

# Oregon 1997



## Insurance Excise Tax

Forms 20-INS and 37 with instructions  
Schedules AP and AF with instructions

### General information

This publication is a guide. It isn't a complete statement of Oregon laws or Oregon Department of Revenue rules. For more information, refer to the laws and rules.

#### New information for 1997

For tax years beginning on or after January 1, 1997, foreign insurance companies are being shifted from the Oregon premium tax to the Oregon corporation excise tax. All insurance companies, foreign and domestic, who are required to file an excise tax return (see filing requirements) will now file Form 20-INS.

Title insurers are also being shifted from the Oregon premium tax to the Oregon corporation excise tax, but will file Form 20 instead of Form 20-INS. Title insurers will begin with federal taxable income, make the same additions and subtractions that other non-insurance corporations make and apportion using property, payroll, and double weighted sales factors.

#### Filing requirements

If your corporation is an insurance company incorporated under Oregon laws, authorized to do business in Oregon, or doing business in Oregon, file Form 20-INS, Oregon Insurance Excise Tax return.

"Doing business" is defined as having sales activity in Oregon **and** one or more of the following:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly carried on.

"Doing business" also includes providing services to customers as the primary business activity or incidentally to the sale of tangible or intangible personal property.

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

All insurance companies are required to file a return on a calendar year basis.

Excise tax filers are subject to a **\$10 minimum tax**.

#### Consolidated returns

Foreign insurers and domestic insurers controlled by foreign insurers, are required to file corporation excise tax returns on a separate basis. Inter-insurance or reciprocal exchange insurers may file consolidated returns. Domestic insurance companies not controlled by foreign insurers will continue to file consolidated returns.

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# General instructions

## 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 a legal holiday, the due date will be the next business day. Returns for other tax periods are due on or before the 15th day of the month following the due date of the federal return for the tax year.

Oregon won't charge a late filing penalty if the return is filed by the Oregon due date, including extensions. But interest and a 5 percent late payment penalty are charged if the tax isn't paid by the due date.

## Extension of time for filing

If you need more time to file **both** your federal and your Oregon returns:

- Oregon accepts the extension you have for your federal return.
- Attach a copy of your federal extension to your Oregon return and mark the extension box.
- To avoid penalty and interest, mail any tax due on or before the original due date of your return. Attach the payment to a separate copy of your federal extension.
- Include the amount you paid with your extension on Form 20-INS, line 37, when you file your return.

If you need an extension of time to file for **Oregon only**, send us a federal extension form. Write "For Oregon Only" across the top. Include your payment. Mail the extension request to: Oregon Department of Revenue, PO Box 14777, Salem OR 97309-0960. We'll notify you only if your extension is denied. **More time to file doesn't mean more time to pay your tax!** Even if you have an extension, any tax due is payable on the original due date of the return.

Include a copy of your extension with your return when you file. Attach the extension at the back of the Oregon return and schedules. It should be the last item before the federal corporation return. Check the appropriate box on Form 20-INS if you have attached an extension.

## Penalty and interest

**Penalty.** 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 get an extension, the penalty won't 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 tax when you file within the extension period, **and**
- Pay any interest due either when the return is filed or within 30 days of billing by the department.

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 don't 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. Include any penalty due on Form 20-INS, line 40.

**Interest.** If you don't pay the tax by the due date, interest will be charged on the unpaid tax.

The current interest rate is .8333 percent per month (.0274 percent per day) effective January 1995. The interest rate may change once a calendar year.

Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Here's how to figure daily interest:

$$\text{Tax} \times \text{Daily interest rate} \times \text{Number of days}$$

Interest accrues 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 taxes due (self-assess a tax liability), or the Department of Revenue has assessed an existing deficiency, **and**
- The assessment isn't paid within 60 days after the notice of assessment is issued.

**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. You don't have an underpayment if you owe less than \$500 tax on your 1997 return. The tax you owe is the net tax on Form 20-INS, line 36. If you have an underpayment, you must file Form 37, "Underpayment of Estimated Taxes." **Attach Form 37 to your return.**

Use Form 37 to figure:

- The amount of underpayment of estimated tax.
- The amount of interest you owe on the underpayment.
- Any exception to the payment of interest.

