

2004 OREGON

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Package B

PERSONAL INCOME TAX FORMS

Visit us on the Web at www.oregon.gov/DOR

150-101-451 (Rev. 12-04)



Forms and Instructions

All of these forms and instructions are available on the Internet at www.oregon.gov/DOR.

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FULL-YEAR RESIDENT

PERSONAL INCOME TAX FORMS **40S** AND **40** WITH INSTRUCTIONS

OREGON.gov Business Education Human Services Public Safety Recreation Transportation



Department of Revenue

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New Web site

Visit our new Web site at www.oregon.gov/DOR for forms, publications, and other tax information.

Direct deposit

Have your refund deposited directly into your checking or savings account. See page 12 or 34.

Credit card payments

You may now pay your 2004 Oregon personal income tax with your credit card. See page 11.



e-file

Get your refund faster with electronic filing and direct deposit. Visit our Web site for more information.



Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

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Oregon Department
of Revenue

Do I need to file?

Amounts apply to full-year residents only.

Filing status	Age	If gross income is more than:
Single, can be claimed on another's return	Any	\$800 *
Single	Under 65	\$4,620
	65 or over	\$5,820
Married, joint return	Both under 65	\$9,245
	One 65 or over	\$10,245
Married, separate return	Both 65 or over	\$11,245
	Under 65	\$4,620
Head of household	65 or over	\$5,620
	Under 65	\$5,790
Qualifying widow(er)	65 or over	\$6,990
	Under 65	\$6,465
65 or over	\$7,465	

In addition, file a return if:

- You are required to file a federal return.
- You had \$1 or more of Oregon income tax withheld from your wages.

* The larger of \$800 or your earned income plus \$250, up to your standard deduction amount.

These instructions are not a complete statement of laws and Oregon Department of Revenue rules. You may need more information. See page 40.

Electronic filing

Electronic filing (e-file) is a fast, efficient, and accurate way to file.



Visit our Web site to download the information circular, *Electronic Filing for Oregon*. Or, to order it, see page 40.

Working student Web site

The Oregon Department of Revenue's "5 Easy Steps to Cash" Web site helps working students file their Oregon personal income tax returns and understand the state's tax system. You may prepare your return on the student Web site if:



www.steps2cash.org

- You lived in Oregon for all of 2004; and
- You were single with no children as of December 31, 2004; and
- Someone else can claim you as a dependent; and
- In 2004, you worked only in Oregon; and
- Your income was only from wages and/or interest.

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New information

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$4,000 (\$2,000 married filing separately). See page 9 or 25.

Taxable income limit increased for Form 40S filers. Certain individuals with taxable income of up to \$100,000 may file Oregon Form 40S. See page 4.

Credit card payment. The department is now accepting credit card payments for 2004 current-year taxes and 2005 estimated taxes. See page 11.

Payment voucher, Form 40-V. Complete Form 40-V when mailing a 2004 payment or a 2005 estimated tax payment, or when filing a 2004 Oregon extension. See page 11. If paying by credit card, do not use Form 40-V.

Abbreviations replaced with numeric codes. We have replaced the standard abbreviations used to identify

other additions, subtractions, and credits with numeric codes. See pages 24, 26, and 31.

Standard deduction amounts. The standard deduction amounts have changed. See page 28 or the back of Form 40S.

Federal child tax credit may cause a shortage in Oregon withholding. If you increased the number of allowances claimed on your federal Form W-4 to account for the federal child tax credit, it may have caused a shortage of Oregon withholding. Visit our Web site or contact us for more information. See page 40.

Filing status for same-sex couples who were issued marriage licenses. Current tax law, as of the date this publication was printed, requires that you use the same filing status for Oregon as you used on your federal return. Visit our Web site or contact the department for more information. See page 40.

Important reminders

Direct deposit. The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. If you choose direct deposit, contact your bank to make sure that your deposit will be accepted and to get your correct routing and account numbers. The Department of Revenue is not responsible if your bank rejects your deposit. We will issue you a paper check if the bank rejects your direct deposit. See page 12 or 34.

Oregon extension form. Use Form 40-EXT if you need more time to file and you are making a payment, or

you are filing an extension for Oregon only. For more information, see page 5.

Oregon tax credits. When claiming an Oregon tax credit, you **must** claim the maximum credit allowable each year, up to your tax liability.

Blue or black ink. Please use blue or black ink for easier reading and faster processing. Equipment used to scan documents cannot read certain colors of ink, especially red. Thank you.

General information

What income does Oregon tax?

An Oregon resident is taxed on all income, including income from outside the state. A nonresident of Oregon is taxed only on income from Oregon sources.

Residency

Am I a resident, a nonresident, or a part-year resident? The following will help you decide.

- **You are a full-year Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
 - You think of Oregon as your permanent home; and
 - Oregon is the center of your financial, social, and family life; and
 - Oregon is the place you intend to come back to when you are away.

You are still a full-year resident if:

- You temporarily moved out of Oregon, or
- You moved back to Oregon after a temporary absence.

You may also be considered a full-year resident if you spent more than 200 days in Oregon during 2004 or if you are a nonresident alien.

- **You are a nonresident** if your permanent home was outside Oregon all year.
- **You are a part-year resident** if you moved into or out of Oregon during 2004. You are **not** a part-year resident if:
 - You temporarily moved out of Oregon, or
 - You moved back to Oregon after a temporary absence.

Special-case Oregon residents. You are considered a nonresident if **all** of the following are true:

- You are an Oregon resident who maintained a permanent home outside Oregon the entire year, and
- You did not keep a home in Oregon during any part of 2004, and
- You spent less than 31 days in Oregon during 2004.

Note: A recreational vehicle (RV) is not considered a permanent home outside of Oregon.

Oregon residents living abroad. Generally, if you qualify for the federal earned income exclusion or housing exclusion for United States residents living abroad, you are considered a nonresident.

Filing status

Generally, you must use the same filing status for your Oregon and federal returns.

Exceptions for married persons when spouses are:

- **Full-year resident and part-year resident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The full-year resident files Form 40, and the part-year resident files Form 40P. If you choose to file a joint return for Oregon, use Form 40P.
- **Full-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The full-year resident files Form 40, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.
- **Part-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The part-year resident files Form 40P, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.

Need more information? Visit our Web site to download the information circular, *Married Persons Filing Separate Returns*. Or, to order it, see page 40.

What form do I use?

Use Form 40S if ALL of the following are true:

- You are a full-year Oregon resident; and
- Your income is only from wages, interest, ordinary dividends, unemployment, fellowship grants, and taxable scholarships not used to pay for housing; and
- You claim the standard deduction on your return; and
- Your Oregon taxable income is less than \$100,000; and
- You do **not** have pension or annuity income or IRA distributions; and
- You do **not** owe penalty or interest; and
- You did **not** pay estimated tax during the year.

If you are a working student, you may be eligible to complete Form 40S using our working student Web site. For more information, see page 2.

Use Form 40 if BOTH of the following are true:

- You are a full-year Oregon resident, and
- You cannot use Form 40S.

Use Form 40 if any ONE of the following is true:

- You received Social Security, pension, or annuity income; or
- You used taxable scholarship income for housing expenses and you qualify for the Oregon subtraction; or
- You paid or should have paid estimated tax during the year; or
- You have adjustments to income on your federal tax return such as alimony or IRA deductions; or
- You have Oregon additions or subtractions other than the federal tax subtraction (the most common ones are listed on the return); or
- You itemize deductions on your Oregon return; or
- You are married filing separately and your spouse is itemizing deductions; or
- You are a nonresident alien who lived in Oregon the entire year; or
- You are in the military and are claiming the subtraction for military active duty pay; or
- You owe penalty or interest; or
- You want to apply all or part of your refund to your 2005 estimated tax.

Use Form 40P if any ONE of the following is true:

- You are a part-year resident, or
- You are filing jointly and one spouse is a full-year Oregon resident and one is a part-year resident, or
- You are filing jointly and both spouses are part-year Oregon residents, or
- You qualified as an Oregon resident living abroad for part of the year.

Use Form 40N if any ONE of the following is true:

- You are a nonresident, or
- You are a special-case Oregon resident (see the top of this page), or
- You and your spouse are filing jointly and one (or both) of you is a nonresident, or
- You meet the military personnel nonresident requirements explained on page 5, or
- You qualified as an Oregon resident living abroad for the entire year.

Forms 40P and 40N are included in the *Part-Year Resident and Nonresident* booklet. Download the booklet from our Web site. Or, to order it, see page 40.

Military personnel

Residents stationed in Oregon. If you are an Oregon resident stationed in Oregon, file Form 40.

Residents stationed outside Oregon. If you are an Oregon resident stationed outside Oregon, you may file Form 40N from the *Part-Year Resident and Non-resident* booklet if you meet the requirements for special-case Oregon residents or Oregon residents living abroad. See the top of page 4. File Form 40 if you don't meet the listed requirements.

Nonresidents stationed in Oregon. Oregon does not tax your military pay while you are stationed in Oregon. File Form 40N if you or your spouse had income from other Oregon sources or to claim a refund of Oregon tax withheld from your military pay.

Military Family Tax Relief Act. Oregon has not adopted all of the provisions of this act. Contact us for more information. See page 40.

Need more information? Visit our Web site to download the information circular, *Military Personnel Filing Information*. Or, to order it, see page 40.

Filing for a deceased person

You must file a final return for a person who died during the calendar year if a return would normally be required. See "Do I need to file?" on page 2 to determine if a return must be filed.

If you are filing a return and claiming a refund for someone who is now deceased, file Form 243, *Claim to Refund Due a Deceased Person*, with the return. This will allow us to issue the refund check in your name. Visit our Web site to download the form. Or, contact us to order it. See page 40. If you are a court-appointed or certified personal representative, Form 243 is not needed.

When should I file my return?

The filing deadline for calendar year 2004 is **April 15, 2005**. If you cannot pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty. Payment plans are available. Contact the department to make payment arrangements. See page 40.

Returns for other tax periods are due by the 15th day of the fourth month after the close of your tax year.

What if I need more time to file?

Generally, Oregon allows you the same extension you have for your federal return. However, in some cases, you will need to file the **Oregon extension form**, Form 40-EXT. Visit our Web site to download the form. Or, to order it, see page 40. The following will help you decide when you need to file Oregon Form 40-EXT:

- If you filed a federal extension, Form 4868, and you expect to get a refund for Oregon:
 - You do not need to file Form 40-EXT.
 - Check box 7b on Form 40S or Form 40 when you file your return.

- Keep a copy of your federal extension in your records. You are not required to send us a copy.

- If you did not file a federal extension but need more time to file for **Oregon only** and you expect an Oregon refund:
 - File Oregon Form 40-EXT. Enter -0- in the payment amount box on Form 40-V, *Oregon Income Tax Payment Voucher*. Mail the entire Form 40-EXT to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
 - Check box 7b on Form 40S or Form 40 when you file your return.
 - Keep a copy of your extension in your records.
- If you need more time to file for Oregon and you need to make a tax payment to Oregon:
 - Complete the tax payment worksheet on Form 40-EXT. Fill out and detach Form 40-V, *Oregon Income Tax Payment Voucher*. Send the payment voucher and your check or money order by April 15, 2005, to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980. If paying by credit card, write "credit card payment" on your voucher and mail the voucher to the address above.
 - Check box 7b on Form 40S or Form 40 when you file your return.
 - Keep a copy of your extension in your records.

An extension does not mean more time to pay!

You must pay any tax you expect to owe when you file your extension. If you do not pay all the tax due with your extension, you will owe interest on the unpaid balance after April 15, 2005, until the date of your payment. The 2005 interest rate is 5 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year. You may also owe a late-payment penalty.

Were you stationed in a designated combat zone?

Did you receive additional time to file your 2004 federal return and pay your 2004 tax? If so, Oregon allows the same additional time to file and pay. Write "combat zone" in blue or black ink at the top of your return when you file it. Contact us if you were stationed in a contingency area. Or, visit our Web site for more information.

Penalties

You will owe a 5 percent late-payment penalty on any 2004 tax not paid by April 15, 2005.

If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total penalty of 25 percent of any tax not paid.

Exception: You do not have to pay a penalty if you do all of the following:

1. Get an extension of time to file your return; and

2. Pay at least 90 percent of the tax due by April 15, 2005; and
3. Pay the balance of tax due when you file by the extension deadline; and
4. Pay the interest on the balance of tax due when you file or within 30 days of our billing date.

A 100 percent penalty is charged if you do not file a return for **three consecutive years** by the due date of the third year including extensions. The penalty is 100 percent of the unpaid tax for each of the three years.

Interest on underpayment of estimated tax

You may owe interest on underpayment of estimated tax if:

- You owe \$1,000 or more on your return after credits and withholding; or
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2004.

See the instructions for Form 40, line 51, on page 33.

2005 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2005 Oregon individual income tax return.

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 2005.

Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2005 Oregon income tax return after credits and withholding must make estimated payments. You may need to make estimated payments if:

- You are self-employed and do not have Oregon tax withheld from your income.
- You receive Oregon Lottery single ticket winnings under \$5,000. (Note: Single ticket winnings of \$5,000 or more are subject to Oregon withholding.)
- You receive income such as pensions, interest, or dividends, and Oregon tax is not withheld.
- You are a wage earner and expect to owe tax of \$1,000 or more on your 2005 return. You may want to increase the amount your employer withholds from your Oregon wages. If you and your spouse both work, visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, contact us to order it. See page 40.

When do I pay?

The due dates are April 15, 2005*; June 15, 2005; September 15, 2005; and January 17, 2006.

Send your payment with Form 40-V, *Oregon Income Tax Payment Voucher*. If paying by credit card, do not use Form 40-V. Visit our Web site to download the form and the information circular, *Estimated Income Tax*. Or, to order them, see page 40.

* Please send your 2005 estimated tax payment and Oregon Form 40-V in a different envelope from your 2004 Oregon income tax return. This will help us credit your payment more efficiently.

What if I am self-employed?

If you are self-employed and do business in Multnomah, Clackamas, or Washington counties, you may need to file Form TM, *TriMet Self-Employment Tax Return*. If you are self-employed and do business in Lane County, you may need to file Form LTD, *Lane Transit District Self-Employment Tax Return*. Visit our Web site to download the forms. Or, contact us to order either of these forms. See page 40.

Frequently asked questions

Is my tax return private information?

Yes. All information provided on the return is confidential. Any Oregon Department of Revenue employee who gives out unauthorized information about your return may be convicted of a class C felony.

I'm getting an income tax refund this year. How long will it take to process my refund?

- E-file return (before August 1) up to 2 weeks
- E-file return (on or after August 1) up to 5 weeks
- Mail return (before April 1) up to 8 weeks
- Mail return (on or after April 1) up to 12 weeks

Your refund may be delayed if your return needs further review.

I'm moving. Will my refund check be forwarded to me?

Yes. If you move after you mail your return, let us know your new address. You can download a change of address form from our Web site. Or, you can contact the department to order the form. See page 40. Remember to file a change of address form at your local post office.

What tax records do I need to keep?

You need to keep:

- A complete copy of your federal and state returns, even if you use a tax practitioner or file electronically.
- The original of all receipts, canceled checks, statements, and other records you used to prepare your return. **Save these records for at least three years from the due date of the return or three years from the date you file your return, whichever is later.** If your return is audited, the law says you must show proof of your income and expenses.

- All records from the sale, purchase, or exchange of property and investments. Keep these records for at least three years after you report the gain or loss on the property or investment.

Visit our Web site to download the information circular *Record-Keeping Requirements*. Or, to order it, see page 40.

What if I need to change my Oregon return after filing?

File Form 40X, *Oregon Amended Individual Income Tax Return*, any time you need to correct your Oregon return. Generally, you are allowed three years from the due date

of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund.

If you amend your federal or another state's return, usually you will need to amend your Oregon return. Visit our Web site to download Form 40X and instructions. Or, to order the form and instructions, see page 40.

What if I'm audited by the IRS or another state?

If changes are made that increase your Oregon income tax, file an amended return to report and pay additional tax. If the changes reduce Oregon tax, you have two years from the date of the audit report to claim a refund.

Instructions for Forms 40S and 40

Step 1: Select the appropriate form.

To decide which form to use, see page 4. Not everyone may file Form 40S (short form).

Step 2: Fill out your federal form.

Do your federal return first. Use the information from your federal return to complete your Oregon return.

Form 40 filers. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR, or TeleFile Tax Record to your Oregon Form 40. Do not attach federal Schedule A, B, C, or D, or Form 2441, etc. We may ask you for copies of schedules or additional information later.

See "What tax records do I need to keep?" on page 6.

Step 3: Start the Oregon form.

Fiscal year filers

You must use Form 40. Write the ending date of your fiscal year in the space provided. Write "Fiscal year" at the top of the return. Please use **blue** or **black** ink.

Name and address

Please type or clearly print your name, address, telephone number, and correct Social Security number on your return.

Social Security number (SSN). The request for your SSN is authorized by Section 405, Title 42, of the United States Code. You must provide this information. It will be used to establish your identity for tax purposes only.

Individual Taxpayer Identification Number (ITIN). If the IRS has issued you an ITIN because you do not have a Social Security number, enter your ITIN on your Oregon tax return wherever your SSN is requested. If you do not have an ITIN, you need to request one from the IRS. Do not attach your ITIN application

(federal Form W-7) to your Oregon tax return. Visit the IRS Web site at www.irs.gov for a copy of Form W-7. Or, call the IRS at 1-800-829-1040.

Date of birth. Enter the month, day, and year you were born. For example, "10/27/1963."

Check the boxes

Filing status

1 – **5** Check the box next to your filing status. Check the same filing status you checked on your federal return. If you and your spouse do not have the same residency status, you may file separate returns for Oregon even if you filed your federal return as married filing jointly. For additional information, see page 4.

If you are **married filing separately**, fill in your spouse's first name, last name (first four letters only), and Social Security number next to box 3. Do not fill in your spouse's name or Social Security number in the heading of the return.

If you are filing as **head of household**, fill in the name of the person who qualifies you for head of household filing status next to box 4.

Exemptions

6a & **6b** **Yourself and spouse.** Check "Yourself" and other boxes that apply. If someone else can claim you as a dependent, you can't claim an exemption for yourself; enter -0- in the total box on 6a unless you have a severe disability.

Severely disabled. Did you have a severe disability at the end of 2004? If so, you may claim an additional exemption credit. You may qualify for the severely disabled exemption even if someone else can claim you as a dependent. You are considered to have a severe disability if **any** of the following apply:

- You permanently lost the use of one or both feet, or
- You permanently lost the use of both hands, or
- You are permanently blind, or
- You have a permanent condition that, without special equipment or outside help, limits your ability to:
 - Earn a living, or
 - Maintain a household, or
 - Transport yourself.

Special equipment doesn't include items such as glasses, ordinary crutches, hearing aids, or contact lenses.

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but does not prevent you from doing other kinds of work without special equipment.

If you have a permanent severe disability, your physician must write a letter describing your disability. Keep the letter with your permanent health records.

If you qualify, check the "Severely disabled" exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the loss of use of limbs credit. See instructions on page 32.

6c All dependents. Enter the number of your dependents in box 6c. Fill in their first names on the line. In most cases, you must claim the same dependents as claimed on your federal return.

6d Child(ren) with a disability. You may be entitled to an additional personal exemption for your dependent child who has a qualifying disability. To qualify, **all** of the following must be true. Your child:

- Qualified as your dependent for 2004; and
- Was age 17 or younger on December 31, 2004; and
- Was eligible for "early intervention services" or received special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone do not qualify); and
- Was considered to have a disability as of December 31, 2004, under the federal Individuals with Disabilities Education Act and related Oregon laws. Eligible disabilities include:
 - Autism.
 - Deaf-blind.
 - Hearing impairment.
 - Mental retardation.
 - Multiple disabilities.
 - Orthopedic impairment.
 - Other health impairment.
 - Serious emotional disturbance.
 - Traumatic brain injury.
 - Visual impairment.

Get a statement of eligibility that confirms one of the disabilities listed above and the cover sheet from **one** of the following:

- The child's Oregon Individualized Education Program (IEP), or
- The child's Oregon Individualized Family Service Plan (IFSP).

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Child(ren) with a disability." Also be sure to include the child's name on line 6c for "All dependents."

7a Age 65 or older, or blind. Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2004. You are entitled to a larger standard deduction on Form 40S, line 10; or Form 40, line 26. If you or your spouse are blind, you may also qualify for the severely disabled exemption credit. For box 6a and 6b instructions, see page 7.

7b Extension. If you filed an extension of time to file, check box 7b. For more information, see page 5.

7c Schedule WFC. If you are claiming the Oregon working family child care credit, you must attach Schedule WFC to your return. Check box 7c on Form 40S or Form 40. For more information, see page 36.

Form 40S 7d Dependent. If someone else can claim you as a dependent, you can't claim an exemption for yourself. Check box 7d on Form 40S. Also, enter -0- in the total box on line 6a unless you are severely disabled.

Form 40 7d Oregon Form 24. Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check box 7d. Also, complete and attach Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*. Download it from our Web site or to order this form, see page 40.

7e State School Fund. If there is a kicker refund, do you wish to donate your kicker refund to the State School Fund? If so, check box 7e. The fund is used for public elementary and secondary education. The kicker amount, if any, will be determined in the fall of 2005. If you check the box, any kicker refund that you would have received in 2005 based on your 2004 Oregon income tax will be sent directly to the State School Fund. **If you check the box, you cannot change your decision for the 2004 tax year.**

Form 40S filers, go to page 9 to complete your return.

Form 40 filers, go to page 24 to complete your return.

Form 40S line instructions

The following instructions are for lines not fully explained on the form. For general Form 40S instructions, see page 7.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$12.49 becomes \$12 and \$233.50 becomes \$234.

8 Income

8a Wages. Fill in all pay for work. This amount is usually shown on Form W-2. Pay for work includes wages, salaries, tips, and commissions plus your taxable scholarships and fellowship grants. If you paid for housing with scholarship funds, you must file Form 40 to claim the subtraction.

8b Unemployment. Fill in all unemployment compensation. This is the amount on federal Form 1040, line 19; Form 1040A, line 13; Form 1040EZ, line 3; Form 1040NR, line 20; or Telefile Tax Record, line D.

8c Interest and dividends. Add together your total interest and dividends and enter the result on line 8c. Your total interest includes:

- Any interest received or credited to your account that you can withdraw.
- Any interest received on tax refunds.

You can't use Form 40S if:

- You have interest from the U.S. government, such as savings bond interest; **or**
- You received nontaxable distributions or capital gain distributions.

Use Form 40 instead.

8 Total income. Add together the amounts shown in boxes 8a, 8b, and 8c. Enter the result on Form 40S, line 8.

9 2004 federal tax liability. Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

You may deduct your total federal income tax liability after credits, up to \$4,000. Don't fill in less than -0- or more than \$4,000 (\$2,000 if married filing separately).

1. Enter your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 56; Form 1040NR, line 51; or TeleFile Tax Record, line K, box 2. 1. _____

2. Enter \$4,000 (\$2,000 if married filing separately). 2. _____

3. Enter the smaller of line 1 or line 2 here and on Form 40S, line 9. 3. _____

Is the IRS figuring your federal tax for you? Do not write an amount on line 9. You will not be able to finish your Oregon return without your federal tax liability. Complete lines 14 through 18 and lines 20 through 22. Attach a copy of your federal Form 1040, 1040A, 1040EZ, or 1040NR, or TeleFile Tax Record to your Oregon return. Write "Calculate federal tax" at the top of your return in blue or black ink. We will use the information on your federal return to determine your federal tax liability, and we will finish your Oregon return for you. Be sure to attach Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your return. **Go to the signature block section on page 34.**

10 Standard deduction. See the back of Form 40S for instructions unless you can be claimed as a dependent on another person's return. If you are a dependent, use the following worksheet to figure your standard deduction.

