)
Interstate broadcasters	ORS 314.682 OAR 150-314.684 (4) OAR 150-314.686

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

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

An S corporation that is a member of a partnership (or unincorporated joint venture) which is part of the corporation's overall business operations, shall include its share of the partnership property, payroll, and sales in the apportionment factors. The corporation's share of the partnership property, payroll, and sales shall be based on its percentage of ownership in the partnership. See OAR 150-314.650.

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

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

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

Payroll Factor. Assign payroll to Oregon if:

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

See ORS 314.660 and the rules thereunder.

Sales Factor. Assign sales to Oregon if:

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

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

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

Line 5. Average percent. Divide the sum of the property factor, the payroll factor, and two times the sales factor by 4 if the corporation had all of these factors. Reduce the denominator of 4 by the number of factors with a zero denominator. Example: If a unitary group of corporations had no payroll anywhere, the payroll factor would have a zero denominator and the sum of the factors would be divided by 3 (if no sales factor, divide by 2).

Business and Nonbusiness Income. "Business income" is income arising from transactions and activities in the regular course of the taxpayer's business. It includes income from tangible and intangible property related to the regular business operation.

Examples of business income are:

- Sales of products or services;
- Rents if property rental is a related business activity;
- Royalties if the patent, processes, etc., were developed by or used in the business operation;
- Gain or loss on the disposal of business property;
- 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 can also 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. See 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 the rules thereunder.