On Form 20-INS, line 41, include interest for payment of tax after the original return due date. On Form 20-INS, line 42, include interest due from underpayment of estimated tax. Check the appropriate box if you have attached Form 37.

## 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 don't 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 within two years after the date of the federal report to receive a refund.

## Amended returns

If you change net income by amending your federal return, you must file an amended Oregon return

within 90 days. Attach a copy of the amended federal return to the amended Oregon return and explain the adjustments made.

On the line for prepayments, enter the net excise tax per the original return. Add or subtract prior tax adjustments to your original return.

Don't 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 losses forward, but not back. See instructions for Form 20-INS, line 21.

Pay all tax and interest due when you file an amended return. Otherwise, you may be charged the 5 percent late payment penalty. Check the appropriate box on Form 20-INS if you are filing an amended return.

# Form 20-INS instructions

## Heading

Use the mailing label in the name and address space. Correct the name, address, or federal employer identification number, if necessary. If you didn't receive a label, type or print the required information.

**Business identification number.** Each corporation is now identified by a business identification number (BIN) assigned by the department. You may have already been assigned a BIN if payroll taxes, workers' compensation, or unemployment payments are made to the State of Oregon. If you do not have a BIN, one will be assigned when your return is received.

## Questions

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

**Question E(1). If the answer is YES,** attach a list of the corporations included in the consolidated federal return.

**Question E(2). If the answer is YES,** attach a list of the corporations included in the consolidated Oregon return that either:

- Are "doing business" in Oregon;
- Have income from Oregon sources; or
- Are otherwise required to register with the Oregon Office of the Secretary of State, Corporation Division.

List each corporation's name, business identification number, federal employer identification number and date affiliate became part of, or left, the unitary group on Schedule AF.

**Question E(3). If the answer is YES,** attach a list of corporations included in the consolidated federal return but not this Oregon return. List each

corporation's name, business identification number (if any), and federal employer identification number.

**Question F. If the box is checked,** prepare a schedule with the information on Schedule AF or use a copy of Schedule AF—List of Affiliates, to list additional affiliates. Attach the copies directly behind Schedule AP—Apportionment of Income.

**Question G. 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.

## Line instructions

Fire, property and casualty companies will be identified as "P&C." Life and accident and health companies will be identified as "Life."

**The following instructions are for lines not fully explained on the form.**

## Income

**Line 1. Net income for life and accident and health insurance companies.** From line 33, page 4 of the annual statement.

**Line 2. Income, expenses and other items attributable to separate accounts.** From line 4B, page 4 of the annual statement.

**Line 4. Net income for fire, property and casualty insurance companies.** From line 16, page 4 of the annual statement.

**Line 5. Underwriting profit derived from wet marine and transportation insurance.** From Schedule IEE-5, line 8, column 21.

## Additions

**Line 8. Federal income taxes.** Use page 4 of the annual statement, line 15 for a P&C company and line 30 for a life company.

**Line 9. State income taxes (all jurisdictions).** Include the amount of state income taxes included on page 12 of the annual statement, exhibit 6, line 4 for a life company, and line 18a for a P&C company.

**Line 10. Penalty interest on prepayment of loans.** Any amounts not already included in calculating page 4 of the annual statement, line 27 for life companies, and lines 1 and 12 for P&C companies.

**Line 11. Realized gains and losses.** This is the realized gains and losses on non-admitted assets. For P&C companies, this is from page 4, line 20 of the annual statement. For life companies, this is from page 4, line 37 of the annual statement.

**Line 12. Decreases in reserves.** Changes in reserves from prior years from changes in bases or methods and not included in the statement of income—reserve changes as write-ins on line 30 for P&C companies, or taken directly to surplus on page 4, line 39 for life companies. Change in mandatory reserves—for P&C companies, page 4, line 23, and for life companies, page 4, line 40.

## Subtractions

**Line 15. Amortization of past service credits.** No explicit item in annual statement. May be described in Property & Casualty Note 6, page 20, and Life and Accident and Health Note 7, page 31.

**Line 16. Increases in certain reserves.** See additions, line 12 instructions.

**Line 17. Depreciation.** Oregon allows Modified Accelerated Cost Recovery System (MACRS) depreciation. If the insurance company has used a different method for purposes of the annual statement, MACRS may be elected for tax purposes. If this election is made, subtract the difference between the depreciation claimed on the annual statement and the depreciation calculated for tax purposes.