Standard deduction worksheet for dependents

1. Enter your earned income. 1. _____
2. Additional \$250. 2. 250
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction set amount. 4. 800
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,720
7. Enter the smaller of line 5 or line 6. 7. _____
8. If you are under age 65, enter -0-. 8. _____
If you are age 65 or older, enter \$1,200.
9. If you are not blind, enter -0-. 9. _____
If you are blind, enter \$1,200.
10. Add lines 7, 8, and 9. Enter the total here and on Form 40S, line 10; or Form 40, line 26. This is your standard deduction. 10. _____

12 Oregon taxable income. Caution: Is the amount \$100,000 or more? If so, you must use Form 40.

13 Tax from tables or rate charts. Figure the tax on your Oregon taxable income, line 12. See pages 21 through 23. For examples, see page 29.

15 Earned income credit. You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$).

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040EZ, line 8a; Form 1040A, line 41a; Form 1040, line 65a; or TeleFile Tax Record, line L. 1. _____
2. Decimal amount. 2. _____ .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40S, line 15. 3. _____

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability. Any unused credit cannot be refunded.

16 Child and dependent care credit. You are allowed an Oregon credit **only** if you qualify for the federal child and dependent care credit. You may be able to claim the Oregon credit even if you cannot use all of your federal credit. In most cases, you cannot claim the credit if you are married filing separately.

Use the following worksheet:

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. _____
2. Enter the decimal amount from the following table. 2. _____

If your federal taxable income from Form 1040, line 42; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
\$0	\$5,000	.30
5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal on line 2. Enter the result here and on Form 40S, line 16. 3. _____

Note: Did you pay 2003 child care expenses in 2004? If so, you may be able to use that amount to increase your 2004 Oregon child and dependent care credit. Please contact us for more information. See page 40.

Carryover. Your total 2004 child and dependent care credit can't be more than your 2004 tax liability for Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.

17 Other credits. You may qualify for other credits listed below. Please identify the credit(s) you are claiming in the space provided on line 17 using the numeric code shown in brackets. For example, if you are claiming a \$50 political contribution credit, enter "723-\$50" in the space provided. If you have more than one credit, show the amount and the type of each on the form, not on a separate sheet. Fill in the total amount of "other credits" on line 17.

- **Child and dependent care credit carryforward [code 704].** Fill in the carryover amount on line 17. For instructions, see page 31.
- **Elderly or the disabled [code 709].** You get an Oregon credit only if you qualify for the federal credit. For instructions, see page 31.
- **Income taxes paid to another state [code 733].** You may be eligible for this credit if you paid income tax to another state. For instructions, see page 31.
- **Loss of use of limbs [code 717].** If you have a permanent and complete loss of the use of two limbs, you may take a \$50 tax credit. For instructions, see page 32.
- **Political contribution [code 723].** You may qualify for a credit for political contributions. For instructions, see page 31.
- **Residential energy [code 729].** You may qualify for a credit if you purchased certain energy-efficient items. For instructions, see page 32.

20 Oregon income tax withheld. Fill in the total Oregon tax withheld from your wages and other income. That is the amount shown on your Form(s) W-2 in box 17 or on Form 1099. Do not use the FICA (Social Security) tax withheld. Do not use tax withheld from your wages by other states. **Staple a readable copy** of your Form(s) W-2 from each job and any 1099 showing Oregon income tax withheld to the lower front of your return.

If you do not have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you paid estimated tax for 2004, you **must** use Form 40.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2005 wages for Oregon. Visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, contact us to order it. See page 40.

21 Working family child care credit. This credit is available to low-income working families with qualifying child care expenses for a child under age 13 (or under age 18 if disabled). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. If you think you may qualify, see page 36.

23 Refund. If line 22 is more than line 19, you have a refund. Enter your refund amount on line 23 and then go to charitable checkoffs below.

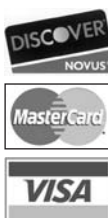
24 Tax to pay. If line 19 is more than line 22, you have tax to pay. You may pay with a check, money order, or credit card.

Check or money order

- Make your check or money order payable to "Oregon Department of Revenue."
- Write your daytime telephone number and "2004 Oregon Form 40S" on your check.
- Please use blue or black ink. Do not use red.
- Do not send cash or a postdated check.
- Staple your payment and the Form 40-V payment voucher (below) to your return on top of the Form(s) W-2.

Credit card

You now can pay your current-year balance due or make 2005 estimated tax payments with your Discover, MasterCard, or Visa credit card. This option is available to both electronic and paper filers.



To pay your taxes by credit card, call toll free or access through the Internet one of the service providers supporting Oregon's program. The service provider will charge you a convenience fee based on the amount of your tax payment. The service provider will tell you what the fee is during the

transaction; you will have the option to either continue or cancel the transaction before entering your credit card information. The convenience fee, terms, and conditions may vary among providers. If you accept the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

Choose one of the following service providers:

1. Link2Gov Corporation

Call toll free 1-866-9OR-EGOV (1-866-967-3468), or visit their Web site at www.ortaxpayment.com.

2. Official Payments Corporation

Call toll free 1-800-2PAYTAX (1-800-272-9829), or visit their Web site at www.officialpayments.com.

For additional information about making credit card payments and the current service provider list, visit our Web site at www.oregon.gov/DOR.

Payment plan. If you cannot pay in full now, we will work with you to set up a payment plan. Contact us for more information. See page 40.

Underpayment of estimated tax. If you owe \$1,000 or more, you may owe interest on estimated tax underpayment. If so, you must file Form 40. See page 33.

Charitable donations. If you do not have a refund but want to contribute to a charity listed on lines 25–30, mail your donation to the charity's address listed on our Web site. Do not mail your donation to the Department of Revenue.

Go to the signature block section on page 34 to finish your return.

Charitable checkoffs

You may choose to donate all or part of your refund to the charities listed on page 12. Donations will reduce

▼ Detach Here

Detach Here ▼

OREGON INCOME TAX PAYMENT VOUCHER

150-101-172 (Rev. 12-04)

FORM

40-V

Department of Revenue Use Only

Tax Year (check only one):

Calendar Year

Fiscal Year— Begins _____ Ends _____

Payment Type (check only one):

2004 Return

2004 Extension

2005 Estimated Tax—Quarter: _____

Amended Return—Tax Year: _____

Prior Year Return—Tax Year: _____

• Your SSN _____

• Spouse's SSN _____

• First four letters of last name _____

• First four letters of last name _____

Enter Payment Amount

\$ _____ . 0 0

Your name: last, first, and initial _____

Spouse's name: last, first, and initial (if joint payment) _____

Mailing address _____ Telephone number (____) _____

City _____ State _____ ZIP code _____ First time filer New name or address

your refund. You may donate to any or all of the charities on lines 25–29. You may also donate to **one** of the charities listed under the instructions for line 30. Or, you can mail your donations to the addresses listed on our Web site.

25 Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat.

26 Child Abuse Prevention. Your donation will fund programs through the Children’s Trust Fund to help prevent child abuse and neglect.

27 Alzheimer’s Disease Research. Your donation will fund research of Alzheimer’s and related dementias.

28 Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence.

29 AIDS/HIV Research, Education, and Services. Your donation will fund AIDS/HIV research, education, and services by the Living With HIV Fund.

30 Other charity. You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 30. **Enter only one code.** Check the box for the amount you want to donate and write it on line 30. Or, you can mail your donations to the addresses listed on our Web site.

Habitat for Humanity [code 1]. Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.

Oregon Head Start Association [code 2]. Your donation will help Head Start provide services to the lowest-income, highest-need children and families.

American Diabetes Association [code 3]. Your donation will help continue diabetes research and advocacy programs in Oregon.

Oregon Coast Aquarium [code 4]. Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.

SMART [code 5]. Your donation will help fund the Start Making A Reader Today early literacy program for Oregon’s most vulnerable children.

SOLV [code 6]. Your donation will help fund thousands of projects to clean up beaches, forests, rivers, and neighborhoods across Oregon.

St. Vincent de Paul Society of Oregon [code 7]. Your donation will help provide services leading to self-sufficiency for low-income Oregonians.

The Nature Conservancy [code 8]. Your donation will help purchase and restore critical habitats for Oregon’s at-risk plants, fish, and wildlife.

Doernbecher Children’s Hospital Foundation [code 9]. Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

The Oregon Humane Society [code 10]. Your donation will help save pets’ lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Salvation Army—Oregon [code 11]. Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Oregon Veterans’ Home [code 12]. Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans’ Home.

Planned Parenthood of Oregon [code 13]. Your donation will fund family planning services and reproductive health education programs.

32 Net refund. You must reduce your refund by any donations on lines 25–30. The department cannot issue a refund when the return is filed more than three years after the due date of the return.

Direct deposit

33 Direct deposit. Complete line 33 if you want us to deposit your refund directly into your bank account instead of mailing you a check.

- Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
- Check the appropriate box** for account type. Check **either** checking or savings, but not both.
- Enter your nine-digit routing number.** The routing number must begin with 01 through 12, 21 through 32, or 61 through 72.
- Enter the account number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. Enter the number left to right and leave any unused boxes blank.

Go to the signature block section on page 34 to finish your return.

Form 40S

OREGON Individual Income Tax Return

2004

FULL-YEAR RESIDENTS ONLY

SHORT FORM

For office use only

Table with 3 columns for office use only.

Personal information section including last name, first name, SSN, date of birth, spouse's information, and current mailing address.

Filing Status section with options for Single, Married filing jointly, Married filing separately, Head of household, and Qualifying widow(er).

Exemptions section with options for Yourself, Spouse, All dependents, and Child(ren) with a disability.

Check all that apply section with options for age, blindness, extension, Schedule WFC, dependent, and kicker.

Line 8: Wages (enter in box 8a) + unemployment (enter in box 8b) + interest and dividends (enter in box 8c) = TOTAL INCOME

Line 9: 2004 federal tax liability (\$0-\$4,000; see instructions for the correct amount)

Line 10: Standard deduction from the back of this form

Line 11: Add lines 9 and 10

Line 12: Oregon taxable income. Line 8 minus line 11. If line 11 is more than line 8, fill in -0-

Line 13: Tax. See pages 21 through 23 for tax tables or charts and enter tax here

Line 14: Exemption credit. Multiply your total exemptions on line 6e by \$151

Line 15: Earned income credit. See instructions, page 10

Line 16: Child and dependent care credit. See instructions, page 10

Line 17: Other credits (see instructions). Identify

Line 18: Total credits. Add lines 14 through 17

Line 19: Net income tax. Line 13 minus line 18. If line 18 is more than line 13, fill in -0-

Line 20: Oregon income tax withheld. Attach your Form(s) W-2 and 1099

Line 21: Working family child care credit from WFC, line 19. CREDIT AMOUNT

Line 22: Total payments. Add lines 20 and 21

Line 23: Refund. If line 22 is more than line 19, you have a refund. Line 22 minus line 19

Line 24: Tax to pay. If line 19 is more than line 22, you have tax to pay. Line 19 minus line 22

CHARITABLE CHECKOFFS. I want to donate part of my tax refund to the following fund(s)

Lines 25-30: Charitable checkoffs for Oregon Nongame Wildlife, Child Abuse Prevention, Alzheimer's Disease Research, Stop Domestic & Sexual Violence, AIDS/HIV Education and Services, and Other charity.

These will reduce your refund

Line 31: Total. Add lines 25 through 30. Total can't be more than your refund on line 23

Line 32: NET REFUND. Line 23 minus line 31. This is your net refund

DIRECT DEPOSIT

Line 33: For direct deposit of your refund, see the instructions on page 12. Type of Account: Checking or Savings

Routing No. and Account No. fields

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete.

Signature section with fields for taxpayer, spouse, preparer, and preparer's address and telephone number.

How to figure your standard deduction

- **Standard deduction.** Unless you are claimed as a dependent, or are age 65 or older, or blind, your standard deduction is based on your filing status as follows:

Single	\$1,720
Married filing jointly	3,445
Married filing separately	
If spouse claims standard deduction	1,720
If spouse itemizes deductions	-0-
Head of household	2,770
Qualifying widow(er)	3,445

- **Standard deduction—Dependents.** If you can be claimed as a dependent on another person's return, your standard deduction is limited to the larger of:

- Your earned income plus \$250, up to the maximum allowed for your filing status, shown above, OR
- \$800.

This limit applies even if the other person can, but does not, claim you as a dependent on his or her return. Use the worksheet on page 9 to calculate your standard deduction.

- **Standard deduction—Age 65 or older, or blind.** If you are age 65 or older, or blind, you are entitled to a larger standard deduction based on your filing status:

1. Are you: 65 or older? Blind? If claiming spouse's exemption, is spouse: 65 or older? Blind?

2. If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...	If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$ 2,920	Married	1	2,720
	2	4,120	filing separately	2	3,720
				3	4,720
				4	5,720
Married filing jointly	1	4,445	Head of household	1	3,970
	2	5,445		2	5,170
	3	6,445	Qualifying widow(er)	1	4,445
	4	7,445		2	5,445

- **Standard deduction—Nonresident aliens.** The standard deduction for nonresident aliens is -0-.

If you owe, make your check or money order payable to the: **Oregon Department of Revenue.**
Write your daytime telephone number and "2004 Form 40S" on your check or money order.
Attach your payment, along with the payment voucher on page 11, to this return.

Mail **TAX-TO-PAY** returns to Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

Mail **REFUND** returns and **NO-TAX-DUE** returns to REFUND
PO Box 14700
Salem OR 97309-0930

Form 40 OREGON Individual Income Tax Return FULL-YEAR RESIDENTS ONLY		2004		For office use only	
		Fiscal year ending		1	2
				3	
Last name		First name and initial		Social Security No. (SSN)	
Spouse's last name if joint return		Spouse's first name and initial if joint return		Spouse's SSN, if joint return	
Current mailing address				Date of birth (mm/dd/yyyy)	
				Date of birth (mm/dd/yyyy)	
City				Telephone number	
State		ZIP code		()	
Country				If you filed a return last year, and your name or address is different, check here <input type="checkbox"/>	
Filing Status 1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly 3 <input type="checkbox"/> Married filing separately 4 <input type="checkbox"/> Head of household 5 <input type="checkbox"/> Qualifying widow(er) with dependent child				Exemptions 6a Yourself.....Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> 6a <input type="checkbox"/> 6b Spouse .....Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> b <input type="checkbox"/> 6c All dependents First names c <input type="checkbox"/> 6d Child(ren) First names with a disability d <input type="checkbox"/> Total • 6e <input type="checkbox"/>	
Check all that apply ->		7a You were: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind Spouse was: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind		7b <input type="checkbox"/> You filed an extension	
		7c <input type="checkbox"/> You attached Schedule WFC		7d <input type="checkbox"/> You filed an Oregon Form 24	
				7e <input type="checkbox"/> If there is a kicker refund, you want to donate your kicker to the State School Fund	

8 Federal adjusted gross income. Federal Form 1040, line 36; 1040A, line 21; 1040EZ, line 4; 1040NR, line 34; or TeleFile Tax Record, line I. See instructions • 8 .00 **Round to the nearest dollar**

ADDITIONS	9 Interest and dividends on state and local government bonds outside of Oregon • 9	.00	
	10 Other additions. Identify _____ • 10	.00	
	11 Total additions. Add lines 9 and 10.....	.00	
	12 Income after additions. Add lines 8 and 11 .....	.00	

SUBTRACTIONS	13 2004 federal tax liability (\$0-\$4,000; see instructions for the correct amount) • 13	.00	
	14 Social Security included on federal Form 1040, line 20b; or Form 1040A, line 14b • 14	.00	
	15 Oregon income tax refund included in federal income..... • 15	.00	
	16 Interest from U.S. government, such as Series EE and HH bonds • 16	.00	
	17 Federal pension income (see instructions on page 25) _____% • 17	.00	
	18 Other subtractions. Identify _____ • 18	.00	
	19 Total subtractions. Add lines 13 through 18 .....	.00	
	20 Income after subtractions. Line 12 minus line 19.....	.00	

DEDUCTIONS	If you are claiming itemized deductions, fill in lines 21-25. If you are claiming the standard deduction, fill in line 26 only.		
	21 Itemized deductions from Schedule A, line 28 • 21	.00	
	22 Special Oregon medical deduction (age restricted, see instructions, page 28) • 22	.00	
	23 Total Oregon itemized deductions. Add lines 21 and 22 .....	.00	
	24 State income tax claimed as an itemized deduction from Schedule A, line 5 • 24	.00	
	25 Net Oregon itemized deductions. Line 23 minus line 24.....	.00	} Either line 25 or 26
	26 Standard deduction from page 28..... • 26	.00	
	27 Total deductions. Line 25 or line 26, whichever is larger .....	.00	
	28 Oregon taxable income. Line 20 minus line 27. If line 27 is more than line 20, fill in -0- • 28	.00	

TAX	29 Tax. See pages 21 through 23 for tax tables or charts and enter tax here • 29	.00	
	30 Check if tax is from: <input type="checkbox"/> Form FIA-40 or <input type="checkbox"/> Worksheet FCG and enter tax here • 30	.00	} EITHER, NOT BOTH
	31 Interest on certain installment sales..... • 31	.00	
	32 Total tax. Add lines 29 and 31 OR add lines 30 and 31 .....OREGON TAX 32	.00	

Page 2 — 2004 Form 40

33	Total tax from front of form, line 32	33	.00
CREDITS			
34	Exemption credit. Multiply your total exemptions on line 6e by \$151	• 34	.00
35	Earned income credit. See instructions, page 29	• 35	.00
36	Retirement income credit. See instructions, page 30	• 36	.00
37	Child and dependent care credit. See instructions, page 30	• 37	.00
38	Credit for the elderly or the disabled. See instructions, page 31	• 38	.00
39	Political contribution credit. See limits, page 31	• 39	.00
40	Credit for income taxes paid to another state. State: _____ Attach proof	• 40	.00
41	Other credits. Identify _____	• 41	.00
			ADD TOGETHER
42	Total credits. Add lines 34 through 41	42	.00
43	Net income tax. Line 33 minus line 42. If line 42 is more than line 33, fill in -0-	• 43	.00

PAYMENTS, PENALTY, AND INTEREST			
44	Oregon income tax withheld. Attach Form(s) W-2 and 1099	• 44	.00
45	Estimated tax payments for 2004. Include payments made with your extension	• 45	.00
46	Working family child care credit from WFC, line 19..... CREDIT AMOUNT →	• 46	.00
	Number from WFC, line 5 • 46a <input type="text"/> Amount from WFC, line 17 • 46b <input type="text"/> .00		
47	Total payments. Add lines 44, 45, and 46	47	.00
48	Overpayment. If line 43 is less than line 47, you overpaid. Line 47 minus line 43..... OVERPAYMENT →	• 48	.00
49	Tax to pay. If line 43 is more than line 47, you have tax to pay. Line 43 minus line 47..... TAX TO PAY →	• 49	.00
50	Penalty and interest for filing or paying late. See instructions, page 33	50	.00
51	Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	• 51	.00
52	Total penalty and interest due. Add lines 50 and 51	52	.00
53	Amount you owe. Line 49 plus line 52..... AMOUNT YOU OWE →	53	.00
54	Refund. Is line 48 more than line 52? If so, line 48 minus line 52..... REFUND →	54	.00
55	Estimated tax. Fill in the part of line 54 you want applied to 2005 estimated tax	• 55	.00
CHARITABLE CHECKOFFS <i>I want to donate part of my tax refund to the following fund(s)</i>			
56	Oregon Nongame Wildlife <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 56	.00
57	Child Abuse Prevention <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 57	.00
58	Alzheimer's Disease Research <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 58	.00
59	Stop Domestic & Sexual Violence <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 59	.00
60	AIDS/HIV Education and Services <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 60	.00
61	Other charity. Enter code • _____ <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$	• 61	.00
62	Total. Add lines 55 through 61. Total can't be more than your refund on line 54	62	.00
63	NET REFUND. Line 54 minus line 62. This is your net refund..... NET REFUND →	63	.00

DIRECT DEPOSIT	64 For direct deposit of your refund, see the instructions on page 34.	• Type of Account: <input type="checkbox"/> Checking or <input type="checkbox"/> Savings
	• Routing No. <input type="text"/>	• Account No. <input type="text"/>

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		<input type="checkbox"/> I authorize the Department of Revenue to contact this preparer about the processing of this return.
Your signature	Date	Signature of preparer other than taxpayer
X		X
Spouse's signature (if filing jointly, BOTH must sign)	Date	Address
X		Telephone No.

Important: Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record.

If you owe, make your check or money order payable to the: **Oregon Department of Revenue.**
Write your daytime telephone number and **"2004 Form 40"** on your check or money order.
Attach your payment, along with the payment voucher on page 11, to this return.

Mail **TAX-TO-PAY** returns to
Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

Mail **REFUND** returns and **NO-TAX-DUE** returns to
REFUND
PO Box 14700
Salem OR 97309-0930

