



**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. List the tax years for which your federal taxable income was changed by an IRS audit, or by an amended federal return filed during this tax year: \_\_\_\_\_  
Send a copy of the 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 and federal employer identification number of previous business \_\_\_\_\_  
\_\_\_\_\_

- ▼ K. If this is your **final** return, indicate whether:  Withdrawn  
 Dissolved  Merged or reorganized. Enter name and federal employer identification number of merged or reorganized corporation \_\_\_\_\_
- 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?  Yes  No
- If Yes, fill out Schedule A-1 on page 1, starting with line 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	
2. One-time Oregon depreciation adjustment .....	(K-1 line _____)	2	
3. Gain or loss on the sale of depreciable property .....	(K-1 line _____)	3	
4. Other ( <b>attach schedule</b> ) .....		4	
5. Total Oregon additions .....		5	

**SUBTRACTIONS** (see instructions)

6. Interest from U.S. government, such as Series EE and HH bonds .	(K-1 line _____)	6	
7. One-time Oregon depreciation adjustment .....	(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 ( <b>attach schedule</b> ) .....		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 12, Schedule A-1) .....				7
8. Last year's net excise or income tax .....		8		
9. Check box if you are <b>not</b> a "high-income taxpayer" (see Form 37 instructions) ...				

**If the amount on line 11, page 1 is \$500 or more, see the instructions for interest on underpayment of estimated tax, page 2 of Instructions for Form 20-S.**



## 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.