**Line 21. Net loss deduction.** A net loss is the amount determined under Chapter 1, subtitle A of the Internal Revenue Code, with the modifications specifically prescribed under Oregon law. If you are taxable only by Oregon, the deduction on line 21 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 doesn't 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. (See IRC 382, 384, and ORS 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).

If you are taxable both in Oregon and another state, don't complete line 21. Any net losses assigned to Oregon during the preceding taxable years (and not previously deducted) must be entered on line 8, Schedule AP-2.

**Line 22. Oregon taxable income.** If you are apportioning income to Oregon, enter the amount from line 9, Schedule AP-2.

**Line 23. Excise tax.** The tax is 6.6 percent of Oregon taxable income. The minimum tax is \$10. Only **one** \$10 minimum tax payment is required on a consolidated return.

**Line 24. 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 line 24. 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. 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 and the Oregon Insurance Guaranty Association (OIGA) offset.

**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 information circular "Workers' Compensation Insurance Tax Credit," 150-102-618.

**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.

**Guaranty association assessment offset.** A credit for 20 percent of the assessment paid to either the Oregon Life and Health Insurance Guaranty Association (OLHIGA) or the Oregon Insurance Guaranty Association (OIGA) may be claimed against the excise tax. This offset can only be claimed if there is more than \$10 in tax remaining after the other credits, the workers' compensation credit, and the fire insurance gross premiums tax credit. Any unused guarantee association assessment offset can be claimed against the retaliatory and transition tax due the Insurance Division of the Department of Consumer and Business Services.

**OREGON INSURANCE  
EXCISE TAX RETURN**

**.1997**

**Form  
.20-INS**

• beginning \_\_\_\_\_, 1997  
• ending \_\_\_\_\_

**For office use only**

Date received \_\_\_\_\_

Payment \_\_\_\_\_

1

2

3

**USE LABEL**

Name \_\_\_\_\_

Federal employer ID number \_\_\_\_\_

Business identification number \_\_\_\_\_

Otherwise please print or type.

Mailing address \_\_\_\_\_ Place label here \_\_\_\_\_

Contact person \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP Code \_\_\_\_\_

Telephone number \_\_\_\_\_

An extension is attached

Form 37 is attached

This is an amended return

•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 \_\_\_\_\_

•E. (1) Was a consolidated federal return filed? .....  Yes  No

(2) Is this a consolidated Oregon return? .....  Yes  No

(3) Are corporations included in the consolidated federal return, but not in the Oregon return? .....  Yes  No

If (1), (2) or (3) is yes, please see instructions.

F. If you have more than 3 affiliates doing business in Oregon, check the box and see instructions .....

•G. Are you a high-income taxpayer? Please see instructions .....  Yes  No

•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: \_\_\_\_\_

**PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM 1120-PC OR 1120-L AND SCHEDULES**

Net income from the Annual Statement to the Insurance Commissioner:

1. Life and accident and health companies (from line 33, page 4 of the annual statement) .....	1	
2. Less: income, expenses and other items attributable to separate accounts (see instructions).....	2	
3. Subtotal (line 1 minus line 2) .....	3	
4. Fire, property and casualty companies (from line 16, page 4 of the annual statement).....	4	
5. Less: underwriting profit derived from wet marine and transportation insurance (see instructions)	5	
6. Subtotal (line 4 minus line 5) .....	6	
7. Total (line 3 plus line 6) .....	7	
<b>ADDITIONS (see instructions)</b>		
8. Federal income taxes deducted in arriving at line 7 .....	8	
9. State income taxes deducted in arriving at line 7 .....	9	
10. Penalty interest on prepayment of loans .....	10	
11. Realized gains and losses excluded from line 7 .....	11	
12. Decreases in certain reserves .....	12	
13. Total additions (add lines 8 through 12).....	13	
14. Income after additions (line 7 plus line 13) .....	14	
<b>SUBTRACTIONS (see instructions)</b>		
15. Amortization of past service credits .....	15	
16. Increases in certain reserves .....	16	
17. Depreciation in excess of method claimed in computing net income .....	17	
18. Total subtractions (add lines 15 through 17) .....	18	
19. Income before net loss deduction (line 14 minus line 18) (carry forward to line 20, page 2) .....	19	