2004 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:									
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J								
		Your tax is:				Your tax is:				Your tax is:				Your tax is:									
\$ 19,000				\$ 24,000				\$ 29,000				\$ 34,000											
19,000 – 19,100	1,533	1,351	24,000 – 24,100	1,983	1,801	29,000 – 29,100	2,433	2,251	34,000 – 34,100	2,883	2,701	19,100 – 19,200	1,542	1,360	24,100 – 24,200	1,992	1,810	29,100 – 29,200	2,442	2,260	34,100 – 34,200	2,892	2,710
19,200 – 19,300	1,551	1,369	24,200 – 24,300	2,001	1,819	29,200 – 29,300	2,451	2,269	34,200 – 34,300	2,901	2,719	19,300 – 19,400	1,560	1,378	24,300 – 24,400	2,010	1,828	29,300 – 29,400	2,460	2,278	34,300 – 34,400	2,910	2,728
19,400 – 19,500	1,569	1,387	24,400 – 24,500	2,019	1,837	29,400 – 29,500	2,469	2,287	34,400 – 34,500	2,919	2,737	19,500 – 19,600	1,578	1,396	24,500 – 24,600	2,028	1,846	29,500 – 29,600	2,478	2,296	34,500 – 34,600	2,928	2,746
19,600 – 19,700	1,587	1,405	24,600 – 24,700	2,037	1,855	29,600 – 29,700	2,487	2,305	34,600 – 34,700	2,937	2,755	19,700 – 19,800	1,596	1,414	24,700 – 24,800	2,046	1,864	29,700 – 29,800	2,496	2,314	34,700 – 34,800	2,946	2,764
19,800 – 19,900	1,605	1,423	24,800 – 24,900	2,055	1,873	29,800 – 29,900	2,505	2,323	34,800 – 34,900	2,955	2,773	19,900 – 20,000	1,614	1,432	24,900 – 25,000	2,064	1,882	29,900 – 30,000	2,514	2,332	34,900 – 35,000	2,964	2,782
\$ 20,000				\$ 25,000				\$ 30,000				\$ 35,000											
20,000 – 20,100	1,623	1,441	25,000 – 25,100	2,073	1,891	30,000 – 30,100	2,523	2,341	35,000 – 35,100	2,973	2,791	20,100 – 20,200	1,632	1,450	25,100 – 25,200	2,082	1,900	30,100 – 30,200	2,532	2,350	35,100 – 35,200	2,982	2,800
20,200 – 20,300	1,641	1,459	25,200 – 25,300	2,091	1,909	30,200 – 30,300	2,541	2,359	35,200 – 35,300	2,991	2,809	20,300 – 20,400	1,650	1,468	25,300 – 25,400	2,100	1,918	30,300 – 30,400	2,550	2,368	35,300 – 35,400	3,000	2,818
20,400 – 20,500	1,659	1,477	25,400 – 25,500	2,109	1,927	30,400 – 30,500	2,559	2,377	35,400 – 35,500	3,009	2,827	20,500 – 20,600	1,668	1,486	25,500 – 25,600	2,118	1,936	30,500 – 30,600	2,568	2,386	35,500 – 35,600	3,018	2,836
20,600 – 20,700	1,677	1,495	25,600 – 25,700	2,127	1,945	30,600 – 30,700	2,577	2,395	35,600 – 35,700	3,027	2,845	20,700 – 20,800	1,686	1,504	25,700 – 25,800	2,136	1,954	30,700 – 30,800	2,586	2,404	35,700 – 35,800	3,036	2,854
20,800 – 20,900	1,695	1,513	25,800 – 25,900	2,145	1,963	30,800 – 30,900	2,595	2,413	35,800 – 35,900	3,045	2,863	20,900 – 21,000	1,704	1,522	25,900 – 26,000	2,154	1,972	30,900 – 31,000	2,604	2,422	35,900 – 36,000	3,054	2,872
\$ 21,000				\$ 26,000				\$ 31,000				\$ 36,000											
21,000 – 21,100	1,713	1,531	26,000 – 26,100	2,163	1,981	31,000 – 31,100	2,613	2,431	36,000 – 36,100	3,063	2,881	21,100 – 21,200	1,722	1,540	26,100 – 26,200	2,172	1,990	31,100 – 31,200	2,622	2,440	36,100 – 36,200	3,072	2,890
21,200 – 21,300	1,731	1,549	26,200 – 26,300	2,181	1,999	31,200 – 31,300	2,631	2,449	36,200 – 36,300	3,081	2,899	21,300 – 21,400	1,740	1,558	26,300 – 26,400	2,190	2,008	31,300 – 31,400	2,640	2,458	36,300 – 36,400	3,090	2,908
21,400 – 21,500	1,749	1,567	26,400 – 26,500	2,199	2,017	31,400 – 31,500	2,649	2,467	36,400 – 36,500	3,099	2,917	21,500 – 21,600	1,758	1,576	26,500 – 26,600	2,208	2,026	31,500 – 31,600	2,658	2,476	36,500 – 36,600	3,108	2,926
21,600 – 21,700	1,767	1,585	26,600 – 26,700	2,217	2,035	31,600 – 31,700	2,667	2,485	36,600 – 36,700	3,117	2,935	21,700 – 21,800	1,776	1,594	26,700 – 26,800	2,226	2,044	31,700 – 31,800	2,676	2,494	36,700 – 36,800	3,126	2,944
21,800 – 21,900	1,785	1,603	26,800 – 26,900	2,235	2,053	31,800 – 31,900	2,685	2,503	36,800 – 36,900	3,135	2,953	21,900 – 22,000	1,794	1,612	26,900 – 27,000	2,244	2,062	31,900 – 32,000	2,694	2,512	36,900 – 37,000	3,144	2,962
\$ 22,000				\$ 27,000				\$ 32,000				\$ 37,000											
22,000 – 22,100	1,803	1,621	27,000 – 27,100	2,253	2,071	32,000 – 32,100	2,703	2,521	37,000 – 37,100	3,153	2,971	22,100 – 22,200	1,812	1,630	27,100 – 27,200	2,262	2,080	32,100 – 32,200	2,712	2,530	37,100 – 37,200	3,162	2,980
22,200 – 22,300	1,821	1,639	27,200 – 27,300	2,271	2,089	32,200 – 32,300	2,721	2,539	37,200 – 37,300	3,171	2,989	22,300 – 22,400	1,830	1,648	27,300 – 27,400	2,280	2,098	32,300 – 32,400	2,730	2,548	37,300 – 37,400	3,180	2,998
22,400 – 22,500	1,839	1,657	27,400 – 27,500	2,289	2,107	32,400 – 32,500	2,739	2,557	37,400 – 37,500	3,189	3,007	22,500 – 22,600	1,848	1,666	27,500 – 27,600	2,298	2,116	32,500 – 32,600	2,748	2,566	37,500 – 37,600	3,198	3,016
22,600 – 22,700	1,857	1,675	27,600 – 27,700	2,307	2,125	32,600 – 32,700	2,757	2,575	37,600 – 37,700	3,207	3,025	22,700 – 22,800	1,866	1,684	27,700 – 27,800	2,316	2,134	32,700 – 32,800	2,766	2,584	37,700 – 37,800	3,216	3,034
22,800 – 22,900	1,875	1,693	27,800 – 27,900	2,325	2,143	32,800 – 32,900	2,775	2,593	37,800 – 37,900	3,225	3,043	22,900 – 23,000	1,884	1,702	27,900 – 28,000	2,334	2,152	32,900 – 33,000	2,784	2,602	37,900 – 38,000	3,234	3,052
\$ 23,000				\$ 28,000				\$ 33,000				\$ 38,000											
23,000 – 23,100	1,893	1,711	28,000 – 28,100	2,343	2,161	33,000 – 33,100	2,793	2,611	38,000 – 38,100	3,243	3,061	23,100 – 23,200	1,902	1,720	28,100 – 28,200	2,352	2,170	33,100 – 33,200	2,802	2,620	38,100 – 38,200	3,252	3,070
23,200 – 23,300	1,911	1,729	28,200 – 28,300	2,361	2,179	33,200 – 33,300	2,811	2,629	38,200 – 38,300	3,261	3,079	23,300 – 23,400	1,920	1,738	28,300 – 28,400	2,370	2,188	33,300 – 33,400	2,820	2,638	38,300 – 38,400	3,270	3,088
23,400 – 23,500	1,929	1,747	28,400 – 28,500	2,379	2,197	33,400 – 33,500	2,829	2,647	38,400 – 38,500	3,279	3,097	23,500 – 23,600	1,938	1,756	28,500 – 28,600	2,388	2,206	33,500 – 33,600	2,838	2,656	38,500 – 38,600	3,288	3,106
23,600 – 23,700	1,947	1,765	28,600 – 28,700	2,397	2,215	33,600 – 33,700	2,847	2,665	38,600 – 38,700	3,297	3,115	23,700 – 23,800	1,956	1,774	28,700 – 28,800	2,406	2,224	33,700 – 33,800	2,856	2,674	38,700 – 38,800	3,306	3,124
23,800 – 23,900	1,965	1,783	28,800 – 28,900	2,415	2,233	33,800 – 33,900	2,865	2,683	38,800 – 38,900	3,315	3,133	23,900 – 24,000	1,974	1,792	28,900 – 29,000	2,424	2,242	33,900 – 34,000	2,874	2,692	38,900 – 39,000	3,324	3,142

2004 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:											
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J										
		Your tax is:				Your tax is:				Your tax is:				Your tax is:											
\$ 39,000				\$ 42,000				\$ 45,000				\$ 48,000													
39,000 – 39,100	3,333	3,151	42,000 – 42,100	3,603	3,421	45,000 – 45,100	3,873	3,691	48,000 – 48,100	4,143	3,961	39,100 – 39,200	3,342	3,160	42,100 – 42,200	3,612	3,430	45,100 – 45,200	3,882	3,700	48,100 – 48,200	4,152	3,970		
39,200 – 39,300	3,351	3,169	42,200 – 42,300	3,621	3,439	45,200 – 45,300	3,891	3,709	48,200 – 48,300	4,161	3,979	39,300 – 39,400	3,360	3,178	42,300 – 42,400	3,630	3,448	45,300 – 45,400	3,900	3,718	48,300 – 48,400	4,170	3,988		
39,400 – 39,500	3,369	3,187	42,400 – 42,500	3,639	3,457	45,400 – 45,500	3,909	3,727	48,400 – 48,500	4,179	3,997	39,500 – 39,600	3,378	3,196	42,500 – 42,600	3,648	3,466	45,500 – 45,600	3,918	3,736	48,500 – 48,600	4,188	4,006		
39,600 – 39,700	3,387	3,205	42,600 – 42,700	3,657	3,475	45,600 – 45,700	3,927	3,745	48,600 – 48,700	4,197	4,015	39,700 – 39,800	3,396	3,214	42,700 – 42,800	3,666	3,484	45,700 – 45,800	3,936	3,754	48,700 – 48,800	4,206	4,024		
39,800 – 39,900	3,405	3,223	42,800 – 42,900	3,675	3,493	45,800 – 45,900	3,945	3,763	48,800 – 48,900	4,215	4,033	39,900 – 40,000	3,414	3,232	42,900 – 43,000	3,684	3,502	45,900 – 46,000	3,954	3,772	48,900 – 49,000	4,224	4,042		
\$ 40,000				\$ 43,000				\$ 46,000				\$ 49,000													
40,000 – 40,100	3,423	3,241	43,000 – 43,100	3,693	3,511	46,000 – 46,100	3,963	3,781	49,000 – 49,100	4,233	4,051	40,100 – 40,200	3,432	3,250	43,100 – 43,200	3,702	3,520	46,100 – 46,200	3,972	3,790	49,100 – 49,200	4,242	4,060		
40,200 – 40,300	3,441	3,259	43,200 – 43,300	3,711	3,529	46,200 – 46,300	3,981	3,799	49,200 – 49,300	4,251	4,069	40,300 – 40,400	3,450	3,268	43,300 – 43,400	3,720	3,538	46,300 – 46,400	3,990	3,808	49,300 – 49,400	4,260	4,078		
40,400 – 40,500	3,459	3,277	43,400 – 43,500	3,729	3,547	46,400 – 46,500	3,999	3,817	49,400 – 49,500	4,269	4,087	40,500 – 40,600	3,468	3,286	43,500 – 43,600	3,738	3,556	46,500 – 46,600	4,008	3,826	49,500 – 49,600	4,278	4,096		
40,600 – 40,700	3,477	3,295	43,600 – 43,700	3,747	3,565	46,600 – 46,700	4,017	3,835	49,600 – 49,700	4,287	4,105	40,700 – 40,800	3,486	3,304	43,700 – 43,800	3,756	3,574	46,700 – 46,800	4,026	3,844	49,700 – 49,800	4,296	4,114		
40,800 – 40,900	3,495	3,313	43,800 – 43,900	3,765	3,583	46,800 – 46,900	4,035	3,853	49,800 – 49,900	4,305	4,123	40,900 – 41,000	3,504	3,322	43,900 – 44,000	3,774	3,592	46,900 – 47,000	4,044	3,862	49,900 – 50,001	4,314	4,132		
\$ 41,000				\$ 44,000				\$ 47,000																	
41,000 – 41,100	3,513	3,331	44,000 – 44,100	3,783	3,601	47,000 – 47,100	4,053	3,871					41,100 – 41,200	3,522	3,340	44,100 – 44,200	3,792	3,610	47,100 – 47,200	4,062	3,880				
41,200 – 41,300	3,531	3,349	44,200 – 44,300	3,801	3,619	47,200 – 47,300	4,071	3,889					41,300 – 41,400	3,540	3,358	44,300 – 44,400	3,810	3,628	47,300 – 47,400	4,080	3,898				
41,400 – 41,500	3,549	3,367	44,400 – 44,500	3,819	3,637	47,400 – 47,500	4,089	3,907					41,500 – 41,600	3,558	3,376	44,500 – 44,600	3,828	3,646	47,500 – 47,600	4,098	3,916				
41,600 – 41,700	3,567	3,385	44,600 – 44,700	3,837	3,655	47,600 – 47,700	4,107	3,925					41,700 – 41,800	3,576	3,394	44,700 – 44,800	3,846	3,664	47,700 – 47,800	4,116	3,934				
41,800 – 41,900	3,585	3,403	44,800 – 44,900	3,855	3,673	47,800 – 47,900	4,125	3,943					41,900 – 42,000	3,594	3,412	44,900 – 45,000	3,864	3,682	47,900 – 48,000	4,134	3,952				

2004 Tax Rate Charts

S Chart S:
For persons filing
Single or Married filing separately

If your taxable income is: **Your tax is:**
Over \$50,000 \$4,318 plus 9% of excess over \$50,000

J Chart J:
For persons filing
Jointly, Head of household, or Qualifying widow(er) with dependent child

If your taxable income is: **Your tax is:**
Over \$50,000 \$4,136 plus 9% of excess over \$50,000

Form 40 line instructions

The following instructions are for lines not fully explained on the form. See page 7 for general Form 40 instructions.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$12.49 becomes \$12 and \$233.50 becomes \$234.

8 Federal adjusted gross income. Enter your federal adjusted gross income from Form 1040, line 36; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 34; or TeleFile Tax Record, line I. You must attach a copy (front and back) of your federal return to your Oregon Form 40. This helps us verify your income and speeds the processing of your return.

Additions

Generally, additions are items the federal government does not tax but Oregon does. Additions increase the income taxed by Oregon.

9 Interest and dividends on state and local government bonds outside of Oregon. You must add to Oregon income any interest and dividends you received from state and local governments **outside of Oregon**. You don't pay federal tax on this interest, but you do pay Oregon tax.

Example: Include interest from state of Washington bonds or from San Francisco city bonds. Do not include interest from Oregon government bonds or interest from U.S. territories or possessions (such as Guam, Puerto Rico, and the Virgin Islands).

10 Other additions. You may need to report one or more other additions explained below. Please identify the addition(s) you are reporting in the space on line 10 using the numeric code shown in brackets. For example, if you are reporting a \$200 addition for claim of right, enter "103-\$200" in the space provided. If you have more than one addition, show the amount and type of each on the form. Fill in the total amount of "other additions" on line 10.

- **Federal deduction for certain business expenses of reservists [code 102].** Did you deduct your military reserve travel expenses on line 24 of your federal Form 1040? If so, you will have an Oregon addition equal to your federal deduction amount. You must claim your military reserve travel expenses on a Schedule A for Oregon only. Keep the Oregon only Schedule A with your tax records; do not attach it to your return.
- **Federal deduction for long-term care insurance premiums [code 114].** Will you claim an Oregon long-

term care insurance credit this year? Did you claim a federal deduction for the premiums? If so, you must add to Oregon income the amount of premiums that resulted in a tax benefit on your federal return. Visit our Web site to download the information circular, *Long-Term Care Insurance Premiums Tax Credit*. Or, contact us to order it. See page 40.

- **Federal election on interest and dividends of a minor child [code 107].** Did you report interest or dividends of your minor child on your federal return? If so, you must add to Oregon income the amount that is subject to the special federal tax. Fill in the smaller of line 7 or 8 from federal Form 8814. Add to that any interest or dividends your child received from state and local governments outside of Oregon.
- **Federal income tax refunds [code 109].** Did you get a federal tax refund in 2004 because you filed an amended federal return for a prior year or because you were audited? If so, you must add the amount of the refund for which you received an Oregon tax benefit in a prior year. You received an Oregon tax benefit if the amount of the refund was claimed as part of your federal tax subtraction on your Oregon return for the prior year.
- **Gambling losses claimed as an itemized deduction [code 112].** Did you claim gambling losses as an itemized deduction on your federal Schedule A? If so, you must add the gambling losses claimed as an itemized deduction that are more than the gambling winnings taxed by Oregon. For more information, see Oregon Lottery on page 27. Contact us for more information. See page 40.
- **Lump-sum payment from a qualified retirement plan [code 115].** Did you complete federal Form 4972 to figure the tax on a qualified lump-sum distribution using the 20 percent capital gain election and/or the 10-year tax option? If so, part or all of your lump-sum distribution will not be included in your federal adjusted gross income (AGI). The taxable amount of your distribution (federal Form 1099-R, box 2a) that is not included in your federal AGI is taxable to Oregon. Fill in the excluded amount on line 10 of your Oregon Form 40. Attach a copy of federal Form 1099-R to your Oregon return along with your Form(s) W-2 and other Form(s) 1099. Contact us for more information. See page 40.
- The following additions apply to only a few people and are not explained in this booklet. For taxpayer assistance, see page 40.
 - Child Care Fund contributions [code 123].
 - Claim of right [code 103].
 - Depletion in excess of property basis [code 104].

- Difference in depreciation for Oregon [code 101].
- Disposition of inherited Oregon farmland or forestland [code 106].
- Fiduciary adjustments from Oregon estates and simple or complex trusts [code 100].
- Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [code 111].
- Individual Development Account [code 113].
- Military Family Tax Relief Act provisions [code 102].
- Non-Oregon source net operating loss [code 116].
- Non-qualified withdrawal from an Oregon 529 College Savings Network [code 117].
- Oregon Cultural Trust [code 124].
- Passive activity losses [code 120].
- Unused business credit [code 122].

Subtractions

Generally, subtractions are items the federal government taxes but Oregon does not. Subtractions reduce the income taxed by Oregon.

13 2004 federal tax liability. Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

You may deduct your total federal income tax liability, after credits, up to \$4,000. Don't fill in less than -0- or more than \$4,000 (\$2,000 if married filing separately).

1. Enter your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 56; Form 1040NR, line 51; or TeleFile Tax Record, line K, box 2. 1. _____
2. Enter your tax on qualified retirement plans, Form 1040, line 59; or Form 1040NR, line 54, and any recapture taxes you included on Form 1040, line 62. 2. _____
3. Add lines 1 and 2. 3. _____
4. Enter \$4,000 (\$2,000 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40, line 13. 5. _____

Caution: Don't include any of the following on line 2 above:

- Self-employment tax.
- Social Security and Medicare tax on tips.
- Advance earned income credit payments.
- Household employment taxes.

Did you pay additional federal tax in 2004 because you were audited or you filed an amended return? If so, read line 18 instructions for federal tax from a prior year on page 26.

The total of your federal tax subtraction (line 13), your federal tax from a prior year (line 18), and your foreign tax subtraction (line 18) cannot exceed \$4,000 (\$2,000 if married filing separately). The foreign tax portion of your federal tax subtraction cannot be more than \$3,000 (\$1,500 if married filing separately).

14 Social Security and Tier 1 Railroad Retirement Board benefits income. Write in the amount, if any, from federal Form 1040, line 20b; or Form 1040A, line 14b. If you have tier 2, windfall/vested dual, or supplemental Railroad Retirement Board benefits, contact us for more information. See page 40.

15 Oregon income tax refund included in federal income. Fill in your Oregon state income tax refund from your federal Form 1040, line 10. **Do not include other states' refunds or any local or county tax refunds.**

16 Interest and dividends from U.S. government. Fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest and dividends you received through partnerships or grantor trusts. **Do not include interest on federal tax refunds in the subtraction.**

Examples:

- You may subtract interest from U.S. Series EE or HH bonds and Treasury bills or notes.
- You may subtract interest and dividends paid to you by organizations that invest in U.S. government securities. Check the information on your Form 1099. The payer may have given the percentage of interest and dividends from U.S. government securities. For more information, visit our Web site to download the information circular, *Interest and Dividends on U.S. Bonds and Notes*. Or, contact us to order it. See page 40.
- If you reported interest or dividends of your minor child on your federal return, you may subtract any U.S. government interest included.
- You must reduce U.S. government interest and dividends by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.

Note: When you sell or dispose of a U.S. government obligation, you must include any gain or loss in Oregon income.

17 Federal pension income. You may be able to subtract some or all of your taxable federal pension included in 2004 federal income. This includes benefits paid to the retiree or to the beneficiary. The subtraction amount is based on the number of months of federal service before and after October 1, 1991:

- **If all of your months of federal service were before October 1, 1991**, subtract 100 percent of the taxable amount of federal pension income you reported on your federal return.
- **If you have no months of service before October 1, 1991**, you cannot subtract any federal pension.
- **If your service was both before and after October 1, 1991**, you will subtract a percentage of the taxable federal pension income you reported on your federal return. To determine your percentage, divide your months of service before October 1, 1991, by your total months of service. Once you have determined the percentage, it will remain the same from year to year. Write it in the space provided on line 17.

Use the following formula to determine your subtraction amount:

$$\frac{\text{Months of service before 10/1/91}}{\text{Total months of service}} \times \text{Federal pension amount included in federal income} = \text{Oregon subtraction}$$

Example: Ann worked for the U.S. Forest Service from May 27, 1971, until January 7, 2004. She worked a total of 391 months, of which 244 months were worked before October 1, 1991. In 2004, she received taxable federal pension income of \$35,000. Using the formula above, her allowable subtraction is:

$$\frac{244}{391} \times \$35,000 = \$21,840$$

She can subtract 62.4 percent ($244 \div 391$), or \$21,840 ($\$35,000 \times .624$), of her taxable federal pension. She will continue to subtract 62.4 percent of her taxable federal pension income from Oregon income in future years.

18 Other subtractions. You may qualify for one or more other subtractions explained below. Please identify the subtraction(s) you are claiming in the space provided on line 18 using the numeric code shown in brackets. For example, if you are claiming a \$100 Oregon Lottery subtraction, enter “322-\$100” in the space provided. If you have more than one subtraction, show the amount and type of each on the form. Fill in the total amount of “other subtractions” on line 18. Do not use this line to subtract federal pension. See line 17. Visit our Web site if you need more information about any of these subtractions. For assistance information, see page 40.

- **American Indian [code 300].** Are you an enrolled member of a federally recognized tribe? You may be able to subtract all or part of your income if **all** of the following are true:
 - You are an enrolled member of a federally recognized American Indian tribe, and

- Your income is earned in federally recognized Indian country, and
- You live in federally recognized Indian country.

You must attach a completed copy of your *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe* (Form 150-101-049) to your return. Visit our Web site to download the form. Or, contact us to order it. See page 40.

If you are an enrolled member of a federally recognized tribe and a member of the U.S. Armed Forces who is stationed in Oregon, you may be entitled to an additional subtraction. For more information, contact us. See page 40.

- **Difference in depreciation for Oregon [code 304].** You may have a depreciation difference for Oregon and may need the *Oregon Depreciation Schedule* and instructions. Visit our Web site to download the schedule. Or, to order this schedule, see page 40.
- **Domestic partner benefits [code 305].** If your employer provides taxable health insurance or other benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. For taxpayer assistance information, see page 40.
- **Federal tax credits [code 308].** Did you claim a federal tax credit, such as a jobs credit or business credit? If so, you may have been required to reduce your federal business and farm expenses because you claimed that credit. You may claim the unallowed expenses as a subtraction for Oregon.
- **Federal tax from a prior year [code 309].** Did you pay additional federal income tax in 2004 because you were audited or you amended a prior year’s return? If so, you may be able to subtract the additional tax. This subtraction applies only to additional tax you paid because your return was changed. It does not include the tax from the original return or interest or penalties you paid.

Use the following worksheet to figure your subtraction for federal tax from a prior year.

1. Enter \$4,000 (\$2,000 if married filing separately). 1. _____
2. Enter your federal tax liability from Form 40, line 13. 2. _____
3. Line 1 minus line 2. If the result is zero, you cannot deduct your federal tax paid for a prior year. If greater than zero, enter the result on line 3. 3. _____
4. Enter the amount of federal tax you paid for a prior year. 4. _____

5. Enter the smaller of line 3 or line 4 5. _____ here and on Form 40, line 18.

- **Military active duty pay [code 319].** You may qualify for a subtraction of U.S. military active duty pay. To be eligible for the subtraction, the active duty pay must be included in federal income.

You can subtract all active duty pay earned outside of Oregon during the year plus up to \$3,000 active duty pay earned in Oregon. **Note:** Your total subtraction cannot be more than your total active duty pay income.

Reserve summer camp is active duty. However, drills and weekend meetings of reserve units are not active duty. If you are in the Guard or the Reserves and your Form W-2 does not show a separate amount for active duty, contact your paymaster.

Enter your total military subtractions on line 18.

Example: Barry enlisted in the Army in 1999. From January until August 15, 2004, he was stationed at Fort Lewis, Washington. He earned \$24,000 active duty pay there. From August 15 until the end of the year he served in Oregon as a recruiter. He earned \$12,000 in Oregon. He may subtract the \$24,000 earned outside of Oregon and \$3,000 earned within the state, for a total subtraction of \$27,000.

If you are an enrolled member of a federally recognized tribe and a member of the U.S. Armed Forces who is stationed in Oregon, you may be eligible for an additional subtraction. For more information, contact the department. See page 40.

- **Mortgage interest credit [code 320].** Did you claim a mortgage interest credit on your federal return? If so, you may claim a subtraction on your Oregon return for the home mortgage interest not included in the itemized deductions reported on your federal return. You must itemize deductions for Oregon to claim this subtraction.
- **Oregon 529 College Savings Network [code 324].** You may subtract contributions you made to an Oregon 529 College Savings Network account in 2004 but not more than \$2,000 (\$1,000 if married filing separately) per return. If you contribute more than \$2,000, you may carry forward the amount of your contribution not subtracted this year over the next four years. Keep a copy of your account statement with your tax records. For more information, visit the network's Web site at www.oregon529network.com. Or, call their tax information line at 503-378-2882.
- **Oregon Lottery [code 322].** Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket, however, the federal government does. Oregon Lottery includes Powerball tickets you purchased in Oregon.