20. Income before net loss deduction—carried forward from line 19, page 1 ..... 20

**If income is derived from sources both in Oregon and other states, carry amount on line 20 to line 1, Schedule AP-2, and skip line 21 below.**

21. Net loss deduction and net capital loss deduction. **Attach schedule** (see instructions) ..... 21

22. Oregon taxable income (line 20 minus line 21 or amount from line 9, Schedule AP-2) ..... 22

23. Excise tax (6.6% of line 22) (**minimum tax is \$10**) ..... 23

24. Tax adjustment for interest on certain installment sales (see instructions) ..... 24

25. Total tax (line 23 plus line 24) ..... 25

**CREDITS** (for information on other credits see circular "Tax Credits for Corporations" (150-102-694))

26. Other credits (see instructions) ..... 26

27. Workers' Compensation credit ..... 27

28. Fire insurance gross premiums tax credit ..... 28

29. Total (add lines 26 through 28) ..... 29

30. Line 25 minus line 29 (not less than \$10) ..... 30

31. OLHIGA (Oregon Life and Health Insurance Guaranty Association) offset (see instructions) ..... 31

32. OIGA (Oregon Insurance Guaranty Association) offset (see instructions) ..... 32

33. Total (line 31 plus line 32) ..... 33

34. Excise tax after credits (line 30 minus line 33) (not less than \$10) ..... 34

35. 1995-97 state surplus refund (42.2% of line 34) ..... 35

36. Net excise tax (line 34 minus line 35) (not less than \$10) ..... 36

37. Estimated tax payments for tax year 1997. **Include payments made with your extension** ..... 37

38. **Tax Due.** Is line 36 more than line 37? If so, line 36 minus line 37 ..... **Tax Due** 38

39. **<Overpayment>** Is line 36 less than line 37? If so, line 37 minus line 36 ..... **<Overpayment>** 39

40. Penalty due with this return (see instructions) ..... 40

41. Interest due with this return (see instructions) ..... 41

42. Interest on underpayment of estimated tax. Attach Form 37 ..... 42

43. Total penalty and interest (add lines 40 through 42) ..... 43

44. Total now due (line 38 plus line 43) ..... 44

45. **Refund** available (line 39 minus line 43) ..... **Refund** 45

46. Amount of refund to be credited to 1998 estimated tax ..... **1998 Credit** 46

47. **Net Refund** (line 45 minus line 46) ..... **Net Refund** 47

**SCHEDULE AF — Schedule of Affiliates**

**If this is a consolidated return, please list those affiliates doing business in Oregon. (DO NOT INCLUDE the affiliate shown on the heading of this tax return.)**

Business ID Number Federal ID Number	Name	If <b>new</b> affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group, please indicate date affiliate left group
BIN			
FID			
BIN			
FID			
BIN			
FID			

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 \_\_\_\_\_



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Name of Corporation	Business Identification Number	Federal Employer ID No.
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**PART I — Underpayment.** To figure your underpayment, fill in lines 1 through 8.

1. Net Excise or Income tax (from Form 20, line 44; Form 20-I, line 22; Form 20-S, line 14 or Form 20-INS, line 36) . . . . .	1				
2. 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 . . . . .	2	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
3. Estimated tax paid this year for each quarter . . . . .	3				
4. Refund from last year applied to this year's tax . . . . .	4				
5. Overpayment from line 7 from previous quarter . . . . .	5				
6. Total tax paid (add lines 3, 4, and 5) . . . . .	6				
7. Overpayment. If line 6 is more than line 2, enter difference here . . . . .	7				
8. Underpayment. If line 6 is less than line 2, enter difference here. Complete Part II for each column with an amount on line 8 (carry to line 21) . . . . .	8				

**PART II — Exceptions to Paying Interest.**

Check box if you are **not** a "high-income taxpayer" (see instructions).