From the winnings you included in federal income, you may subtract from Oregon income:

- Winnings of \$600 or less from each single ticket or play; and
- Annual payments from tickets bought before 1998.

Example 1: Cheryl had winnings of \$200 from an Oregon Lottery scratch-off ticket in 2004. This income is included in her federal adjusted gross income. Oregon does not tax Oregon Lottery winnings of \$600 or less per single ticket or play, so Cheryl can subtract the \$200 she won on the scratch-off ticket.

Example 2: David won two prizes in 2004. He won \$1,000 playing Oregon Lottery video poker and \$500 playing an Oregon Lottery Keno game. David must include \$1,500 in his federal income, however, Oregon will not tax him on the \$500 he won playing Keno. He can subtract \$500 on his Oregon return because the winnings were from a single game and below the \$600 limit. He cannot subtract any of the \$1,000 he won playing video poker, because the prize was more than \$600 and is fully taxable to Oregon.

Do **not** subtract any other type of winnings; for example, winnings from tribal gaming centers. Do you have gambling losses claimed as an itemized deduction? If so, see page 24.

- **Previously taxed IRA conversions [code 327].** You may be able to subtract some of your payments if all of the following apply:
 - You contributed to an IRA, Keogh, 403(b), or 457 plan when you were a nonresident; and
 - You paid state income tax on those contributions in your state of residence; and
 - You did not receive a tax benefit for these contributions from any other state.

If you qualify, you may subtract an amount equal to the amount of contributions that were taxed in another state. Once your subtractions equal the contributions that were previously taxed, all other payments are taxable.

- **Tuition and fees deduction [code 313].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you were not allowed a federal tuition and fees deduction because you claimed the federal credit. Because Oregon does not have credits similar to the Hope or lifetime learning credits, you can take the federal tuition and fees deduction on your Oregon return as a subtraction. For 2004, the maximum amount you can claim is the lesser of \$4,000 or your actual expenses.
- The following subtractions apply to only a few people and are not explained in this booklet. Please visit our Web site for information about these subtractions. For assistance information, see page 40.

- Artists who make a charitable art donation [code 301].
- Claim of right [code 302].
- Federal gain previously taxed by Oregon [code 306].
- Fiduciary adjustments from Oregon estates and simple or complex trusts [code 310].
- Foreign tax [code 311].
- Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [code 312].
- Individual Development Account [code 314].
- Land donation to an educational institution [code 316].
- Local government bond interest [code 317].
- Logger and construction worker commuting costs [code 303].
- Net operating loss [code 321].
- Passive activity losses [code 326].
- Public Safety Memorial Fund awards [code 329].
- Scholarship awards used for housing expenses [code 333].
- Tier 2, windfall/vested dual, or supplemental Railroad Retirement Board and railroad unemployment benefits [code 330].

Deductions

You may claim either net itemized deductions or Oregon’s standard deduction, whichever is larger, but not both.

- If you claim itemized deductions, fill in lines 21–25.
- If you claim the standard deduction, fill in line 26.

Note: If you are married filing separately, you must itemize deductions if your spouse itemizes. Do not claim the standard deduction if your spouse itemizes.

21 Itemized deductions. You may claim your total itemized deductions after federal limitations as shown on federal Schedule A, line 28. You may claim itemized deductions for Oregon even if you do not have enough deductions to itemize on your federal return. **If you itemize for Oregon only**, fill out a federal Schedule A for Oregon purposes. Use your federal adjusted gross income to figure the Schedule A limitations. Keep the Schedule A with your tax records.

22 Special Oregon medical deduction. Were you or your spouse **age 62 or older** on December 31, 2004? If so, your deduction is the smaller of line 1 or line 3 from your federal Schedule A. To claim this deduction, you must itemize your deductions for Oregon. You can do this by filling out a Schedule A for both federal and Oregon or filling out one for Oregon only. Keep your Schedule A with your tax records.

24 State income tax claimed as an itemized deduction. Fill in the amount of Oregon state income tax

you claimed as an itemized deduction on federal Schedule A, line 5. Do not include local or county tax amounts.

Are you claiming an Oregon credit for income taxes paid to another state and deducting the other state’s taxes on Schedule A? If so, include the other state’s 2004 net tax liability or the other state’s 2004 tax claimed as an itemized deduction, whichever is less. For the credit instructions, see page 31.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$142,700 (\$71,350 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. Visit our Web site to download the information circular, *Itemized Deductions Limit*. Or, to order it, see page 40.

26 Standard deduction. Generally, your standard deduction is based on your filing status as follows:

Single	\$1,720
Married filing jointly	3,445
Married filing separately	
<i>If spouse claims standard deduction</i>	1,720
<i>If spouse claims itemized deductions</i>	-0-
Head of household	2,770
Qualifying widow(er)	3,445

Standard deduction—Age 65 or older, or blind. If you or your spouse are age 65 or older, or blind, you are entitled to a larger standard deduction amount. Use the chart below to determine your larger standard deduction.

1. Are you: 65 or older? Blind?

If claiming spouse’s exemption,
is your spouse: 65 or older? Blind?

2.

If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$2,920
	2	4,120
Married filing jointly	1	4,445
	2	5,445
	3	6,445
	4	7,445
Married filing separately	1	2,720
	2	3,720
	3	4,720
	4	5,720
Head of household	1	3,970
	2	5,170
Qualifying widow(er)	1	4,445
	2	5,445

Fill in the total standard deduction on Form 40, line 26.

Standard deduction—Dependents. If someone else can claim you as a dependent, your standard deduction is limited to the **larger** of:

- Your earned income plus \$250, up to the maximum allowed for your filing status; or
- \$800.

The limit applies even if you can be, but are not, claimed as a dependent on another person's return. See the standard deduction worksheet for dependents on page 9.

Standard deduction—Nonresident aliens. The standard deduction for nonresident aliens is -0-.

27 Total deductions. Enter the **larger** of line 25 or line 26.

Oregon tax

29 Tax from tax tables or tax rate charts. Figure the tax on your Oregon taxable income, line 28. Most people go directly to the tax tables or rate charts on pages 21–23. Fill in your tax amount on line 29. Please double-check the tax you figured.

Example 1: A single Oregon taxpayer has taxable income of \$19,500. The taxpayer will use column S on page 22. The tax is \$1,578.

Example 2: A married couple has Oregon taxable income of \$75,500. They are filing jointly. They will use the married filing jointly rate chart J on page 23. They figure their tax like this:

Oregon taxable income		\$75,500
Subtract	–	50,000
		<u>25,500</u>
Multiply by 9%	×	.09
		<u>2,295</u>
Then add	+	4,136
Their Oregon tax is		<u><u>\$6,431</u></u>

Go to line 30 if:

- You sold or exchanged farm assets to get out of a farming business, or
- You want to use farm income averaging to compute your Oregon tax.

30 Tax from Form FIA-40 or Worksheet FCG. If you qualify, you can compute your Oregon tax using one of the following methods:

Farm income averaging method. You can use the federal farm income averaging method to compute Oregon personal income tax on farm income even if you did not use farm income averaging on your federal return.

Use Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*, to calculate tax on your farm income and your other Oregon income. Visit our Web site to download the form. Or, to order this form, see page 40. Enter the tax amount from Form FIA-40, line 22, on Form 40, line 30. **Check the box labeled “Form FIA-40.”** Attach a copy of Form FIA-40 to your return.

Farm asset capital gain method. Did you sell or exchange capital assets primarily used in farming because you were getting out of a farming business? Or, did you sell or exchange a farming partnership, corporation, or other farming entity in which you held at least a 10 percent ownership interest? If the sale or exchange was not to a family member and you were getting out of a farming business completely, you may be eligible for a reduced tax rate on the net capital gain from the proceeds of the sale or exchange.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and your other Oregon income. Visit our Web site to download the worksheet. Or, call the department to order one. See page 40. Enter the tax amount from Worksheet FCG, line 7, on Form 40, line 30. **Check the box labeled “Worksheet FCG.”**

31 Interest on certain installment sales. Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as federal. The interest rate is 0.5 percent per month (6 percent per year) for 2004.

Credits

Generally, credits reduce, but cannot exceed, your Oregon tax. Some credits have a carryforward provision that allows you to use the remaining balance in the next year. Use credits that cannot be carried forward first.

35 Earned income credit. You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 (\$400 × .05).

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8a; Form 1040A, line 41a; Form 1040, line 65a; or TeleFile Tax Record, line L). 1. _____
2. Decimal amount. 2. _____ .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40, line 35. 3. _____

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that is more than your tax liability.

36 Retirement income credit. If you were age 62 or older on December 31, 2004, and receiving retirement income, you may qualify for a credit. You qualify for this credit if:

- Your household income is less than \$22,500 (\$45,000 if married filing jointly); **and**
- Your Social Security benefits and/or tier 1 Railroad Retirement Board benefits are less than \$7,500 (\$15,000 if married filing jointly); **and**
- Your household income plus your Social Security and/or tier 1 Railroad Retirement Board benefits is less than \$22,500 (\$45,000 if married filing jointly).

Retirement income includes payments reported in Oregon taxable income from:

- U.S. government pensions (includes military).
- State or local government pensions.
- Employee pensions.
- Individual retirement plans.
- Deferred compensation plans including defined benefit, profit sharing, and 401(k).
- Employee annuity plans.

Use the following worksheet to figure your credit.

1. Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1. _____
2. Enter any federal pension income subtracted from Oregon income on Form 40, line 17. See page 25. 2. _____
3. Net Oregon taxable pension. Line 1 minus line 2. 3. _____
4. Enter \$7,500 (\$15,000 if married filing jointly). 4. _____
5. Enter both spouses' total 2004 Social Security and tier 1 Railroad Retirement Board benefits. 5. _____
6. Line 4 minus line 5, but not less than -0-. 6. _____
7. Enter your **household income**. To determine your household income, see the next column. 7. _____
8. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 8. _____
9. Line 7 minus line 8, but not less than -0-. 9. _____
10. Line 6 minus line 9, but not less than -0-. 10. _____
11. Enter the smaller of line 3 or line 10. 11. _____

12. Multiply line 11 by 9% (.09). Enter the result here and on Form 40, line 36. 12. _____

What is included in household income? Household income includes all taxable and nontaxable income of each spouse except:

- Social Security and tier 1 Railroad Retirement Board benefits.
- Your state income tax refund.
- Pension income excluded from federal AGI that is a return of your contributions.
- Pensions that are rolled over into an IRA.

Any losses claimed are limited to \$1,000 for each activity. Depreciation is limited to \$5,000.

The credit cannot be more than your tax liability. You cannot carry over to next year any amount that is more than your tax liability. You may claim this credit or the credit for the elderly or the disabled, line 38, **but not both**.

37 Child and dependent care credit. You are allowed an Oregon credit **only** if you qualify for the federal child and dependent care credit. You may still be able to claim the Oregon credit even if you cannot use all of your federal credit. In most cases, you cannot claim the credit if you are married filing separately.

Use the following worksheet:

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. _____
2. Enter the decimal amount from the following table. 2. _____

If your federal taxable income from Form 1040, line 42; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
\$0	\$5,000	.30
5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal on line 2. Enter here and on Form 40, line 37. 3. _____

Did you pay 2003 child care expenses in 2004? If so, you may be able to use that amount to increase your 2004 Oregon child and dependent care credit. To contact us for more information, see page 40.

Carryover. Your total 2004 child and dependent care credit can't be more than your 2004 tax liability for Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost. See instructions for other credits on this page.

38 Credit for the elderly or the disabled. The Oregon credit is 40 percent of your federal credit. You may claim an Oregon credit only if you qualify for the federal credit. Please complete federal Schedule R or federal Form 1040A, Schedule 3, even if you cannot use the federal credit.

Multiply the amount on federal Schedule R, line 20; or Form 1040A, Schedule 3, line 20, by .40 (40 percent).

You may claim this credit or the retirement income credit, line 36, **but not both**.

39 Political contribution credit. Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. You must have contributed money during 2004 to any of the following:

- A political party.
- A qualified candidate (or the candidate's principal campaign committee) for federal, state, or local office to be voted for in Oregon.
- A political action committee certified in Oregon.

Visit our Web site to download the information circular, *Political Contributions Tax Credit*. Or, contact us to order it. See page 40.

40 Credit for income taxes paid to another state. Did you pay income taxes to another state or U.S. territory on income that is also taxed by Oregon? If so, you may be able to claim this credit.

If you were a full-year Oregon resident and had income taxed by Arizona, California, Indiana, or Virginia, you cannot claim the credit on your Oregon return. You may claim the credit on the nonresident return you file with those states. If income is taxed by Oregon and another state not listed here, claim the credit on your Form 40 Oregon resident return, line 40.

This credit is only for state income tax. You cannot claim this credit for city or county income tax, sales tax, alternative minimum tax (AMT), property tax, school tax, or building funds.

Your credit is the **smallest** of the following:

- The other state's 2004 net tax liability.
- Your Oregon tax liability after all credits, except credits for income taxes paid to other states.
- The amount figured using the following formula:

Divide your modified adjusted gross income (MAGI) taxed by both states by your total MAGI. Multiply

the result by your Oregon tax after subtracting all other credits.

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total MAGI}} \times \text{Your Oregon tax after subtracting all other credits}$$

Your total MAGI usually equals the sum of lines 8 and 9 minus lines 13–17 of Form 40. Add amounts on Form 40, line 10, only if they are income that Oregon taxes but the federal government does not. Subtract amounts on Form 40, line 18, only if they are income that the federal government taxes but Oregon does not.

Caution: You cannot claim this credit and also claim the tax you paid as an itemized deduction. On Form 40, line 24, in addition to the Oregon tax you claim as an itemized deduction, fill in the **smaller** of the following:

- The other state's 2004 tax claimed as an itemized deduction, or
- The other state's 2004 net tax liability.

If the credit for taxes paid to another state is based on a tax liability that is paid in two different tax years, you may be required to restore the deduction to Oregon income in two different tax years. Call us for more information. See page 40.

You must attach a copy of the other state's return and proof of payment to the back of your Oregon return.

You may be allowed this credit even if Oregon and another state tax the same income in different years. Call us for more information. See page 40.

41 Other credits. You may qualify for other credits listed below. Please identify the credit(s) you are claiming in the space provided on line 41 using the numeric code shown in brackets. For example, if you are claiming a \$50 residential energy credit, enter "729-\$50" in the space provided. If you have more than one credit, show the amount and type of each on the form. Fill in the total amount of "other credits" on line 41.

- **Adoption expenses [code 700].** If you paid or incurred qualified federal adoption expenses during the year, you may be entitled to the Oregon adoption credit. The credit is the smallest of:

- The qualified adoption expenses less the allowable federal credit;
- \$1,500; or
- The federal credit allowed.

- **Child and dependent care credit carryforward [code 704].** The amount of the prior year carryover plus your current year's credit can't be more than your Oregon tax liability, line 43. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.

• **Individual Development Account [code 715].** If you made a charitable contribution to the Oregon Individual Development Account program during 2004, you may qualify for a credit. The credit is the smaller of \$75,000 or 75 percent of the donation made. It cannot be more than your 2004 Oregon tax liability. You may carry over any excess for the next three years. Any federal benefit due to a federal deduction must be reported as an Oregon addition. Call us for more information. See page 40.

• **Long-term care insurance premiums [code 716].** You are allowed a long-term care insurance premiums credit if:

- Your policy was issued in 2000 or later; and
- You, your parents, or your dependents are the policy beneficiaries; and
- You paid premiums for 2004.

Employers paying for long-term care insurance for employees may also claim this credit.

Visit our Web site to download the information circular, *Long-Term Care Insurance Premiums Tax Credit*. Or, contact us to order it. See page 40.

• **Loss of use of limbs [code 717].** If you have a permanent and complete loss of the use of two limbs, you may take a \$50 tax credit. Your spouse also may claim a \$50 credit if he or she qualifies. You can't claim this credit for a dependent.

Obtain a disability certification form the first year you file for the credit. Contact your county public health officer for the form. The health officer must sign the form. Keep the form with your permanent health records. Do not attach it to your return.

You also qualify for an additional exemption for severely disabled persons. See instructions on page 7.

• **Oregon Cultural Trust [code 722].** If you donate to an Oregon nonprofit cultural organization during the tax year and you donate a matching amount to the Oregon Cultural Trust, you may claim a tax credit.

You may claim a tax credit of up to \$500 per taxpayer (\$1,000 on a joint return) for the amount you contributed to the Oregon Cultural Trust. Enter the amount you contributed to the trust on line 41 but not more than \$500 (\$1,000 on a joint return). For more information about the Oregon Cultural Trust, contact the Oregon Arts Commission or visit their Web site at www.oregonartscommission.org. Any federal benefit due to a federal deduction must be reported as an Oregon addition. Call us for more information. See page 40.

• **Residential energy [code 729].** To qualify, you must purchase an energy efficient appliance or install a solar device or ground loop system. Renters may qualify for this credit. For more information, visit the Oregon Department of Energy's Web site at

www.oregon.gov/ENERGY. Or, call them at 503-378-4040 in Salem or 1-800-221-8035 toll free in Oregon.

• The following credits apply to only a few people and are not explained in this booklet. Visit our Web site for more information. For taxpayer assistance information, see page 40.

- Advanced telecommunications facilities [code 701].
- Bone marrow donation program [code 702].
- Business energy [code 703].
- Child Care Fund contributions [code 705].
- Claim of right [code 706].
- Crop donation [code 708].
- Dependent care assistance by employers [code 707].
- Electronic commerce zone investment [code 710].
- Employer scholarship [code 711].
- Farmworker housing [code 712].
- First Break Program [code 713].
- Fish screening devices [code 714].
- Gain from the sale of your house also taxed by another state or country [code 720].
- Low-income caregiver credit [code 718].
- On-farm processing machinery and equipment [code 721].
- Pollution control facilities [code 724].
- Reforestation of underproductive forestlands [code 727].
- Reservation enterprise zone [code 728].
- Riparian land [code 735].
- Rural medical practitioners [code 731].

Tax payments, penalties, and interest

44 Oregon income tax withheld. Fill in the total Oregon tax withheld from your wages and other income. That's the amount shown on your Form(s) W-2 in box 17 or on your Form 1099. Don't use the FICA (Social Security) tax withheld. Don't use tax withheld from your wages by other states. **Staple a readable copy** of your Form W-2 from each job and any Form 1099 showing Oregon income tax withheld to the lower front of your return.

If you do not have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2005 wages for Oregon. Visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, contact us to order it. See page 40.

45 Estimated tax payments for 2004. Fill in the total estimated tax payments you made before

filing your Oregon return. These payments were due April 15, 2004; June 15, 2004; September 15, 2004; and January 18, 2005. Include any payments you made with your Oregon extension. Also include any refund you applied to your 2004 estimated tax. If the department adjusted your applied refund, be sure to use the corrected amount.

46 Working family child care credit. This credit is available to low-income working families with **qualifying** child care expenses for a child under age 13 (or under age 18 if disabled). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. If you think you may qualify, see page 36.

50 Penalty and interest. Your return is due by April 15, 2005, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your payment after April 15 (even if you have an extension).
- File your return showing tax to pay after the due date or extension due date.

The late-payment penalty is 5 percent of the unpaid balance of your tax. If you file more than three months after the due date or the extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total penalty of 25 percent of any tax not paid. To find out how to avoid a penalty, see page 5.

Interest. If you are filing your return or paying your tax after April 15, 2005, include interest on any unpaid tax.

An interest period is each full month starting with the day after the due date. For example, April 16 to May 15 is a full month and interest period.

The 2005 interest rate is 5 percent per year (0.417 percent per month).

Interest is figured daily for periods of less than a month. Here's how to figure daily interest:

$$\text{Tax} \times .000137 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Note: Do not calculate interest if you file late and expect a refund. It may delay processing of your refund.

51 Interest on estimated tax underpayment. For 2004, you will have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date.

You do not have an underpayment if:

- You owe less than \$1,000 tax on your 2004 tax return after credits and Oregon tax withheld, or
- You did not have an underpayment for any 2004 estimated tax period.

Use Form 10, *Underpayment of Oregon Estimated Tax*, to determine if you have an underpayment. If you do or if you meet an exception, you must file Oregon Form 10 with your return. Visit our Web site to download the form. Or, to order it, see page 40.

On Form 40, line 51, fill in the amount of interest due from Form 10 and check the box. Attach Form 10 to the back of your return.

53 Amount you owe. You may pay with a check, money order, or credit card.

Check or money order

- Make your check or money order payable to "**Oregon Department of Revenue.**"
- Write your daytime telephone number and "2004 Oregon Form 40" on your check.
- Please use blue or black ink. Do not use red.
- Do not send cash or a postdated check.
- Staple your payment and the Form 40-V payment voucher (page 11) to your return on top of your Form(s) W-2.

Credit card. See page 11 for information.

Payment plan. If you cannot pay in full now, we will work with you to set up a payment plan for the amount you do not pay with your return. Contact us for more information. See page 40.

Special instructions. Do you owe interest on line 51 and have an overpayment on line 48? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 48 from line 51 and enter the result on line 53.

Charitable donations. If you do not have a refund but want to contribute to a charity listed on lines 56–61, mail your donation to the charity's address listed on our Web site. Do not mail your donation to the Department of Revenue.

Go to the signature block section on page 34 to finish your return.

54 Refund. You must have a refund on line 54 to use lines 55–64.

55 Estimated tax. If you have a refund, you may apply part or all of it to your 2005 Oregon estimated income tax. Fill in the amount you want to apply. Do not fill in more than the amount on line 54.

Charitable checkoffs

You may choose to donate all or part of your refund to the charities listed below. Donations will reduce your refund. You may donate to any or all of the charities on lines 56–60. You also may donate to **one** of the charities listed under the instructions for line 61. Or, you

can mail your donations to the addresses listed on our Web site.

56 Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat.

57 Child Abuse Prevention. Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect.

58 Alzheimer's Disease Research. Your donation will fund research of Alzheimer's and related dementias.

59 Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence.

60 AIDS/HIV Research, Education, and Services. Your donation will fund AIDS/HIV research, education, and services by the Living With HIV Fund.

61 Other charity. You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 61. **Enter only one code.** Check the box for the amount you want to donate and write it on line 61. Or, you can mail your donations to the addresses listed on our Web site.

Habitat for Humanity [code 1]. Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.

Oregon Head Start Association [code 2]. Your donation will help Head Start provide services to the lowest-income, highest-need children and families.

American Diabetes Association [code 3]. Your donation will help continue diabetes research and advocacy programs in Oregon.

Oregon Coast Aquarium [code 4]. Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.

SMART [code 5]. Your donation will help fund the Start Making A Reader Today early literacy program for Oregon's most vulnerable children.

SOLV [code 6]. Your donation will help fund thousands of projects to clean up beaches, forests, rivers, and neighborhoods across Oregon.

St. Vincent de Paul Society of Oregon [code 7]. Your donation will help provide services leading to self-sufficiency for low-income Oregonians.

The Nature Conservancy [code 8]. Your donation will help purchase and restore critical habitats for Oregon's at-risk plants, fish, and wildlife.

Doernbecher Children's Hospital Foundation [code 9]. Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

The Oregon Humane Society [code 10]. Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Salvation Army—Oregon [code 11]. Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Oregon Veterans' Home [code 12]. Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

Planned Parenthood of Oregon [code 13]. Your donation will fund family planning services and reproductive health education programs.

63 Net refund. You must reduce your refund by any amounts applied to 2005 estimated tax (line 55) and donations on lines 56–61. The department cannot issue a refund when the return is filed more than three years after the due date of the return.

Direct deposit

64 Direct deposit. Complete line 64 if you want us to deposit your refund directly into your bank account instead of mailing you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, 21 through 32, or 61 through 72.
4. **Enter the account number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Authorization box. Check the box if you wish to authorize the Department of Revenue to contact your preparer about the initial processing of your tax return. Otherwise, leave it blank.

Signature(s). Be sure to sign and date your return. If you are filing a joint return, both spouses must sign.

Minor child's return. If your child must file a tax return, you may sign the child's name as his or her legal agent. Sign the child's name and then write "By [your signature], parent (or other legal guardian) of minor child."