9. Total tax <b>paid</b> for this year through payment date (include credit from prior year) . . . . .	9	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
		25% of tax	50% of tax	75% of tax	100% of tax
10. Exception 1—100% of current year's tax due . . .	10	25% of tax	50% of tax	75% of tax	100% of tax
11. Exception 2—100% of last year's tax (high-income taxpayers may use this exception for the first quarter only) (see instructions) . . . . .	11	25% of tax	50% of tax	75% of tax	100% of tax
12. Exception 3—100% of net annualized tax (use the amount on line 20 to figure this exception) . .	12	25% of tax	50% of tax	75% of tax	100% of tax
13. Exception 4—Recurring seasonal income (see instructions) . . . . .	13	25% of tax	50% of tax	75% of tax	100% of tax

**If you meet any one of the four exceptions to underpayment of estimated tax in each quarter, no further computation is necessary. Attach this form to your return. If you do not meet an exception, complete Part III on the back to compute interest due.**

**Exception 3 Worksheet** — To figure your annualized income, use the formula and chart below.

Actual income × Factor = Annualized income

14. Ending date of annualization period (see instructions) . . . . .	14	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
15. Actual income through date on line 14 less net losses carried forward from prior tax years . . . . .	15				
16. Annualization factors based on selected annualization period (see instructions) . . . . .	16				
17. Annualized income (line 16 × line 15) . . . . .	17				
18. Annualized tax (tax rate × 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.**

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
21. Amount of underpayment for each quarter. If an exception is met, enter -0-. If no exception is met, <b>enter amount from line 8, Part I</b> . . . . . 21				
22a. Date estimated payment due . . . . . 22a				
22b. Date underpayment amount was paid or due date of return, whichever is earlier . . . . . 22b				
23. Number of full months between dates on line 22a and 22b (see instructions) . . . . . 23				
24. Number of days in a partial month between dates on line 22a and 22b (see instructions) . . . . 24				
25. Number of full months on line 23 × monthly interest rate × amount on line 21 . . . . . 25				
26. Number of days on line 24 × daily interest rate × amount on line 21 . . . . . 26				
27. Interest due (add lines 25 and 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 Form 20, line 50; Form 20-I, line 28; Form 20-S, line 20 or Form 20-INS, line 42 and check the appropriate box at the top of the return.**

**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, 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.

**Line 11—Exception 2.** You qualify to use this exception if the prior year's return:

- Covers a period of 12 months; and
- Shows a tax liability.

You meet this exception if the current year's tax you paid (Part I, line 6), 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.

This exception shall only apply to the **first** installment payment of a high-income taxpayer. Any reduction to the first installment payment due to this exception **must** be added to the second installment payment.

**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. For information about computing seasonal income, definitions, and special rules, see IRC 6655(e). Attach a schedule of your computation.

**Line 14—Annualization periods.** If you did not elect to use the optional annualization periods for federal 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 23 and 24—How to figure the number of months and days.** The following is an example of how to figure the number of months and days. If you didn't pay the amount that was due on September 15 until February 10, count this way:

September 16 to January 15 = 4 months  
 January 16 to February 10 = 26 days

**Lines 25 and 26—How to figure interest.** Interest is computed on the underpayment indicated in Part III, line 21. The current interest rate is .8333 percent per month or .0274 percent per day. The interest rate may change once a calendar year.

Example of how to figure interest if a \$300 estimated tax payment was due on September 15, 1997, but paid on February 10, 1998:

4 months	×	.008333	×	\$300	=	\$10.00
26 days	×	.000274	×	\$300	=	<u>2.14</u>
					Total interest due	<u>\$12.14</u>

**ATTACH THIS FORM TO YOUR OREGON FORM 20, FORM 20-I, FORM 20-S, OR FORM 20-INS IF YOU OWE INTEREST OR MEET AN EXCEPTION TO PAYING INTEREST ON AN UNDERPAYMENT OF ESTIMATED TAX.**

# Schedule AP instructions

## Schedule AP-1

### Real estate income and interest factor

**Real estate income.** P&C companies use column 13 minus column 14 of Schedule A, part 1 on page 23 of the annual statement. Life companies use column 13 minus column 14 of Schedule A, part 1 on page 32 of the annual statement.

**Interest factor.** P&C companies use the schedule on page 6 of the annual statement, line 3. Life companies use the schedule on page 10 of the annual statement, line 3.

### Insurance sales factor

P&C companies use total premiums written and Oregon premiums written from Schedule T. Included in the apportionment factor for premiums are finance and service charges. Life companies also use Schedule T for total premiums and for Oregon premiums. Insurance premiums includes life insurance in column 3, annuity considerations in column 4 and accident and health insurance premiums in column 5.

**Line 5. Average percentage.** Divide the sum of the real estate income and interest factor, wage and

commission factor, and insurance sales factor by 3 if the insurance company has all of these factors. Reduce the denominator of 3 by the number of factors with a zero denominator. Example: If an insurance company does not have any real estate income or interest, the real estate income and interest factor would have a zero denominator and the sum of the factors would be divided by 2.

## Schedule AP-2

**Line 2. Minus: 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 6. Add: Gains from prior year installment sales apportioned to Oregon.** Multiply the installment gains subtracted on line 2 by the average percent from the year of the sale.

**Line 8. Net loss deduction.** See instructions for line 21, Form 20-INS.

# Schedule AF instructions

Use this schedule to list those affiliates doing business in Oregon that are included in the consolidated return. If you have more than three affiliates, please prepare

a schedule with the information of Schedule AF, or make a copy of Schedule AF and attach it directly behind Schedule AP—Apportionment of Income.

## Printed information order form



### Printed information (free) State forms only

Check individual boxes to order. Clip on the dotted line, then mail in the entire list with your return address. These forms and circulars are also available on the Internet.

- Additional Tax Credits for Corporations ..... 150-102-699
- Authorization to Represent Taxpayer and/or Disclose Information ..... 150-800-005
- Estimated Tax coupons ..... 150-102-022-2 and instructions ..... 150-102-022
- Information for Tax Exempt Organizations ..... 150-102-617
- Lender's Credit ..... 150-102-125
- Limited Liability Companies, Limited Liability Partnerships ..... 150-102-613
- Political Organizations ..... 150-102-663
- Pollution Control Facility Credit ..... 150-102-029

- Research Credit ..... 150-102-128
- Tax Credits for Corporations ..... 150-102-694
- What To Do if You are Audited ..... 150-101-607
- Worker's Compensation Insurance Tax Credit ..... 150-102-618
- Your Rights as an Oregon Taxpayer ..... 150-800-406
- List of other printed information: Forms/Publications Request ..... 150-800-390

**Send to:** Forms  
Oregon Department of Revenue  
PO Box 14999  
Salem OR 97309-0990

**Please print**

Your name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ ZIP \_\_\_\_\_

Oregon Department of Revenue  
955 Center St NE  
Salem OR 97310-2551

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PERMIT NO. 55

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## Taxpayer assistance

### Do you need help?

Call: Salem ..... **(503) 378-4988**  
Toll-free within Oregon ..... **1-800-356-4222**

The toll-free number is available January through April.

For touchtone phones, our telephone voice response system has recorded tax information about many of your Oregon tax questions. You can also order tax forms. This service is available 24 hours a day.

Representatives are available: 7:30 A.M.–5:10 P.M. Monday–Friday, except Wednesday when the hours are 9 A.M.–5:10 P.M. Closed on holidays. From April 1–April 15, representatives are available from 7 A.M. until 7 P.M., Monday–Friday.

**TTY** (hearing or speech impaired only). **These numbers are answered by machine only and are not for voice use.** The year-round toll-free number within Oregon is 1-800-886-7204. In Salem, the number is (503) 945-8617.

### Habla Español?

Las personas que necesitan asistencia en Español pueden dejar un mensaje. El número disponible todo el año en Salem es (503) 945-8618.

A message line is available all year for those who need assistance in Spanish. The number in Salem is (503) 945-8618.

### To get forms

To get forms write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Some forms are also available on our website. Our Internet address is: <http://www.dor.state.or.us>

The office below provides forms and will answer questions. **Don't send your return to this address.**

#### Salem\*

Revenue Building  
First floor, Room 135  
955 Center St. NE  
Salem OR 97310

\*Office hours: 7:45 A.M.–5 P.M. Monday–Friday. Closed on holidays.

**Correspondence.** Use the Salem address above. Include your business identification number and a daytime telephone number. Including both will allow us to help you faster.

In compliance with the Americans with Disabilities Act (ADA), this information is available in alternative formats upon request by calling (503) 378-4988.