Preparer signature. Any person who prepares, advises, or assists in the preparation of personal income tax returns for another person in exchange for payment, gifts, or other compensation must be licensed and must sign the return. Contact the following agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 for licensed tax consultants and licensed tax preparers.
- State Board of Accountancy at 503-378-4181 for public accountants and certified public accountants.

License number. Licensed tax consultants, please enter your license number. Certified public accountants, please enter your certificate number. Tax-Aide volunteers, please enter your TCE site number.

Before you file

Should I put my return together in a special order?

Yes. To speed processing, put your Oregon return together as follows:

1. Start with Form 40 or Form 40S.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40 or Form 40S.
3. Staple your check or money order and completed Form 40-V payment voucher (page 11) on top of the Form(s) W-2 and/or 1099. If you are paying by credit card, do not use Form 40-V.
4. Place a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record behind your Form 40. Form 40S filers do not need to attach this item unless the IRS is figuring your federal tax.
5. If applicable, place these items in the following order behind the federal form:
 - Schedule WFC, *Oregon Working Family Child Care Credit*. See page 37.
 - Form 10, *Underpayment of Oregon Estimated Tax*.
 - Proof required to claim credit for income taxes paid to another state. See page 31.
 - Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
 - Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*.
 - *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*.
6. Staple all the pages of your return together in the top left-hand corner.

Do not attach extension requests; federal Schedule A, B, C, or D; or Form 2441, etc. We receive some federal information from the IRS. We may ask you for copies of schedules or additional information later.

How long do I have to file my return and get a refund?

You have three years from the due date of the return to file a claim for refund. By law, the Department of Revenue cannot issue a refund if your return is filed more than three years after the due date.

Can I make payments?

If you can't pay in full now, we will work with you to set up a payment plan. File now and pay what you can. Call the department as soon as possible to set up a payment plan. If you do not call, collection activity may begin.

To avoid processing delays, remember to:

Type or clearly print your name, address, telephone number, and Social Security number on your return.

Double-check your math calculations and other figures. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you figured. People commonly use the wrong line or column on the tax tables.

Label amounts on Form 40, lines 10, 18, and 41 as instructed.

Verify your bank account information if you are requesting direct deposit.

Sign your return (both spouses must sign a joint return).

Staple readable copies of Form(s) W-2 and 1099 showing Oregon tax withheld to the front of the return.

Staple a copy of your federal return (front and back only) to your Form 40.

Staple Form 40-V, the payment voucher, with your check or money order to the front of your return. If you are paying by credit card, do not use Form 40-V.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage. Please do not use a smaller envelope—it delays processing.

Tax return mailing addresses

Mail refund returns or no-tax-due returns to:

REFUND
PO Box 14700
Salem OR 97309-0930

Mail tax-to-pay returns to:

Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

Working family child care credit

This refundable credit is available to low-income working families with qualifying child care expenses. To qualify, **all of the following must be true:**

- You had at least \$6,750 of earned income; and
- You had less than \$2,650 of investment income (such as interest, dividends, and capital gains); and
- Your adjusted gross income was less than the limits for your household size shown on the back of Schedule WFC; and
- You paid qualifying child care expenses to allow you (and your spouse, if married) to work or attend school; and
- You paid qualifying child care expenses for your qualifying child. A qualifying child is your son,

daughter, legally adopted child, stepson, or stepdaughter who was:

- under the age of 13, or
- under the age of 18 for whom you can claim the additional exemption credit for a child with a disability; and
- Your child care provider was not the child's parent, guardian, or brother or sister under age 19.

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2004, to qualify.

If you qualify, complete Schedule WFC, *Oregon Working Family Child Care Credit*, on page 37.

Schedule WFC instructions

You must complete all information on the schedule. An incomplete schedule may result in denial of your working family child care credit.

Household size calculation

Sched. WFC **1**–**5**

Your household size is the number of people you claim as exemptions on your federal tax return who live in your home. You can include in your household size your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on his or her tax return. You cannot include people you are entitled to claim on your tax return who did not live with you in your home during 2004. For the purposes of this credit, an individual cannot be counted in household size on more than one return. Enter your household size from Schedule WFC, line 5, on Form 40S, line 21a; or Form 40, line 46a.

Example 1: Rusty and Deb are not married and are the parents of two qualifying children. They have joint custody of both children. Deb is the primary custodian and caregiver. She releases the dependent exemption for one child to Rusty. Both Rusty and Deb may claim the credit based on the qualifying child care expenses each paid. However, each needs to calculate household size separately. Deb's household size is three (herself, one dependent child, and one dependent child whose exemption is released to Rusty). Rusty's household size is one (himself). Although he claims one child on his tax return, the child does not live with him and is not included in his household size.

Example 2: Jay and Rena have three qualifying children. They also support Rena's parents who do not live with them. They claim seven exemptions on their tax return. Jay and Rena's household size is five, because only five of them live in their home.

Qualifying child care expenses paid in 2004

Sched. WFC **6**–**9**

Provider's full name and complete address. Enter the child care provider's information in the space provided on Schedule WFC. If you have more providers during the year than there is space for on the form, please attach a separate sheet with the required information.

Provider's SSN/FEIN/ITIN. You must include your provider's Social Security number, Federal Employer Identification Number, or Individual Taxpayer Identification Number.

Child/provider relationship. Identify the relationship of the provider to the child using the relationship codes on page 39. If there is no relationship between the provider and the child, enter "N" for none.

Amount paid to provider. Qualifying child care expenses are paid for the primary purpose for you (and your spouse, if married) to work or attend school. You can pay your expenses with pre-tax dollars from an employer benefit plan such as a cafeteria plan or flexible spending arrangement and still qualify to claim this credit. You must pay for the child care during 2004 for the payments to be qualifying child care expenses.

continued on page 39

Schedule WFC	Oregon Working Family Child Care Credit for Form 40 and Form 40S Filers	2004
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Last name	First name and initial	Social Security No. (SSN) - -	Date of birth (mm/dd/yyyy)
Spouse's last name if joint return	Spouse's first name and initial if joint return	Spouse's SSN, if joint return - -	Date of birth (mm/dd/yyyy)

Household Size Calculation

1. Enter the number of exemptions you claimed on your federal return..... 1
2. Enter the number of exemptions you did not claim on your federal return because you released the exemption to the child's other parent 2
3. Add lines 1 and 2..... 3
4. Enter the number of exemptions you claimed on your federal return for people who did not live in your household during 2004..... 4
5. Household size. Line 3 minus line 4..... 5

FOR COMPUTER USE ONLY

Qualifying Child Care Expenses Paid in 2004. Enter the following information for each child care provider you used in 2004.

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
6. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			6 \$ <input style="width: 80px;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
7. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			7 \$ <input style="width: 80px;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
8. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			8 \$ <input style="width: 80px;" type="text"/>

9. Total child care expenses paid in 2004. Add amounts on lines 6 through 8 and enter the result here	9	\$ <input style="width: 100px;" type="text"/>
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Qualifying Child Information

First and Last Name of Child	Child's SSN	Child's Date of Birth	Relationship (enter code)	Expenses Paid for Child
10. _____				\$ <input style="width: 60px;" type="text"/>
11. _____				\$ <input style="width: 60px;" type="text"/>
12. _____				\$ <input style="width: 60px;" type="text"/>
13. _____				\$ <input style="width: 60px;" type="text"/>
14. _____				\$ <input style="width: 60px;" type="text"/>
15. Total child care expenses. Add amounts on lines 10 through 14 and enter the result here				15 \$ <input style="width: 100px;" type="text"/>

Computation of Credit

16. Enter your federal adjusted gross income (Form 40S, line 8; or Form 40, line 8)..... 16
17. Enter the total qualifying child care expenses paid in 2004 from line 9 above..... 17
18. Enter the decimal amount from the working family child care credit table on the back (use the table that matches your household size on line 5 above). For example, if the amount on line 5 is 4, use Table 4..... 18 x .
19. Multiply the amount on line 17 by the decimal amount on line 18. Enter the result here and on Form 40S, line 21; or Form 40, line 46. This is your working family child care credit 19

—YOU MUST ATTACH THIS SCHEDULE TO YOUR OREGON INCOME TAX RETURN—

Working Family Child Care Credit—2004 Tables

Table 1, household size = 1		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$18,600	.40
\$18,600	19,550	.36
19,550	20,500	.32
20,500	21,400	.24
21,400	22,350	.16
22,350	23,300	.08
23,300	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$25,000	.40
\$25,000	26,250	.36
26,250	27,500	.32
27,500	28,750	.24
28,750	30,000	.16
30,000	31,250	.08
31,250	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$31,350	.40
\$31,350	32,900	.36
32,900	34,450	.32
34,450	36,050	.24
36,050	37,600	.16
37,600	39,200	.08
39,200	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$37,700	.40
\$37,700	39,600	.36
39,600	41,450	.32
41,450	43,350	.24
43,350	45,250	.16
45,250	47,150	.08
47,150	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$44,050	.40
\$44,050	46,250	.36
46,250	48,450	.32
48,450	50,650	.24
50,650	52,850	.16
52,850	55,100	.08
55,100	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$50,400	.40
\$50,400	52,950	.36
52,950	55,450	.32
55,450	58,000	.24
58,000	60,500	.16
60,500	63,050	.08
63,050	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$56,800	.40
\$56,800	59,600	.36
59,600	62,450	.32
62,450	65,300	.24
65,300	68,150	.16
68,150	71,000	.08
71,000	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC, line 16 is:		Enter this decimal amount on Schedule WFC, line 18:
at least:	but less than:	
—	\$63,150	.40
\$63,150	66,300	.36
66,300	69,450	.32
69,450	72,600	.24
72,600	75,750	.16
75,750	78,950	.08
78,950	—	.00

* If your household size is larger than eight, please contact the department for the tables you need. See page 40 for taxpayer assistance information.

Qualifying child care expenses do not include amounts you paid for your child to attend a public or private school or for activities such as gymnastics or soccer. You cannot claim expenses that are paid by someone else such as a state assistance agency. You can claim only the expenses you actually paid.

Example 3: Jeff works for a company that offers dependent care benefits through a plan administrator. He takes advantage of this employer benefit and contributes \$4,000 pre-tax each year to a flexible spending arrangement (FSA) plan. He gives the plan administrator the necessary documents so he can be reimbursed for his child care expenses. His employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff has \$5,000 total in child care expenses for his two qualifying children. He paid \$1,000 with after-tax dollars, and he was reimbursed \$4,000 from his pre-tax FSA. Jeff may claim the working family child care credit based on \$5,000 in qualifying child care expenses.

Example 4: Lee has a five-year-old son who attends a local academy. He pays \$750 per month for his son's kindergarten and child care. Of the amount he pays each month, \$500 is the contract price for child care, and \$250 is an additional amount he pays for the child's education. Lee can only claim \$500 per month as qualifying child care.

Example 5: Cate qualifies for state assistance in paying her child care expenses. The child care provider charges Cate \$600 per month to care for her two children. Of the \$600 per month, the state pays \$450, and Cate has a co-pay of \$150. Cate cannot claim the entire amount because she did not pay it. She can only claim the amount she actually paid (\$150 per month).

Proof of qualifying child care expenses. In order to claim this credit, you must be able to prove that you paid the child care expenses. Acceptable proof includes, but is not limited to, copies of:

- Canceled checks,
- Duplicate checks along with bank statements, and/or
- Signed receipts from the child care provider.

The department could ask for proof during the processing of your tax return or any time later. If you pay

a relative to watch your children, you may be asked to provide additional information that shows you actually paid qualifying child care expenses. *Be sure to ask for a signed receipt from your child care provider when you pay the provider for the care.*

Qualifying child information

Sched. WFC 10-15 Enter the full name of each qualifying child, the child's Social Security number, date of birth, and his or her relationship to you using the codes shown below.

Enter the portion of the expenses you listed in the child care provider section that apply to each child. The amounts shown on line 9 and line 15 should always be the same.

Example 6: Bill has two children, Joe and Lane. He paid two child care providers \$5,000 during the year for Joe and Lane's child care. Of the \$5,000 he paid, \$3,000 was for Joe's care and \$2,000 was for Lane's care. He will enter those amounts next to each child's information.

Computation of credit

Sched. WFC 16 You must know your federal adjusted gross income (AGI) to compute this credit. You can find your federal AGI on your Oregon Form 40S or Form 40, line 8. Enter your federal AGI on Schedule WFC, line 16.

Sched. WFC 17 Enter the total qualifying expenses from Schedule WFC, line 9, on Schedule WFC, line 17, and Form 40S, line 21b; or Form 40, line 46b.

Sched. WFC 18 Use the table on the back of Schedule WFC (page 38) that matches your household size.

For example, if your household size is 3, use Table 3 to determine the percentage you need to apply to your qualifying expenses. Enter that percentage on Schedule WFC, line 18.

Schedule WFC Relationship Codes

Child/Provider Relationship Codes

Grandparent	GP
Parent	P
Uncle	U
Aunt	A
Brother	SB
Sister	SB
None	N
Other	O

Taxpayer/Child Relationship Codes

Son	S
Daughter	D
Stepson	SS
Stepdaughter	SD
Legally adopted child	LA
None	N
Other	O

Taxpayer assistance

Printed information (free)

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or return the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Forms 40S & 40, *Full-Year Resident* 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Estimated Income Tax Payment Instructions and Vouchers* 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 40X, *Oregon Amended Individual Income Tax Return* 150-101-046
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Oregon Depreciation Schedule* 150-101-025
- Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions* 150-800-734
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* 150-101-160
- Form FIA-40N, 40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents* 150-101-161

Information circulars and brochures

- 2-D Barcode Filing for Oregon* 150-101-631
- Amtrak Act (Interstate Transportation Wages)* 150-101-601
- Audits: What To Do if You Are Audited* 150-101-607
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon* 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interest on Tax You Owe: Computation* 150-800-691
- Itemized Deductions Limit* 150-101-611
- Married Persons Filing Separate Returns* 150-101-656
- Military Personnel Filing Information* 150-101-657
- Record-Keeping Requirements* 150-101-608
- Retirement Income* 150-101-673
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:
Form and Publication Order 150-800-390

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

Please print

Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Telephone

Salem 503-378-4988
Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Field offices

Get forms and assistance at these offices. **Do not send your return to these addresses.**

Bend 951 SW Simpson Avenue, Suite 100

Eugene 1600 Valley River Drive, Suite 310

Gresham 1550 NW Eastman Parkway, Suite 220

Medford 24 W 6th Street

Newport 119 NE 4th Street, Suite 4

North Bend 3030 Broadway

Pendleton 700 SE Emigrant, Suite 310

Portland* Federal Building Lobby, 1220 SW Third Avenue

Portland 800 NE Oregon Street, Suite 505

Salem Revenue Building, 955 Center Street NE, Room 135

Salem 4275 Commercial Street SE, Suite 180

Tualatin 6405 SW Rosewood Street, Suite A

* February 1–April 1: Monday, Wednesday, Friday, 10 a.m.–3 p.m.

April 4–April 15: Monday through Friday, 9 a.m.–4 p.m.



2004 OREGON

PART-YEAR RESIDENT & NONRESIDENTPERSONAL INCOME TAX FORMS **40P** AND **40N** WITH INSTRUCTIONS

OREGON.gov

Business

Education

Human Services

Public Safety

Recreation

Transportation



Department of Revenue

Departments

Divisions

Others

**current topics****Military personnel**

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Payment voucher, Form 40-V

page 31

Working family child care credit

page 34

New Web site

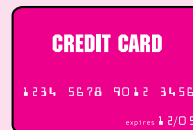
Visit our new Web site at www.oregon.gov/DOR for forms, publications, and other tax information.

Direct deposit

Have your refund deposited directly into your checking or savings account. See page 32.

Credit card payments

You may now pay your 2004 Oregon personal income tax with your credit card. See page 30.

**e-file**

Get your refund faster with electronic filing and direct deposit. Visit our Web site for more information.



Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

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These instructions are not a complete statement of laws and Oregon Department of Revenue rules. You may need more information or forms. See page 40.

Electronic filing

Electronic filing (e-file) is a fast, efficient, and accurate way to file. Visit our Web site to download the information circular, *Electronic Filing for Oregon*. Or, to order it, see page 40.



New information

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$4,000 (\$2,000 married filing separately). See page 25.

Department of Revenue Web site. Our Web site address has changed. For additional personal income tax information, please visit our Web site at www.oregon.gov/DOR.

Credit card payment. The department is now accepting credit card payments for 2004 current-year taxes and 2005 estimated taxes. See page 30.

Payment voucher, Form 40-V. Complete Form 40-V when mailing a 2004 payment or a 2005 estimated tax payment, or when filing a 2004 Oregon extension. See page 31. If paying by credit card, do not use Form 40-V.

Abbreviations replaced with numeric codes. We have replaced the standard abbreviations used to identify

other additions, subtractions, and credits with numeric codes. See pages 20, 21, and 28.

Standard deduction amounts. The standard deduction amounts have changed. See page 24.

Federal child tax credit may cause a shortage in Oregon withholding. If you increased the number of allowances claimed on your federal Form W-4 to account for the federal child tax credit, it may have caused a shortage of Oregon withholding. Visit our Web site or contact us for more information. See page 40.

Filing status for same-sex couples who were issued marriage licenses. Current tax law, as of the date this publication was printed, requires that you use the same filing status for Oregon as you used on your federal return. Visit our Web site or contact the department for more information. See page 40.

General information

Should I file an Oregon return?

You must file an Oregon income tax return if your Oregon source income and income received while an Oregon resident is more than your standard deduction.

If your Oregon income is less than your standard deduction, you are not required to file a return for Oregon.

Full-year residents. Oregon taxes your income from all sources.

Part-year residents. Oregon taxes your income from all sources earned or received while you were an Oregon resident. Oregon also taxes your income from Oregon sources while you were a nonresident.

Nonresidents. Oregon taxes only your income from Oregon sources.

Filing thresholds

You must file an Oregon income tax return if:		
Your filing status is:	Age:	And your Oregon income is more than:
Single, can be claimed on another's return	Any	\$800*
Single	Under 65	\$1,720
	65 or over	\$2,920
Married, joint return	Both under 65	\$3,445
	One 65 or over	\$4,445
	Both 65 or over	\$5,445
Married, separate return <i>If spouse claims standard deduction</i>	Under 65	\$1,720
	65 or over	\$2,720
<i>If spouse itemizes deductions</i>	Any	\$0
Head of household	Under 65	\$2,770
	65 or over	\$3,970
Qualifying widow(er)	Under 65	\$3,445
	65 or over	\$4,445

* The larger of \$800 or your earned income plus \$250, up to your standard deduction amount.

What does income from Oregon sources include?

It includes income shown on your federal return from compensation for services performed in Oregon.

If you have wages from an Oregon employer for services performed in Oregon and another state while you were a nonresident and your Oregon wages are

not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \frac{\text{Total wages}}{\text{wages}} = \text{Oregon wages}$$

Do not include holidays, vacation days, and sick days as actual work days. **However, you must** include sick pay, holiday pay, and vacation pay in total wages. You **must** attach an explanation from your employer. If Oregon is the only state you worked in, do not use this formula; all of your earnings are taxable and must be reported in the Oregon column.

Example: Savannah lives in Idaho but works in Oregon. Of her 260 total days paid, she worked 132 days in Oregon and 88 days from her home in Idaho. She received 27 days vacation pay, five days of sick pay, and eight days of holiday pay. She earned \$50,000 in wages. She figured the amount subject to Oregon tax as follows:

Total days paid	260
Less: Vacation days	(27)
Sick days	(5)
Holidays	(8)
Total days worked everywhere	220

$$\frac{\text{Days actually worked in Oregon (132)}}{\text{Days actually worked everywhere (220)}} \times \frac{\$50,000}{\text{(Total wages)}} = \$30,000$$

Savannah's compensation reported in the Oregon column of Form 40N is \$30,000.

Other income from Oregon sources:

- Businesses, S corporations, partnerships, and limited liability companies taxed as partnerships located or doing business in Oregon.
- Unemployment compensation received because of an Oregon job.
- Severance pay you received because of an Oregon job.
- Oregon farms.
- Oregon estates and trusts.
- Sales of Oregon property.
- Rents and royalties for use of Oregon property.
- Community property income. If you are a resident of Oregon and your spouse is a resident of a state with community property laws, you may be taxed on part of your spouse's income. Community property laws in the state where your spouse lives determine if you are taxed on any of your spouse's income. You may need more information from the state where your spouse lives. Visit our Web site for links to other states' tax Web sites.

What income is not included in Oregon sources?

- Interest and dividends. However, if they are from an Oregon business you own or they are received during the part of the year you were a resident, you must include them in Oregon income.
- Interstate transportation wages from an interstate railroad company, interstate motor carrier, air carrier, or motor private carrier. You must be a nonresident and have regularly assigned duties in more than one state. Visit our Web site to download the information circular, *Amtrak Act (Interstate Transportation Wages)*. Or, to order it, see page 40.
- Oregon retirement income received while you were a nonresident unless you were domiciled in Oregon. See “Pensions and annuities” on page 18.
- Waterway or hydroelectric dam compensation, if you are a nonresident:
 - Working as crew or pilot on a vessel on a river between Oregon and another state, or
 - Working on a dam that spans a river between Oregon and another state.
- Military pay of a nonresident.

Residency

Am I a resident, a nonresident, or a part-year resident? The following will help you decide:

- **You are a full-year Oregon resident**, even if you live outside Oregon, if all of the following are true:
 - You think of Oregon as your permanent home; and
 - Oregon is the center of your financial, social, and family life; and
 - Oregon is the place you intend to come back to when you are away.

You are still a full-year resident if:

- You temporarily moved out of Oregon, or
- You moved back to Oregon after a temporary absence.

You may also be considered a full-year resident if you spent more than 200 days in Oregon during the tax year or if you are a nonresident alien.

- **You are a nonresident** if your permanent home was outside Oregon all year.
- **You are a part-year resident** if you moved into or out of Oregon during 2004. You are **not** a part-year resident if:
 - You temporarily moved out of Oregon, or
 - You moved back to Oregon after a temporary absence.

Special-case Oregon residents. You are considered a nonresident if **all** of the following are true:

- You are an Oregon resident who maintained a permanent home outside Oregon the entire year, and

- You didn't keep a home in Oregon during any part of the year, and
- You spent less than 31 days in Oregon during the year.

Note: A recreational vehicle (RV) is not considered a permanent home outside of Oregon.

Oregon residents living abroad. Generally, if you qualify for the federal earned income exclusion or housing exclusion for United States residents living abroad, you are considered a nonresident.

Filing status

Generally, you must use the same filing status for your Oregon and federal returns.

Exceptions for married persons when spouses are:

- **Full-year resident and part-year resident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately status. The full-year resident files Form 40, and the part-year resident files Form 40P. If you choose to file a joint return for Oregon, use Form 40P.
- **Full-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately status. The full-year resident files Form 40, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.
- **Part-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately status. The part-year resident files Form 40P, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.

Need more information? Visit our Web site to download the information circular, *Married Persons Filing Separate Returns*. Or, to order it, see page 40.

Military personnel

Nonresidents stationed in Oregon. Oregon does not tax your military pay while you are stationed in Oregon. File Form 40N if you or your spouse had income from other Oregon sources or to claim a refund of Oregon tax withheld from your military pay.

Residents stationed in Oregon. If you are an Oregon resident stationed in Oregon, file Form 40 from the *Full-Year Resident* tax booklet.

Residents stationed outside Oregon. If you are an Oregon resident stationed outside Oregon, you may file Form 40N if you meet the requirements for special-case Oregon residents or Oregon residents living abroad. See “Residency” on this page. File Form 40

Instructions continued on page 13

Form **40N** OREGON Individual Income Tax Return **2004** FOR NONRESIDENTS

For office use only

Oregon resident: From mm / dd / yyyy To mm / dd / yyyy **Fiscal year ending** 1 2 3

Last name First name and initial Social Security No. (SSN) Date of birth (mm/dd/yyyy)
 Spouse's last name if joint return Spouse's first name and initial if joint return Spouse's SSN, if joint return Date of birth (mm/dd/yyyy)

Current mailing address Telephone number ()

City State ZIP code Country If you filed a return last year, and your name or address is different, check here

Filing Status
 1 Single
 2 Married filing jointly
 3 Married filing separately Spouse's name _____ Spouse's SSN _____
 4 Head of household Person who qualifies you _____
 5 Qualifying widow(er) with dependent child

Exemptions

6a Yourself.....Regular	<input type="checkbox"/> Severely disabled	<input type="checkbox"/> Total	<input type="checkbox"/>
6b Spouse.....Regular	<input type="checkbox"/> Severely disabled	<input type="checkbox"/> b	<input type="checkbox"/>
6c All dependents First names			..... c	<input type="checkbox"/>	<input type="checkbox"/>
6d Child(ren) First names with a disability			..... d	<input type="checkbox"/>	<input type="checkbox"/>
				Total • 6e	<input type="checkbox"/>

Check all that apply → **7a** You were: 65 or older Blind Spouse was: 65 or older Blind **7b** You filed an extension **7c** You attached Schedule WFC-N/P **7d** You filed an Oregon Form 24 **7e** If there is a kicker refund, you want to donate your kicker to the State School Fund

		Federal column	Oregon column
INCOME	8 Wages, salaries, and other pay for work. Staple all Forms W-2 below .....	.00	.00
	9 Taxable interest income from federal Form 1040, line 8a .....	.00	.00
	10 Dividend income from federal Form 1040, line 9a .....	.00	.00
	11 State and local income tax refunds from federal Form 1040, line 10 .....	.00	.00
	12 Alimony received from federal Form 1040, line 11 .....	.00	.00
	13 Business income or loss from federal Form 1040, line 12 .....	.00	.00
	14 Capital gain or loss from federal Form 1040, line 13 .....	.00	.00
	15 Other gains or losses from federal Form 1040, line 14 .....	.00	.00
	16 IRA distributions from federal Form 1040, line 15b .....	.00	.00
	17 Pensions and annuities from federal Form 1040, line 16b .....	.00	.00
	18 Rents, royalties, partnerships, etc., from federal Form 1040, line 17 .....	.00	.00
	19 Farm income or loss from federal Form 1040, line 18 .....	.00	.00
	20 Unemployment and other income from federal Form 1040, lines 19 through 21 ....	.00	.00
	21 Total income. Add lines 8 through 20 .....	.00	.00
	21a .....	.00	.00
	21b .....	.00	.00
ADJUSTMENTS TO INCOME	22 IRA or SEP and SIMPLE contributions, federal Form 1040, lines 25 and 32 .....	.00	.00
	23 Education deductions from federal Form 1040, lines 23, 26, and 27 .....	.00	.00
	24 Moving expenses from federal Form 1040, line 29 .....	.00	.00
	25 Deduction for self-employment tax from federal Form 1040, line 30 .....	.00	.00
	26 Self-employed health insurance deduction from federal Form 1040, line 31 .....	.00	.00
	27 Alimony paid from federal Form 1040, line 34a .....	.00	.00
	28 Other adjustments to income. Identify .....	.00	.00
	29 Total adjustments to income. Add lines 22 through 28 .....	.00	.00
	30 Income after adjustments. Line 21 minus line 29 .....	.00	.00
	30a .....	.00	.00
	30b .....	.00	.00
ADDITIONS	31 Interest on state and local government bonds outside of Oregon .....	.00	.00
	32 Federal election on interest and dividends of a minor child .....	.00	.00
	33 Other additions. Identify .....	.00	.00
	34 Total additions. Add lines 31 through 33 .....	.00	.00
	34a .....	.00	.00
	34b .....	.00	.00
	35 Income after additions. Add lines 30 and 34 .....	.00	.00
	35a .....	.00	.00
	35b .....	.00	.00

Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record. Do not attach other federal schedules.

Mail TAX-TO-PAY returns to Oregon Department of Revenue PO Box 14555 Salem OR 97309-0940	Mail REFUND returns and NO-TAX-DUE returns to REFUND PO Box 14700 Salem OR 97309-0930
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Page 2 — 2004 Form 40N

		Federal column	Oregon column			
36	Amount from front of form, line 35.....	36	.00		.00	
SUBTRACTIONS						
37	Social Security and tier 1 Railroad Retirement Board benefits included on line 20....	37	.00			
38	Other subtractions. Identify _____ ●38a		.00	●38b	.00	
39	Income after subtractions. Line 36 minus lines 37 and 38.....	39a	.00	●39b	.00	
40	Oregon percentage. Line 39b ÷ line 39a (not more than 100%).....	40	_____ %			
DEDUCTIONS AND MODIFICATIONS						
41	Itemized deductions from federal Schedule A, line 28.....	41	.00	}	EITHER, NOT BOTH	
42	State income tax claimed as itemized deduction. See instructions, page 24.....	42	.00			
43	Net Oregon itemized deductions. Line 41 minus line 42.....	43	.00			
44	Standard deduction from page 24.....	44	.00			
45	2004 federal tax liability (\$0-\$4,000; see instructions for the correct amount).....	45	.00			
46	Other deductions and modifications. Identify _____ ●46	46	.00			
47	Deductions and modifications × Oregon percentage. See page 26.....	47	.00			
48	Deductions and modifications not multiplied by the Oregon percentage. See page 26 ...	48	.00			
49	Total deductions and other modifications. Add lines 47 and 48.....	49			.00	
50	Oregon taxable income. Line 39b minus line 49.....	50			.00	
OREGON TAX						
51	Tax from tax rate charts (see instructions, page 26).....	51	.00	}	EITHER, NOT BOTH	
52	Or, check if from: <input type="checkbox"/> Form FIA or <input type="checkbox"/> Worksheet FCG and enter tax here.....	52	.00			
53	Interest on certain installment sales..... ●53		.00			
54	Total tax. Add lines 51 and 53 OR add lines 52 and 53.....			OREGON TAX →	54	.00
CREDITS						
55	Exemption credit. Line 6e × \$151 × Oregon percentage from line 40.....	55	.00	}	ADD TOGETHER	
56	Earned income credit. See instructions, page 27.....	56	.00			
57	Child and dependent care credit. See instructions, page 27.....	57	.00			
58	Credit for income taxes paid to another state (AZ, CA, IN, VA). Attach proof.....	58	.00			
59	Other credits. Identify _____ ●59	59	.00			
60	Total credits. Add lines 55 through 59.....	60			.00	
61	Net income tax. Line 54 minus line 60. If line 60 is more than line 54, fill in -0-.....	61			.00	
PAYMENTS, PENALTY, AND INTEREST						
62	Oregon income tax withheld from income. Attach Forms W-2 and 1099	62	.00	}	ADD TOGETHER	
63	Estimated tax payments for 2004 and payments made with your extension.....	63	.00			
64	Working family child care credit from WFC-N/P, line 20... CREDIT AMOUNT →	64	.00			
	Number from WFC-N/P, line 5 ●64a <input type="text"/> Amount from WFC-N/P, line 17 ●64b <input type="text"/>		.00			
65	Total payments. Add lines 62, 63, and 64.....	65			.00	
66	Overpayment. Is line 61 less than line 65? If so, line 65 minus line 61.....	OVERPAYMENT →	66		.00	
67	Tax to pay. Is line 61 more than line 65? If so, line 61 minus line 65.....	TAX TO PAY →	67		.00	
68	Penalty and interest for filing or paying late. See instructions, page 29.....	68	.00	}	ADD TOGETHER	
69	Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	69	.00			
70	Total penalty and interest due. Add lines 68 and 69.....	70			.00	
71	Amount you owe. Line 67 plus line 70.....	AMOUNT YOU OWE →	71		.00	
72	Refund. Is line 66 more than line 70? If so, line 66 minus line 70.....	REFUND →	72		.00	
73	Estimated tax. Fill in the part of line 72 you want applied to 2005 estimated tax....	73	.00	}	These will reduce your refund	
74	Oregon Nongame Wildlife..... <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	74	.00			
75	Child Abuse Prevention..... <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	75	.00			
76	Alzheimer's Disease Research..... <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	76	.00			
77	Stop Domestic & Sexual Violence... <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	77	.00			
78	AIDS/HIV Education and Services.. <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	78	.00			
79	Other charity. Enter code ●..... <input type="checkbox"/> \$1 ... <input type="checkbox"/> \$5 ... <input type="checkbox"/> \$10 ... <input type="checkbox"/> Other \$.....	79	.00			
80	Total. Add lines 73 through 79. Total can't be more than your refund on line 72.....	80			.00	
81	NET REFUND. Line 72 minus line 80. This is your net refund.....	NET REFUND →	81		.00	
DIRECT DEPOSIT						
82	For direct deposit of your refund, see the instructions on page 32. ● Type of Account: <input type="checkbox"/> Checking or <input type="checkbox"/> Savings					
	● Routing No. <input type="text"/>					
	● Account No. <input type="text"/>					

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

I **authorize** the Department of Revenue to contact this preparer about the processing of this return.

Your signature	Date	Signature of preparer other than taxpayer	License No.
X		X	
Spouse's signature (if filing jointly, BOTH must sign)	Date	Address	Telephone No.
X			

Form 40P OREGON Individual Income Tax Return 2004 FOR PART-YEAR RESIDENTS

For office use only

Oregon resident: From mm / dd / yyyy To mm / dd / yyyy **Fiscal year ending** 1 2 3

Last name First name and initial Social Security No. (SSN) Date of birth (mm/dd/yyyy)
 Spouse's last name if joint return Spouse's first name and initial if joint return Spouse's SSN, if joint return Date of birth (mm/dd/yyyy)

Current mailing address Telephone number ()
 City State ZIP code Country If you filed a return last year, and your name or address is different, check here

Filing Status
 1 Single
 2 Married filing jointly
 3 Married filing separately Spouse's name _____ Spouse's SSN _____
 4 Head of household Person who qualifies you _____
 5 Qualifying widow(er) with dependent child

Exemptions
 6a Yourself Regular Severely disabled 6a
 6b Spouse Regular Severely disabled b
 6c All dependents First names c
 6d Child(ren) First names d
 with a disability
 Total • 6e

Check all that apply -> **7a** You were: 65 or older Blind Spouse was: 65 or older Blind
7b You filed an extension
7c You attached Schedule WFC-N/P
7d You filed an Oregon Form 24
7e If there is a kicker refund, you want to donate your kicker to the State School Fund

		Federal column	Oregon column
INCOME	8 Wages, salaries, and other pay for work. Staple all Forms W-2 below	8 .00	.00
	9 Taxable interest income from federal Form 1040, line 8a	9 .00	.00
	10 Dividend income from federal Form 1040, line 9a	10 .00	.00
	11 State and local income tax refunds from federal Form 1040, line 10	11 .00	.00
	12 Alimony received from federal Form 1040, line 11	12 .00	.00
	13 Business income or loss from federal Form 1040, line 12	13 .00	.00
	14 Capital gain or loss from federal Form 1040, line 13	14 .00	.00
	15 Other gains or losses from federal Form 1040, line 14	15 .00	.00
	16 IRA distributions from federal Form 1040, line 15b	16 .00	.00
	17 Pensions and annuities from federal Form 1040, line 16b	17 .00	.00
	18 Rents, royalties, partnerships, etc., from federal Form 1040, line 17	18 .00	.00
	19 Farm income or loss from federal Form 1040, line 18	19 .00	.00
	20 Unemployment and other income from federal Form 1040, lines 19 through 21 ...	20 .00	.00
	21 Total income. Add lines 8 through 20	21a .00	•21b .00
ADJUSTMENTS TO INCOME	22 IRA or SEP and SIMPLE contributions, federal Form 1040, lines 25 and 32	22 .00	.00
	23 Education deductions from federal Form 1040, lines 23, 26, and 27	23 .00	.00
	24 Moving expenses from federal Form 1040, line 29	24 .00	.00
	25 Deduction for self-employment tax from federal Form 1040, line 30	25 .00	.00
	26 Self-employed health insurance deduction from federal Form 1040, line 31	26 .00	.00
	27 Alimony paid from federal Form 1040, line 34a	27 .00	.00
	28 Other adjustments to income. Identify	28 .00	.00
	29 Total adjustments to income. Add lines 22 through 28	29 .00	.00
	30 Income after adjustments. Line 21 minus line 29	•30a .00	•30b .00
ADDITIONS	31 Interest on state and local government bonds outside of Oregon	•31 .00	.00
	32 Federal election on interest and dividends of a minor child	•32 .00	.00
	33 Other additions. Identify	•33 .00	.00
	34 Total additions. Add lines 31 through 33	34a .00	•34b .00
	35 Income after additions. Add lines 30 and 34	35a .00	•35b .00

Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record. Do not attach other federal schedules.

Mail TAX-TO-PAY returns to	Oregon Department of Revenue PO Box 14555 Salem OR 97309-0940	Mail REFUND returns and NO-TAX-DUE returns to	REFUND PO Box 14700 Salem OR 97309-0930
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		Federal column	Oregon column	
	36 Amount from front of form, line 35.....	36	.00	
SUBTRACTIONS	37 Social Security and tier 1 Railroad Retirement Board benefits included on line 20.....	37	.00	
	38 Other subtractions. Identify _____ ●38a	●38a	.00	
	39 Income after subtractions. Line 36 minus lines 37 and 38	39a	.00	
	40 Oregon percentage. Line 39b ÷ line 39a (not more than 100%)..... 40 _____ %	40	%	
	41 Amount from line 39a (federal amount).....	41	.00	
DEDUCTIONS AND MODIFICATIONS	42 Itemized deductions from federal Schedule A, line 28	42	.00	
	43 State income tax claimed as itemized deduction. See instructions, page 24.....	43	.00	
	44 Net Oregon itemized deductions. Line 42 minus line 43	44	.00	
	45 Standard deduction from page 24	45	.00	
	46 2004 federal tax liability (\$0–\$4,000; see instructions for the correct amount)	46	.00	
	47 Other deductions and modifications. Identify _____ ●47	●47	.00	
	48 Add lines 45, 46, and 47 or lines 44, 46, and 47. Fill in the larger amount	48	.00	
	49 Taxable income. Line 41 minus line 48	49	.00	
OREGON TAX	50 Tax from tax rate charts (see instructions, page 26).....	50	.00	
	51 Oregon income tax. Line 50 × Oregon percentage from line 40.....	51	.00	
	52 Or, check if from: <input type="checkbox"/> Form FIA or <input type="checkbox"/> Worksheet FCG and enter tax here	52	.00	
	53 Interest on certain installment sales..... ●53	●53	.00	
	54 Total tax. Add lines 51 and 53 OR add lines 52 and 53	OREGON TAX → 54	.00	
CREDITS	55 Exemption credit. Line 6e × \$151 × Oregon percentage from line 40	55	.00	
	56 Earned income credit. See instructions, page 27.....	56	.00	
	57 Child and dependent care credit. See instructions, page 27.....	57	.00	
	58 Credit for income taxes paid to another state. State: _____ Attach proof ●58	●58	.00	
	59 Other credits. Identify _____ ●59	●59	.00	
	60 Total credits. Add lines 55 through 59	60	.00	
	61 Net income tax. Line 54 minus line 60. If line 60 is more than line 54, fill in -0-.....	61	.00	
PAYMENTS, PENALTY, AND INTEREST	62 Oregon income tax withheld from income. Attach Forms W-2 and 1099	62	.00	
	63 Estimated tax payments for 2004 and payments made with your extension	63	.00	
	64 Working family child care credit from WFC-N/P, line 20... CREDIT AMOUNT → ●64	●64	.00	
	Number from WFC-N/P, line 5 ●64a <input type="checkbox"/> Amount from WFC-N/P, line 17 ●64b <input type="checkbox"/>		●64a	●64b
	65 Total payments. Add lines 62, 63, and 64	65	.00	
	66 Overpayment. Is line 61 less than line 65? If so, line 65 minus line 61	OVERPAYMENT → 66	.00	
67 Tax to pay. Is line 61 more than line 65? If so, line 61 minus line 65	TAX TO PAY → 67	.00		
68 Penalty and interest for filing or paying late. See instructions, page 29.....	68	.00		
69 Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	69	.00		
70 Total penalty and interest due. Add lines 68 and 69.....	70	.00		
71 Amount you owe. Line 67 plus line 70	AMOUNT YOU OWE → 71	.00		
72 Refund. Is line 66 more than line 70? If so, line 66 minus line 70	REFUND → 72	.00		
73 Estimated tax. Fill in the part of line 72 you want applied to 2005 estimated tax.....	73	.00		
CHARITABLE CHECKOFFS	74 Oregon Nongame Wildlife <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●74	.00	
	75 Child Abuse Prevention..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●75	.00	
	76 Alzheimer's Disease Research <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●76	.00	
	77 Stop Domestic & Sexual Violence... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●77	.00	
	78 AIDS/HIV Education and Services .. <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●78	.00	
	79 Other charity. Enter code ●..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10..... <input type="checkbox"/> Other \$	●79	.00	
80 Total. Add lines 73 through 79. Total can't be more than your refund on line 72	80	.00		
	81 NET REFUND. Line 72 minus line 80. This is your net refund.....	NET REFUND → 81	.00	

DIRECT DEPOSIT 82 For direct deposit of your refund, see the instructions on page 32. ● **Type of Account:** Checking **or** Savings

● Routing No. ● Account No.

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		<input type="checkbox"/> I authorize the Department of Revenue to contact this preparer about the processing of this return.	
Your signature	Date	Signature of preparer other than taxpayer	License No.
X		X	
Spouse's signature (if filing jointly, BOTH must sign)	Date	Address	Telephone No.
X			

from the *Full-Year Resident* tax booklet if you don't meet the listed requirements.

Military Family Tax Relief Act. Oregon has not adopted all of the provisions of this act. Contact us for more information. See page 40.

Need more information? Visit our Web site to download the information circular, *Military Personnel Filing Information*. Or, to order it, see page 40.

Filing for a deceased person

You must file a final return for a person who died during the calendar year if a return normally would be required. See "Should I file an Oregon return?" on page 3 to determine if a return must be filed.

If you are filing a return and claiming a refund for someone who is now deceased, file Form 243, *Claim to Refund Due a Deceased Person*, with the return. This will allow us to issue the refund check in your name. Visit our Web site to download the form. Or, contact us to order it. See page 40. If you are a court-appointed or certified personal representative, Form 243 is not needed.

What form do I use?

Use Form 40N if any ONE of the following is true:

- You are a nonresident, or
- You are a special-case Oregon resident (see "Special-case Oregon residents" on page 4), or
- You and your spouse are filing jointly and one (or both) of you is a nonresident, or
- You meet the military personnel nonresident requirements explained on page 4, or
- You qualified as an Oregon resident living abroad for the entire year.

Use Form 40P if any ONE of the following is true:

- You are a part-year resident, or
- You are filing jointly and one spouse is a full-year Oregon resident and one is a part-year resident, or
- You are filing jointly and both spouses are part-year Oregon residents, or
- You qualified as an Oregon resident living abroad for part of the year.

Use Form 40 or 40S if any ONE of the following is true:

- You are a full-year resident, or
- You and your spouse are both full-year residents filing jointly.

Forms 40 and 40S are available on our Web site and at many post offices, banks, and libraries in Oregon and southwest Washington. To order Forms 40S and 40 and instructions, see page 40.

When should I file my return?

The filing deadline for calendar year 2004 is **April 15, 2005**. If you cannot pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty. Payment plans are available. Contact the department to make payment arrangements. See page 40.

Returns for other tax periods are due by the 15th day of the fourth month after the close of your tax year.

What if I need more time to file?

Generally, Oregon allows you the same extension you have for your federal return. However, in some cases, you will need to file the **Oregon extension form**, Form 40-EXT. Visit our Web site to download the form. Or, to order it, see page 40. The following will help you decide when you need to file Oregon Form 40-EXT:

- If you filed a federal extension, Form 4868, and you expect to get a refund for Oregon:
 - You do not need to file Form 40-EXT.
 - Check box 7b on Form 40N or Form 40P when you file your return.
 - Keep a copy of your federal extension in your records. You are not required to send us a copy.
- If you did not file a federal extension but need more time to file for **Oregon only** and you expect an Oregon refund:
 - File Oregon Form 40-EXT. Enter -0- in the payment amount box on Form 40-V, *Oregon Income Tax Payment Voucher*. Mail the entire Form 40-EXT to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
 - Check box 7b on Form 40N or Form 40P when you file your return.
 - Keep a copy of Form 40-EXT in your records.
- If you need more time to file for Oregon and you need to make a tax payment to Oregon:
 - Complete the tax payment worksheet on Form 40-EXT. Fill out and detach Form 40-V, *Oregon Income Tax Payment Voucher*. Send the payment voucher and your check or money order by April 15, 2005, to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980. If paying by credit card, write "credit card payment" on your voucher and mail the voucher to the address above.
 - Check box 7b on Form 40N or Form 40P when you file your return.
 - Keep a copy of Form 40-EXT in your records.

An extension does not mean more time to pay!

You must pay any tax you expect to owe when you file your extension. If you do not pay all the tax due with your extension, you will owe interest on the unpaid balance after April 15, 2005, until the date of your pay-

ment. The 2005 interest rate is 5 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year. You also may owe a late-payment penalty.

Were you stationed in a designated combat zone?

Did you receive additional time to file your 2004 federal return and pay your 2004 tax? If so, Oregon allows the same additional time to file and pay. Write "combat zone" in blue or black ink at the top of your return when you file it. Contact the department if you were stationed in a contingency area. Or, visit our Web site for more information.

Penalties

You will owe a 5 percent late-payment penalty on any 2004 tax not paid by April 15, 2005.

If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total penalty of 25 percent of any tax not paid.

There is an exception to paying penalty. For line 68 instructions, see page 29.

A 100 percent penalty is charged if you do not file a return for **three consecutive years** by the due date of the third year including extensions. The penalty is 100 percent of the unpaid tax for each of the three years.

Interest on underpayment of estimated tax

You may owe interest on underpayment of estimated tax if:

- You owe \$1,000 or more on your return after credits and withholding; and
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2004.

For line 69 instructions, see page 30.

2005 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2005 Oregon individual income tax return.

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 2005.

Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2005 Oregon income tax return after credits and withholding must make estimated payments. You may need to make estimated payments if:

- You are self-employed and don't have Oregon tax withheld from your income.

- You received Oregon Lottery single ticket winnings under \$5,000. (Note: Single ticket winnings of \$5,000 or more are subject to Oregon withholding.)
- You receive income such as pensions, interest, or dividends, and Oregon tax is not withheld.
- You are a wage earner and expect to owe tax of \$1,000 or more on your 2005 return. You may want to increase the amount your employer withholds from your Oregon wages. If you and your spouse both work, visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, contact us to order it. See page 40.

When do I pay?

The due dates are April 15, 2005*; June 15, 2005; September 15, 2005; and January 17, 2006.

Send your payment with Form 40-V, *Oregon Income Tax Payment Voucher*. If paying by credit card, do not use Form 40-V. Visit our Web site to download the form and the information circular, *Estimated Income Tax*. Or, to order them, see page 40.

* Please send your 2005 estimated tax payment and Oregon Form 40-V in a different envelope from your 2004 Oregon income tax return. This will help us credit your payment more efficiently.

What if I am self-employed?

If you are self-employed and do business in Multnomah, Clackamas, or Washington counties, you may also need to file Form TM, *TriMet Self-Employment Tax Return*. If you are self-employed and do business in Lane County, you may need to file Form LTD, *Lane Transit District Self-Employment Tax Return*. Visit our Web site to download the forms. Or, to order, see page 40.

Frequently asked questions

Is my tax return private information?

Yes. All information provided on the return is confidential. Any Oregon Department of Revenue employee who gives out unauthorized information about your return may be convicted of a class C felony.

I'm getting an income tax refund this year. How long will it take to process my refund?

After the processing of part-year and nonresident returns begins on March 1, allow:

- E-file return (before August 1) up to 2 weeks
- E-file return (on or after August 1) up to 5 weeks
- Mail return (before April 1) up to 8 weeks
- Mail return (on or after April 1) up to 12 weeks

Your refund may be delayed if your return needs further review.

I'm moving. Will my refund check be forwarded to me?

Yes. If you move after you mail your return, let us know your new address. You can download a change of address form from our Web site. Or, you can contact the department to order the form. See page 40. Remember to file a change of address form at your local post office.

What tax records do I need to keep?

You need to keep:

- A complete copy of both your federal and state returns, even if you use a tax practitioner or file electronically.
- The original of all receipts, canceled checks, statements, and other records you used to prepare your return. **Save these records for at least three years from the due date of the return or three years from the date you file your return, whichever is later.** If your return is audited, the law says you must show proof of your income and expenses.
- All records from the sale, purchase, or exchange of property and investments. Keep these records for at least three years after you report the gain or loss on the property or investment.

Visit our Web site to download the information circular, *Record-Keeping Requirements*. Or, to order it, see page 40.

What if I need to change my Oregon return after filing?

File an amended return anytime you need to correct your Oregon return. Use Form 40P to correct a part-year resident return or Form 40N to correct a nonresi-

dent return. Write "Amended" in blue or black ink at the top of the form. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. If you amend your federal or another state's return, usually you will need to amend your Oregon return. Please contact us for more information. See page 40.

What if I'm audited by the IRS or another state?

If changes are made that increase your Oregon income tax, file an amended return to report and pay additional tax. If the changes reduce Oregon tax, you have two years from the date of the audit report to claim a refund.

Direct deposit

The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. If you choose direct deposit, contact your bank to make sure that your deposit will be accepted and to get your correct routing and account numbers. The Department of Revenue is not responsible if your bank rejects your deposit. We will issue you a paper check if your bank rejects your direct deposit. For more information, see page 32.

Blue or black ink

Please use blue or black ink for easier reading and faster processing. Equipment used to scan documents cannot read certain colors of ink, especially red. Thank you.

Instructions for Forms 40N and 40P

Step 1: Select the appropriate form

To decide whether to use Form 40N or 40P, see page 13.

Step 2: Fill out your federal form

Your Oregon tax is determined using the ratio of your Oregon-related income to your entire federal income. **Fill out your federal return first**, then your Oregon return. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR, or TeleFile Tax Record to your Oregon tax return. **Don't attach** federal Schedule A, B, C, or D, or Form 2441, etc.

Step 3: Start the Oregon form**Residency**

Enter the dates you were an Oregon resident during 2004. For example, "01/01/2004 to 06/30/2004," or "07/01/2004 to 12/31/2004."

Fiscal year filers

Write the ending date of your fiscal year in the space provided. Write "Fiscal year" at the top of the return. Please use **blue or black ink**.

Name and address

Please type or clearly print your name, address, telephone number, and correct Social Security number on your return.

Social Security number (SSN). The request for your SSN is authorized by Section 405, Title 42, of the United States Code. You must provide this information. It will be used to establish your identity for tax purposes only.

Individual Taxpayer Identification Number (ITIN). If the IRS has issued you an ITIN because you do not have a Social Security number, enter your ITIN on your Oregon tax return wherever your SSN is requested. If you

do not have an ITIN, you need to request one from the IRS. Do not attach your ITIN application (federal Form W-7) to your Oregon tax return. Please write "ITIN applied for" on the top of your Oregon return and file the return by April 15, 2005. For a copy of Form W-7, visit the IRS Web site at www.irs.gov. Or, call the IRS at 1-800-829-1040.

Date of birth. Enter the month, day, and year you were born. For example, "10/27/1963."

Check the boxes

Filing status

1 – **5** Check the box next to your filing status. If filing as **head of household**, enter the name of the person who qualifies you for head of household filing status next to box 4.

You must check the **same filing status** you checked on your federal return. **Exception:** If you and your spouse do not have the same residency status, you may file separate returns for Oregon even if you filed your federal return as married filing jointly. To determine which form to use based on the filing status you choose for Oregon, see page 4.

How to file separate returns for Oregon

If you are **married filing separately** (MFS), enter your spouse's first name, last name (first four letters only), and Social Security number next to box 3. Do not fill in your spouse's name or Social Security number in the heading of the return.

If you **file separate returns for Oregon only**, report your own share of federal adjusted gross income (AGI) and deductions. Also, report your share of any Oregon additions or subtractions. To figure your share of the federal tax subtraction or itemized deductions, determine your federal AGI and use the following formula:

$$\frac{\text{Your share of federal AGI}}{\text{Joint federal AGI}} = \text{Your percentage (not to exceed 100\%)}$$

Write "MFS for Oregon only" at the top of the form in **blue or black** ink. Attach the following to both Oregon returns:

- A federal Form 1040, 1040A, 1040NR, or 1040EZ prepared **as if** you had filed married filing separately; and
- A copy of the joint Form 1040, 1040A, 1040NR, or 1040EZ you **actually** filed.

If possible, mail both spouses' Oregon returns in the same envelope. **Do not** staple the returns together.

Visit our Web site to download the information circular, *Married Persons Filing Separate Returns*. Or, to order it, see page 40.

Exemptions

6a & 6b Yourself and spouse. Check "Yourself" and other boxes that apply. If someone else can claim you as a dependent, you can't claim an exemption for yourself; enter -0- in the total box on 6a unless you have a severe disability.

Severely disabled. Did you have a severe disability at the end of 2004? If so, you may claim an additional exemption credit. You may qualify for the severely disabled exemption even if someone else can claim you as a dependent. You are considered to have a severe disability if **any** of the following apply:

- You permanently lost the use of one or both feet, or
- You permanently lost the use of both hands, or
- You are permanently blind, or
- You have a permanent condition that, without special equipment or outside help, limits your ability to:
 - Earn a living, or
 - Maintain a household, or
 - Transport yourself.

Special equipment doesn't include items such as glasses, contact lenses, ordinary crutches, or hearing aids.

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but does not prevent you from doing other kinds of work without special equipment.

If you have a permanent severe disability, your physician must write a letter describing your disability. Keep the letter with your permanent health records.

If you qualify, check the "Severely disabled" exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the loss of use of limbs credit. Call the department for more information. See page 40.

6c All dependents. Enter the number of your dependents in box 6c. Fill in their first names on the line. In most cases, you must claim the same dependents claimed on your federal return.

6d Child(ren) with a disability. You may be entitled to an additional personal exemption for your dependent child who has a qualifying disability. To qualify, **all** of the following must be true. Your child:

- Qualified as your dependent for 2004; and
- Was age 17 or younger on December 31, 2004; and
- Was eligible for "early intervention services" or received special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone don't qualify); and

- Was considered to have a disability as of December 31, 2004, under the federal Individuals with Disabilities Education Act and related Oregon laws. Eligible disabilities include:

- Autism.
- Deaf-blind.
- Hearing impairment.
- Mental retardation.
- Multiple disabilities.
- Orthopedic impairment.
- Other health impairment.
- Serious emotional disturbance.
- Traumatic brain injury.
- Visual impairment.

Get a statement of eligibility that confirms one of the disabilities listed above and the cover sheet from **one** of the following:

- The child's Oregon Individualized Education Program (IEP), or
- The child's Oregon Individualized Family Service Plan (IFSP).

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Child(ren) with a disability." Also be sure to include the child's name on line 6c for "All dependents."

- 7a** **Age 65 or older, or blind.** Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2004. You are entitled to a larger standard deduction on Form 40N, line 44; or Form 40P, line 45.

If you or your spouse are blind, you may also qualify for the severely disabled exemption credit. For box 6a and 6b instructions, see page 16.

- 7b** **Extension.** If you filed an extension of time to file, check box 7b. For more information, see page 13.

7c **Schedule WFC-N/P.** If you are claiming the Oregon working family child care credit, you must attach Schedule WFC-N/P to your return. Check box 7c on Form 40N or Form 40P. For more information, see page 34.

7d **Oregon Form 24.** Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check the box on line 7d. Also, complete and attach Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*. Download it from our Web site or to order the form, see page 40.

7e **State School Fund.** If there is a kicker refund, do you wish to donate your kicker refund to the State School Fund? If so, check box 7e. The fund is used for public elementary and secondary education. The kicker amount, if any, will be determined in the fall of

2005. If you check the box, any kicker refund that you would have received in 2005 based on your 2004 Oregon income tax will be sent directly to the State School Fund. **If you check the box, you cannot change your decision for the 2004 tax year.**

Step 4: Line instructions

The following instructions are for Form 40N or 40P, lines 8–82, if not fully explained on the form.

Do not fill in cents. You **must** round off cents to the nearest whole dollar. For example, \$12.49 becomes \$12 and \$233.50 becomes \$234.

The forms have two columns for figures. These columns are used to compare the portion of your federal adjusted gross income that Oregon taxes to your total federal adjusted gross income.

Federal column—Income section

The first column is labeled "Federal column." In this column, lines 8–28, fill in the same amounts you reported on your federal return.

Line 30a, "Income after adjustments," must match your 2004 federal adjusted gross income from federal Form 1040, line 36; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 34; or TeleFile Tax Record, line I. If it does not match, please check that you transferred your federal figures correctly. If you need help, please contact us. See page 40.

Oregon column—Income section

The second column is labeled "Oregon column." Use the Oregon column to list the amounts from the federal column that Oregon taxes.

Nonresidents. Oregon taxes only your income from **Oregon sources**. To compute your Oregon source income, see "What does income from Oregon sources include?" on page 3.

Part-year residents. Oregon taxes your income from **all sources** earned or received while you were an Oregon resident. Oregon also taxes your income from **Oregon sources** while you were a nonresident. To compute your Oregon source income, see "What does income from Oregon sources include?" on page 3.

Full-year residents. Oregon taxes your income from **all sources**. All amounts included in the federal column should also be included in the Oregon column.

8 **Wages, salaries, and other pay for work. Part-year residents**—fill in amounts you earned while an Oregon resident and any amounts you earned working in Oregon while you were a nonresident.

Full-year residents—fill in all income included in the federal column.

Nonresidents—fill in the amount earned while working in Oregon. If that amount differs from the Oregon wages on your W-2 form, you must attach an explanation from your employer to the back of your return. If your Oregon wages are not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \frac{\text{Total wages}}{\text{wages}} = \frac{\text{Oregon wages}}{\text{wages}}$$

Do not include holidays, vacation days, and sick days as days actually worked. **However, you must** include sick *pay*, holiday *pay*, and vacation *pay* in total wages. See the example on page 3. If Oregon is the only state you worked in, do not use this formula; all of your earnings are taxable and should be reported in the Oregon column.

Exceptions:

- If you are a nonresident with interstate transportation wages, you may qualify for special treatment under the Amtrak Act. Visit our Web site to download the information circular, *Amtrak Act (Interstate Transportation Wages)*. Or, to order it, see page 40.
- Nonresidents who work on Bonneville, The Dalles, John Day, or McNary dams should exclude this income from the Oregon column. Write the name of the dam you work on at the top left corner of the return. Please use **blue or black** ink.
- Nonresidents who work as crew or pilots on a vessel on the Columbia River or Snake River waterway should exclude this income from the Oregon column. Write “Waterway” at the top left corner of the return. Please use **blue or black** ink.
- Nonresident members of the U.S. Armed Forces stationed in Oregon should exclude their military pay from the Oregon column. Military pay of a nonresident is not Oregon source income. Do not report it in the Oregon column on line 8. Write “Military nonresident” at the top left corner of the return. Please use **blue or black** ink.

9 Taxable interest income. Determine the amount of interest income you received while you were a nonresident on funds used for business activity in Oregon. Add to that any interest included on your federal return that you received during the part of the year you were an Oregon resident.

10 Dividend income. Determine the amount of dividends received from an Oregon business activity source while you were a nonresident. This includes dividends passed through to you from an S corporation or partnership doing business in Oregon. These are dividends your S corporation or partnership received on the stock of another corporation. Add to that any dividend income included on your federal re-

turn that you received during the part of the year you were an Oregon resident.

11 State and local income tax refunds. Fill in the amount reported on your federal return that is:

- A refund from Oregon or any other state or locality for which you claimed a deduction on an Oregon return in a prior year, or
- A refund received during the part of the year you were an Oregon resident.

12 Alimony received. Fill in alimony you received for the part of the year you were an Oregon resident.

13 Business income or loss. For the part of the year you were a nonresident, determine the amount of income or loss from an Oregon business activity. Add to that all business income or losses incurred for the part of the year you were a resident of Oregon.

14 Capital gain or loss. For the part of the year you were a nonresident, determine the amount of gain or loss from Oregon sources and capital gain distributions from Oregon sources. Add to that the amount of your capital gains and losses received during the part of the year you were an Oregon resident. Limit losses to \$3,000 (\$1,500 if married filing separately).

15 Other gains or losses. For the part of the year you were a nonresident, determine the amount of gain or loss from Oregon sources. Add to that the gain received or loss incurred for the part of the year you were an Oregon resident.

16 IRA distributions. Determine the amount of any taxable individual retirement arrangement (IRA) distributions received for the part of the year you were an Oregon resident. Include any amounts you converted from a regular IRA into a Roth IRA while you lived in Oregon. If you lived in another state when you made contributions to your IRA, you may need more information. For taxpayer assistance, see page 40.

17 Pensions and annuities. Report in the Oregon column the amount of taxable pensions and annuities (including federal pensions) you received while you were an Oregon resident. If you are domiciled in Oregon, you must also include any Oregon source pensions you received. This is true even though you may qualify as a nonresident under the special-case Oregon resident or Oregon resident living abroad tests. See page 4.

For example, if you lived in Oregon before you retired **and have not changed your permanent home to another state**, you must report the pension you earned while you worked in Oregon. If you receive a federal pension, you may qualify for a subtraction on line 38. For instructions, see page 21. If you need help, please contact us. See page 40.

18 Rents, royalties, partnerships, limited liability companies, real estate investment trusts (REITs), estates, trusts, etc., from federal Schedule E. Determine the amount of income you received from Oregon sources during the part of the year you were not a resident. Add to that the amount received during the part of the year you were an Oregon resident. Partners and S corporation shareholders may need more information. For taxpayer assistance, see page 40.

19 Farm income or loss. Determine the amount of income or loss received from an Oregon farm while you were a nonresident. Add to that the amount of farm income or loss received during the part of the year you were an Oregon resident.

20 Unemployment compensation, taxable Social Security, and all other taxable income. Determine the amount of any unemployment compensation and any other taxable income you received during the part of the year you were an Oregon resident. Add to that figure any unemployment compensation or severance pay received because of an Oregon job and any other Oregon income you received while you were a nonresident. Don't fill in any Social Security, Railroad Retirement Board benefits, or Railroad Retirement Board unemployment benefits in the Oregon column; Oregon doesn't tax this income.

Include in the Oregon column all payments received from the Oregon Lottery. Oregon Lottery includes Powerball tickets you purchased in Oregon. To determine whether you can subtract some or all of this amount on line 38, see "Oregon Lottery winnings" on page 22.

Adjustments to income

22 IRA or self-employed SEP and SIMPLE contributions. Oregon follows the federal definition of earned income and compensation used to calculate your IRA and other retirement plan deductions. Determine the amount you paid during the part of the year you were an Oregon resident. Add to that the amount calculated for the time you were a nonresident.

- **IRA.** For the part of the year you were a nonresident, determine your deduction using the following formula:

$$\frac{\text{Oregon compensation while a nonresident}}{\text{Total compensation while a nonresident}} \times \text{IRA contributions made while a nonresident} = \text{Nonresident deduction}$$

This deduction cannot be more than the amount of Oregon compensation included in the Oregon column.

- **Self-employed SEP, SIMPLE, and qualified plans.** For the part of the year you were a nonresident,

determine your allowable deduction using the following formula:

$$\frac{\text{Oregon earned income while a nonresident}}{\text{Total earned income while a nonresident}} \times \text{Contributions made while a nonresident} = \text{Nonresident deduction}$$

This deduction cannot be more than the amount of earned income included in the Oregon column.

23 Education deductions. See the instructions below to help you figure the amounts you can claim on your Oregon return.

- **Educator expenses deduction** from federal Form 1040, line 23; or Form 1040A, line 16. Visit our Web site or contact us for more information. See page 40.
- **Student loan interest deduction** from federal Form 1040, line 26; or Form 1040A, line 18.

For any part of the year you were a nonresident, calculate your deduction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income from all sources while a nonresident}} \times \text{Student loan interest paid while a nonresident} = \text{Nonresident deduction}$$

Add to that all interest paid during the part of the year you were an Oregon resident. Enter the smaller of the result or the amount deducted on your federal return.

- **Tuition and fees deduction** from federal Form 1040, line 27; or Form 1040A, line 19.

For any part of the year you were a nonresident, calculate your deduction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \text{Qualified tuition and fees paid while a nonresident} = \text{Nonresident deduction}$$

Add to that the amount of qualified education expenses you paid during the part of the year you were an Oregon resident. Enter the smaller of the result or the amount deducted on your federal return, but no more than \$4,000.

Add together your student loan interest deduction and tuition and fees deduction. Enter the total on line 23. If you were not allowed a federal tuition and fees deduction because you claimed the federal credit, do not claim a tuition and fees deduction on line 23. You may be entitled to a subtraction on line 38. See page 23.

24 Moving expenses. Fill in moving expenses only if:

- You qualified to take them on your federal return, and
- They are connected with gaining employment in Oregon, or

- You paid the qualified moving expenses after moving to Oregon to take a job in another state.

Otherwise, enter -0-.

Example 1: If you moved from California to Washington to take a job in Oregon, fill in your allowable moving expenses in the Oregon column.

Example 2: If you left Oregon to take a job in another state, you cannot deduct your moving expenses.

Example 3: Camille moved from Michigan to Oregon on May 23, 2004, to begin work in Washington. She paid her moving expenses on June 30, 2004. While the expenses are not related to Oregon employment, Camille can deduct them because they were paid after she became a resident of Oregon.

25 Deduction for self-employment tax. Determine the amount of your self-employment tax on earnings taxed by Oregon using the following formula:

$$\frac{\text{Self-employment earnings taxed by Oregon}}{\text{Total self-employment earnings}} \times \text{Federal deduction for self-employment tax} = \text{Oregon deduction}$$

The Oregon deduction cannot be more than the federal deduction.

26 Self-employed health insurance deduction. Oregon allows a deduction for 100 percent of your health insurance premiums related to your self-employment for the part of the year you were an Oregon resident. Add to that the health insurance premiums paid by your Oregon business while a nonresident. Your total Oregon deduction cannot be more than your federal deduction.

27 Alimony paid. Determine if the alimony you paid is taxable (for federal purposes) to your former spouse. If so, for the part of the year you were not an Oregon resident, figure the Oregon deduction as follows:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \text{Alimony paid while a nonresident} = \text{Nonresident deduction}$$

Add to that amount the alimony you paid while you were a resident.

28 Other adjustments to income. In the federal column of line 28, include any of the other adjustments listed below that you claimed on your federal return. In the Oregon column of line 28, enter the amount of other adjustments you are entitled to claim on your Oregon return. Use the numeric code shown in brackets to identify the deduction(s). For example, if for Oregon purposes you are claiming a \$500 health savings account deduction, enter "003-\$500" in the space provided and enter "\$500" in the Oregon column of line 28.

- Certain business expenses of reservists, performing artists, and fee-basis government officials from federal Form 1040, line 24 [code 002].
- Health savings account deduction from federal Form 1040, line 28 [code 003].
- Penalty on early withdrawal of savings from federal Form 1040, line 33 [code 004].
- Any other adjustment to income reported on federal Form 1040, line 35 [code 005].

Did you deduct military travel expenses on line 24 of your federal Form 1040? If so, you will have an addition on your Oregon return because Oregon is not tied to this provision of the federal Military Family Tax Relief Act. See line 33 instructions on this page. Visit our Web site or contact the department for more information. See page 40.

Additions

Generally, additions are items the federal government does not tax but Oregon does. Additions increase the income taxed by Oregon.

31 Interest and dividends on state and local government bonds outside of Oregon.

Federal column. If you didn't include this income in your federal income, fill in the amount of interest and dividends you received from state and local governments outside of Oregon.

Oregon column. Nonresidents—don't fill in any amount. **Full-year and part-year residents**—if you didn't include this income on line 9 or 10 of the Oregon column, fill in the amount of interest and dividends you received from state and local governments outside of Oregon while you were an Oregon resident.

32 Federal election on interest and dividends of a minor child. Did you report interest or dividends of your minor child on your federal return? If so, you must add to Oregon income the amount that is subject to the special federal tax.

Federal column. Fill in the smaller of line 7 or 8 from federal Form 8814. Add to that any interest or dividends your child received from state and local governments outside of Oregon.

Oregon column. Nonresidents—don't fill in any amount. **Full-year and part-year residents**—fill in interest and dividends received while the minor child was an Oregon resident. Include interest and dividends from state and local governments other than Oregon that your child received while an Oregon resident.

33 Other additions. You may need to report one or more other additions explained below. Please identify the addition(s) in the space on line 33 using the numeric code shown in brackets. For example, if you are reporting a \$1,000 addition for a depreciation

difference for Oregon, enter "101-\$1,000" in the space provided. If you have more than one addition, show the type and amount of each on the form. Fill in the total amount of "other additions" on line 33.

- **Depreciation difference for Oregon [code 101].** Is your depreciation for Oregon purposes different from your depreciation for federal purposes? If so, you will need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need two schedules. Download the schedule from our Web site. Or, to order it, see page 40.
- The following additions apply to only a few people and are not explained in this booklet. Make the additions in **both** the federal and Oregon columns. For taxpayer assistance, see page 40.
 - Child Care Fund contributions [code 123].
 - Claim of right [code 103].
 - Depletion in excess of property basis [code 104].
 - Disposition of inherited Oregon farmland or forestland [code 106].
 - Fiduciary adjustments from Oregon estates and simple or complex trusts [code 100].
 - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [code 111].
 - Individual Development Account [code 113].
 - Long-term care insurance premiums [code 114].
 - Lump-sum distributions [code 115].
 - Military Family Tax Relief Act provisions [code 102].
 - Non-Oregon source net operating loss [code 116].
 - Non-qualified withdrawal from an Oregon 529 College Savings Network account [code 117].
 - Oregon Cultural Trust [code 124].
 - Passive activity losses [code 120].
 - Unused business credit [code 122].

Subtractions

Generally, subtractions are items the federal government taxes but Oregon does not. Subtractions reduce the income taxed by Oregon.

37 Social Security and tier 1 Railroad Retirement Board benefits. Subtract Social Security and tier 1 Railroad Retirement Board benefits **only** if you included them in the federal column on line 20.

38 Other subtractions. You may qualify for one or more other subtractions explained below. Please identify the subtraction(s) in the space on line 38 using the numeric code shown in brackets. For example, if you are subtracting \$2,000 in military pay, enter "319-\$2,000" in the space provided. If you have more than one subtraction, show the type and amount of each on the form. Fill in the total amount of "other subtractions" on line 38.

- **Claim of right [code 302].** Were you taxed in a prior year on income that you are repaying, such as unemployment compensation? If so, you may be able to subtract the income you repaid. Contact the department for more information. See page 40.
- **Depreciation difference for Oregon [code 304].** Is your depreciation for Oregon purposes different from your depreciation for federal purposes? If so, you will need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need two schedules. Download the schedule from our Web site. Or, to order it, see page 40.
- **Federal pension income [code 307].** You may be able to subtract some or all of your pension included in 2004 federal income. This includes benefits paid to the retiree or to the beneficiary. The subtraction amount is based on the number of months of federal service before and after October 1, 1991:
 - **If all of your months of federal service were before October 1, 1991,** subtract 100 percent of the taxable amount of federal pension income you reported on your federal return.
 - **If you have no months of service before October 1, 1991,** you cannot subtract any federal pension.
 - **If your service was both before and after October 1, 1991,** you will subtract a percentage of the taxable federal pension income you reported on your federal return. To determine your percentage, divide your months of service before October 1, 1991, by your total months of service. Once you have determined the percentage, it will not change from year to year.

Example: Delaney began working for the U.S. Forest Service May 27, 1971, and retired January 7, 2004. She worked 244 months before October 1, 1991, and a total of 391 months. Delaney moved to Oregon May 31, 2004. She can subtract 62.4 percent ($244 \div 391$) of her taxable federal pension included in the Oregon column. She will continue to subtract 62.4 percent of her taxable federal pension from Oregon income in future years.

Use the following worksheet to determine your subtraction amount:

Federal column

1. Federal pension included in federal column, Form 40N or Form 40P, line 17. 1. _____
2. Divide months of service before October 1, 1991, by total months of service. 2. _____
3. Multiply line 1 by line 2. Enter here and on Form 40N or Form 40P, line 38a. 3. _____

Worksheet continued on next page

Oregon column

- | | |
|--|----------|
| 4. Federal pension included in Oregon column, Form 40N or Form 40P, line 17. | 4. _____ |
| 5. Percentage from line 2 above. | 5. _____ |
| 6. Multiply line 4 by line 5. Enter here and on Form 40N or 40P, line 38b. | 6. _____ |

To avoid processing delays or adjustments, double-check that you reported your pension income on the correct line and attach your federal return.

- **Interest and dividends from the U.S. government [code 315].**

Federal column. On Form 40N or Form 40P, line 38a, fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest you received through partnerships or grantor trusts.

Examples:

- You may subtract interest from U.S. Series EE and HH bonds and Treasury bills and notes.
- You may subtract interest and dividends paid to you by organizations that invest in U.S. government securities. Check the information on your Form 1099. The payer may have given the percentage of interest and dividends from U.S. government securities. For more information, visit our Web site to download the information circular, *Interest and Dividends on U.S. Bonds and Notes*. Or, contact us to order it. See page 40.
- You must reduce U.S. government interest by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.
- Don't include interest on federal tax refunds in either column.
- If you reported interest or dividends of your minor child on your federal return, you may subtract any U.S. government interest included.

Oregon column. If you included interest and dividends from the U.S. government on lines 9 and 10 of the Oregon column, fill in this amount of U.S. government interest on line 38b.

Note: When you sell or dispose of a U.S. government obligation, you must include any gain or loss in income.

- **Local government bond interest [code 317].**

Federal column. The U.S. government taxes certain types of local government bond interest such as private activity bond interest. If you included income from Oregon bonds on your federal return, subtract it on line 38a.

Oregon column. On line 38b, fill in Oregon local government bond interest if you included it in Oregon income on line 9.

- **Military pay [code 319].** Did you report U.S. military pay in income on line 8? If so, you may qualify for a subtraction.

The Servicemembers Civil Relief Act was signed into federal law on December 19, 2003. According to the Act, military pay received by a nonresident, or received by a part-year resident while a nonresident of Oregon, cannot be used to compute Oregon tax. This is retroactive and applies to any tax year for which the statute of limitation remains open.

Federal column. Subtract all of the military pay you received while you were a nonresident of Oregon from the wages you reported in the federal column on line 8.

Oregon column. Nonresidents—don't fill in any amount. Military pay of a nonresident is not Oregon source income and should not be reported in the Oregon column on line 8. There is nothing to subtract.

Full-year and part-year residents—subtract from the wages you reported in the Oregon column on line 8:

- All active duty pay earned outside of Oregon, and
- Up to \$3,000 active duty pay earned in Oregon.

Note: Your total military pay subtractions cannot be more than your total military pay.

- **Oregon 529 College Savings Network [code 324].**

You may subtract contributions you made to an Oregon 529 College Savings Network account in 2004, but not more than \$2,000 (\$1,000 if married filing separately) per return. If you contribute more than \$2,000, you may carry forward the amount of your contribution not subtracted this year over the next four years. Keep a copy of your account statement with your tax records. For more information, visit the network's Web site at www.oregon529network.com. Or, call their tax information line at 503-378-2882.

Federal column and Oregon column. Subtract the qualified contributions you made during the year to an Oregon 529 College Savings Network account.

- **Oregon Lottery winnings [code 322].** Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket, however, the federal government does. Oregon Lottery includes Powerball tickets you purchased in Oregon.

Federal column and Oregon column. From the winnings you reported on line 20 you may subtract:

- Oregon Lottery winnings of \$600 or less from each single ticket or play, and
- Oregon Lottery annual payments from tickets purchased prior to 1998.

Example 1: Cheryl had winnings of \$200 playing an Oregon Lottery scratch-off ticket in 2004. This income is included in her federal adjusted gross income. Oregon does not tax Oregon Lottery winnings

of \$600 or less per single ticket or play, so Cheryl can subtract the \$200 she won on the scratch-off ticket from both columns of her return.

Example 2: David won two prizes in 2004. He won \$1,000 playing Oregon Lottery video poker and \$500 playing an Oregon Lottery Keno game. David must include \$1,500 in his federal income, however, Oregon will not tax the \$500 he won playing Keno. He can subtract \$500 on his Oregon return in both columns because the winnings were from a single game and below the \$600 limit. He cannot subtract any of the \$1,000 he won playing video poker, because the prize was more than \$600 and is fully taxable to Oregon.

Are you claiming gambling losses as an itemized deduction? If so, you also may need to reduce them. See instructions for Form 40N, line 46; or Form 40P, line 47, page 25. If you need help, please contact us. See page 40.

- **Oregon income tax refund included in federal income [code 325].** This subtraction is for Oregon state income tax refunds only. Do not include other states' refunds or any local or county tax refunds.

Federal column. Fill in your Oregon state income tax refund **only** if you included it on line 11 of the federal column.

Oregon column. Fill in your Oregon state income tax refund **only** if you included it on line 11 of the Oregon column.

- **Railroad Retirement Board benefits [code 330].**

Federal column. Fill in your tier 2, supplemental, windfall, and vested dual Railroad Retirement Board benefits included on line 20 of the federal column. Fill in railroad unemployment benefits included on line 20.

Oregon column. Don't fill in any amount. Oregon does not tax Railroad Retirement Board benefits or Railroad Retirement Board unemployment benefits.

- **Tuition and fees deduction [code 313].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you were not allowed a tuition and fees deduction because you claimed the federal credit. Because Oregon does not have credits similar to the Hope or lifetime learning credits, you can take the federal tuition and fees deduction on your Oregon return as a subtraction. For 2004, the maximum amount you can claim is the smaller of \$4,000 or your actual expenses.

Federal column. Enter the amount of the federal tuition and fees deduction you would have claimed on your federal return had you not claimed the federal credit. The maximum deduction you can claim is \$4,000.

Oregon column. For the part of the year you were a nonresident, calculate your subtraction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \frac{\text{Qualified tuition and fees paid while a nonresident}}{\text{Total income while a nonresident}} = \text{Nonresident deduction}$$

Add to that the amount of qualified education expenses you paid while you were an Oregon resident. Enter the smaller of the result or the amount you would have deducted on your federal return, but no more than \$4,000.

- **The following subtractions** apply to only a few people and are not explained in this booklet. Please visit our Web site for information about these subtractions. For taxpayer assistance information, see page 40. Make the subtraction in **both** the federal and Oregon columns if you included the related income in both columns.
 - American Indian [code 300].
 - Business expenses reduced because of federal tax credits (such as targeted jobs, work opportunities) [code 308].
 - Certain pension distributions when the contributions were taxed by another state [code 327].
 - Domestic partner benefits [code 305].
 - Federal gain previously taxed by Oregon [code 306].
 - Fiduciary adjustments from Oregon estates and simple or complex trusts [code 310].
 - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [code 312].
 - Individual Development Accounts [code 314].
 - Land donation to an educational institution [code 316].
 - Logger and construction worker commuting costs [code 303].
 - Net operating loss [code 321].
 - Passive activity losses [code 326].
 - Public Safety Memorial Fund awards [code 329].
 - Scholarship awards used for housing expenses [code 333].

40 Oregon percentage. Divide the amount on line 39b by the amount on line 39a. Round the decimal to three places. Write the percentage on line 40. **Don't fill in more than 100 percent or less than -0-.**

	Oregon percentage		
Example	Line 39b	Line 39a	Line 40
1	\$8,000 ÷	\$30,000 = .266666	Round to .267 (26.7%)
2	(1,000) ÷	15,000 =	-0- (0%)
3	20,000 ÷	15,000 = 1.333	Limited to 1.000 (100.0%)

If the amount on line 39b is **greater than** the amount on line 39a, your Oregon percentage is 100 percent. This is true even when line 39a is a negative number.

Deductions and modifications

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger, but not both.

Form 40N 41

Form 40P 42

Itemized deductions.

You may claim your total itemized deductions after federal limitations shown on federal Schedule A, line 28. You may claim itemized deductions for Oregon even if you do not have enough deductions to itemize on your federal return.

If you itemize for Oregon only, fill out a federal Schedule A for Oregon purposes. Use your federal adjusted gross income to figure the Schedule A limitations. Keep the Schedule A with your tax records.

Note: If you are married filing separately, you must itemize deductions if your spouse itemizes. Are you filing separate returns for Oregon only? If so, determine your share of itemized deductions by multiplying your total joint deductions by the percentage you figured on page 16. You may separate each spouse's itemized deductions if you can clearly identify your own itemized deductions.

Form 40N 42

Form 40P 43

State income tax claimed as an itemized deduction.

Fill in the amount of Oregon state income tax you claimed as an itemized deduction on federal Schedule A, line 5. Do not include local or county tax amounts.

Are you claiming a credit for income taxes paid to another state and deducting the other state's taxes on Schedule A? If so, include the other state's 2004 net tax liability or the other state's 2004 tax claimed as an itemized deduction, whichever is less. For line 58 instructions, see page 28.

Did you limit itemized deductions on your federal return because your adjusted gross income (AGI) exceeded \$142,700 (\$71,350 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. Visit our Web site to download the information circular, *Itemized Deductions Limit*. Or, to order it, see page 40.

Form 40N 44

Form 40P 45

Standard deduction.

Generally, your standard deduction is based on your filing status, as follows:

Single.....	\$1,720
Married filing jointly.....	3,445
Married filing separately	
<i>If spouse claims standard deduction</i>	1,720
<i>If spouse claims itemized deductions.....</i>	-0-
Head of household.....	2,770
Qualifying widow(er).....	3,445

Standard deduction—Age 65 or older, or blind. If you or your spouse are age 65 or older, or blind, you are entitled to a larger standard deduction amount. Use the chart below to determine your larger standard deduction.

- Are you:..... 65 or older? Blind?
If claiming spouse's exemption,
is your spouse: 65 or older? Blind?

2. If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$ 2,920
	2	4,120
Married filing jointly	1	4,445
	2	5,445
	3	6,445
	4	7,445
Married filing separately	1	2,720
	2	3,720
	3	4,720
	4	5,720
Head of household	1	3,970
	2	5,170
Qualifying widow(er)	1	4,445
	2	5,445

Fill in the total standard deduction on Form 40N, line 44; or Form 40P, line 45.

Standard deduction—Dependents. If someone else can claim you as a dependent, your standard deduction is limited to the **larger** of:

- Your earned income plus \$250, up to the maximum allowed for your filing status as shown above; or
- \$800.

The limit applies even if you can be, but are not, claimed as a dependent on another person's return.

Use the following worksheet to figure your standard deduction:

1. Enter your earned income. 1. _____
2. Additional \$250. 2. 250
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction set amount. 4. 800
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,720
7. Enter the smaller of line 5 or line 6. 7. _____
8. If you are under age 65, enter -0-. If you are age 65 or older, enter \$1,200. 8. _____
9. If you are not blind, enter -0-. If you are blind, enter \$1,200. 9. _____
10. Add lines 7, 8, and 9. Enter the total here and on Form 40N, line 44; or Form 40P, line 45. This is your standard deduction. 10. _____

Standard deduction—Nonresident aliens. The standard deduction for nonresident aliens is -0-.



2004 federal tax liability. Carefully follow the instructions below. Don't

confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

You may deduct your total federal income tax liability after credits, up to \$4,000. Don't fill in less than -0- or more than \$4,000 (\$2,000 if married filing separately).

1. Enter your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 56; Form 1040NR, line 51; or TeleFile Tax Record, tax from line K, box 2. 1. _____
2. Enter your tax on qualified retirement plans, Form 1040, line 59; or Form 1040NR, line 54, and any recapture taxes you included on Form 1040, line 62. 2. _____
3. Add lines 1 and 2. 3. _____
4. Enter \$4,000 (\$2,000 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40N, line 45; or Form 40P, line 46. 5. _____

Caution: Don't include any of the following on line 2 above.

- Self-employment tax.
- Social Security and Medicare tax on tips.
- Advance earned income credit payments.
- Household employment taxes.

If you file married filing separately for Oregon only, multiply your joint federal tax liability (after credits) by the percentage calculated on page 16. Each spouse is limited to a maximum subtraction of \$2,000.

Did you pay additional federal tax in 2004 because you were audited or you filed an amended return? If so, read the instructions for Form 40N, line 46; or Form 40P, line 47.



Other deductions and modifications. Only a few people have other

deductions and modifications. These items are multiplied by the Oregon percentage. Please identify the deduction or modification in the space on the form using the numeric code shown in brackets. For example, if you are reporting a \$900 foreign tax deduction, enter "603-\$900" in the space provided. If you have more than one, show the type and amount of each on the form. Modifications can be either additions or subtractions. Net the total amount of these items and enter

that amount on this line. If the net amount is an addition, please clearly bracket it. For example, "[200]."

• **Federal income tax refunds [code 601].** Did you get a federal tax refund in 2004 because you were audited or because you amended a prior year return? If so, fill in and clearly bracket the amount on Form 40N, line 46; or Form 40P, line 47, if you subtracted that amount on a prior Oregon return.

• **Federal tax from a prior year [code 602].** Did you pay additional federal tax in 2004 because you were audited or because you amended a prior year's return? If so, you may be able to deduct the additional tax. This deduction applies only to additional tax you paid because your return was changed. It doesn't include the tax from the original return or interest or penalties you paid.

Use the following worksheet to figure your deduction for federal tax from a prior year.

1. Enter \$4,000 (\$2,000 if married filing separately). 1. _____
2. Enter your federal tax liability from Form 40N, line 45; or Form 40P, line 46. 2. _____
3. Line 1 minus line 2. If the result is -0-, you cannot deduct your federal tax paid for a prior year. If greater than -0-, enter the result on line 3. 3. _____
4. Enter the amount of federal tax you paid for a prior year. 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40N, line 46; or Form 40P, line 47. 5. _____

• **Foreign tax [code 603].** Did you pay tax to a foreign country in 2004? You may deduct this tax if you:

- Took a foreign tax credit on your federal return, **or**
- Didn't take a foreign tax credit **and** didn't itemize deductions on your federal return.

This subtraction is limited to \$3,000 (\$1,500 if married filing separately).

If you think you qualify, visit our Web site for more information. Or, contact the department. See page 40.

• **Gambling losses claimed as an itemized deduction [code 604].** Did you have winnings from the Oregon Lottery and claim gambling losses on your federal Schedule A? If so, fill in and clearly bracket on Form 40N, line 46; or Form 40P, line 47, the gambling losses claimed as an itemized deduction that exceed gambling winnings taxed by Oregon.

• **Special Oregon medical deduction [code 606].** Were you or your spouse **age 62 or older** on December 31, 2004? If so, your deduction is the smaller of line 1 or line 3 from your federal Schedule A. To claim this

deduction, you must itemize your deductions for Oregon. You can do this by filling out a Schedule A for both federal and Oregon or filling out one for Oregon only. Keep your Schedule A with your tax records.

- **Part-year residents only: Artists who make a charitable art donation [code 600].** Visit our Web site to download the information circular, *Artist's Charitable Contribution Subtraction*. Or, contact us to order it. See page 40. Nonresidents, see Form 40N, line 48 instructions.

Form 40N 47 **Allowable deductions and modifications.** Complete the worksheet below to determine the deductions and modifications you are entitled to claim.

1. Enter amount from either Form 40N, line 43; or Form 40N, line 44, whichever is larger. 1. _____
2. Enter amount from Form 40N, line 45. 2. _____
3. Enter amount from Form 40N, line 46. 3. _____
4. Add together amounts from lines 1, 2, and 3 above. Enter result here. 4. _____
5. Enter your Oregon percentage from Form 40N, line 40, here. 5. _____
6. Multiply the amount from line 4 by the amount on line 5 above. Enter result here and on Form 40N, line 47. 6. _____

Form 40N 48 **Deductions and modifications not multiplied by Oregon percentage.**

- **Artists who make a charitable art donation [code 600].** Artists who make a charitable art donation may take a full deduction. Visit our Web site to download the information circular, *Artist's Charitable Contribution Subtraction*. Or, contact us to order it. See page 40.

Oregon tax

Form 40N 51 **Form 40P 50** **Tax from tax rate charts.** Figure the tax on your taxable income, Form 40N, line 50; or Form 40P, line 49. Most people go di-

rectly to the rate charts below. Fill in your tax amount on Form 40N, line 51; or Form 40P, line 50. Please double-check the tax you figured.

Example: A married couple's Oregon taxable income is \$29,500. They are filing jointly. They will use chart J for married filing jointly. They figure their tax like this:

Chart J	
Oregon taxable income	\$29,500
Subtract	- 13,000
	16,500
Multiply by 9%	× .09
	1,485
Then add	+ 806
Their Oregon tax is	<u>\$2,291</u>

Go to line 52 if:

- You sold or exchanged farm assets to get out of a farming business, or
- You want to use farm income averaging to compute your Oregon tax.

Form 40N 52 **Form 40P 52** **Tax from Form FIA-40N, Form FIA-40P, or Worksheet FCG.** If you qualify, you can compute your Oregon tax using one of the following methods:

Farm income averaging method. You can use the federal farm income averaging method to compute your Oregon tax even if you didn't use farm income averaging on your federal return. Only Oregon source farm income is considered elected farm income.

Use Form FIA-40N, *Oregon Farm Income Averaging for Nonresidents*, or Form FIA-40P, *Oregon Farm Income Averaging for Part-Year Residents*, to calculate your tax on your farm income and your other Oregon income. Visit our Web site to download the form and instructions. Or, to order the form, see page 40.

1. Enter the tax amount from Form FIA-40N, line 19; or Form FIA-40P, line 18, on Form 40N or 40P, line 52.
2. Check the box labeled "Form FIA."

2004 Tax Rate Charts

S Tax Rate Chart For persons filing Single or Married filing separately

If your taxable income is:	Your tax is:
Not over \$2,600.....	5% of taxable income
Over \$2,600 but not over \$6,500.....	\$130 plus 7% of the excess over \$2,600
Over \$6,500.....	\$403 plus 9% of the excess over \$6,500

J Tax Rate Chart For persons filing Jointly, Head of household, or Qualifying widow(er) with dependent child

If your taxable income is:	Your tax is:
Not over \$5,200.....	5% of taxable income
Over \$5,200 but not over \$13,000.....	\$260 plus 7% of the excess over \$5,200
Over \$13,000.....	\$806 plus 9% of the excess over \$13,000

3. Attach a copy of Form FIA-40N or Form FIA-40P to your return.

Farm asset capital gain method. Did you sell or exchange capital assets primarily used in farming because you were getting out of a farming business? Or, did you sell or exchange a farming partnership, corporation, or other farming entity in which you held at least a 10 percent ownership interest? If the sale or exchange was not to a family member and you were getting out of a farming business completely, you may be eligible for a reduced tax rate on the net capital gain from the proceeds of the sale or exchange.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and your other Oregon income. Visit our Web site to download the worksheet. Or, contact us to order it. See page 40.

Nonresidents. Enter the tax amount from Worksheet FCG, line 7, on Form 40N, line 52. **Check the box labeled "Worksheet FCG."**

Part-year residents. Enter the tax amount from Worksheet FCG, line 8, on Form 40P, line 52. **Check the box labeled "Worksheet FCG."**

53 Interest on certain installment sales. Did you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as for federal. The interest rate for 2004 is 6 percent per year (0.5 percent per month).

Nonresidents. Use only those installment obligations from dispositions of Oregon property while you were a nonresident of Oregon.

Credits

- When claiming an Oregon tax credit, you must claim the maximum credit allowed each year, up to your tax liability.
- You must prorate some Oregon credits on your return. This means you need to multiply your total credit by your Oregon percentage, line 40, to figure the amount you can claim on your Oregon return.

56 Earned income credit. You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. You must prorate this credit. Your Oregon credit is 5 percent of your federal credit multiplied by your Oregon percentage. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$) multiplied by your Oregon percentage from Form 40N or Form 40P, line 40.

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040EZ, line 8a; Form 1040A, line 41a; Form 1040, line 65a; or TeleFile Tax Record, line L. 1. _____
2. Decimal amount. 2. .05
3. Multiply line 1 by line 2. Enter result here. 3. _____
4. Multiply line 3 by the Oregon percentage (Form 40P or Form 40N, line 40). Enter here and on Form 40P or Form 40N, line 56. 4. _____

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that is more than your tax liability.

57 Child and dependent care credit. You are allowed an Oregon credit **only** if you qualify for the federal child and dependent care credit. You may still be able to claim the Oregon credit even if you can't use all of your federal credit. In most cases, you cannot claim the credit if you are married filing separately. You must prorate this credit. Use the following worksheet to figure your credit for Oregon.

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. _____
2. Enter the decimal amount from the following table. 2. _____

If your federal taxable income from Form 1040, line 42; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
\$0	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal amount on line 2. Enter here. 3. _____
4. Multiply line 3 by the Oregon percentage from Form 40N or Form 40P, line 40. Enter the result here and on Form 40N or Form 40P, line 57. 4. _____

Did you pay 2003 child care expenses in 2004? If so, multiply your 2003 expenses that you paid in 2004 included in the computation of your federal credit by the decimal amount that applies to your 2003 federal taxable income.

Multiply this amount by the Oregon percentage from your 2003 return. Enter the result on Form 40N or Form 40P, line 57. For assistance, see page 40.

Carryforward. Your total 2004 child and dependent care credit can't be more than your 2004 tax liability for Oregon. You can carry forward any excess over the next five years. If the excess isn't used within five years, it's lost. See instructions for other credits on this page.

58 Credit for income taxes paid to another state. If you paid 2004 income tax to another state or U.S. territory on income also taxed by Oregon, you may claim a credit.

You must claim the credit on your nonresident return or on your part-year resident return for the part of the year you were a nonresident if the income is taxed by both Oregon and one of the following states: Arizona, California, Indiana, or Virginia. See our Web site for links to other states' tax Web sites.

This credit is only for state income tax. You can't claim this credit for city or county income tax, sales tax, alternative minimum tax (AMT), property tax, school tax, or building funds.

If you are a shareholder in an Oregon S corporation that paid taxes to another state, you may qualify for this credit. Visit our Web site to download the information circular, *Credit for Income Taxes Paid to Another State*. Or, to order it, see page 40.

Your credit is the **smallest** of the following:

- The other state's 2004 net tax liability.
- Your Oregon tax liability after all credits, except credits for income taxes paid to other states.
- The amount figured using Formula 1 below.
- The amount figured using Formula 2 below.

Formula 1: Divide your modified adjusted gross income (MAGI) taxed by both states by your total MAGI. Your total MAGI is your income on Form 40P or Form 40N, line 39b. Multiply the result by your Oregon tax after all other credits. The result can't be more than your Oregon tax after credits.

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total MAGI}} \times \text{Your Oregon tax after all other credits}$$

Formula 2: Divide your MAGI taxed by both states by your total income on the other state's return. Multiply the result by the other state's tax after all other credits. "Total income" means income before subtracting itemized deductions and exemptions. The result can't be more than the other state's tax after credits.

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total income on the other state's return}} \times \text{Your other state's tax after all other credits}$$

Enter the credit amount on Form 40P or Form 40N, line 58.

Caution: You can't claim this credit and also benefit from the itemized deduction for the tax paid to the other state. If you claim the tax as an itemized deduction, include the other state's 2004 net tax liability or the other state's 2004 tax claimed as an itemized deduction, whichever is less, on Form 40P, line 43; or Form 40N, line 42.

If the credit for taxes paid to another state is based on a tax liability that is paid in two different tax years, you may be required to restore the deduction to Oregon income in two different tax years. Call us for more information. See page 40.

You must attach a copy of the other state's return and proof of payment to the back of your Oregon return.

You may be allowed this credit even if Oregon and another state taxes the same income in different years. Call us for more information. See page 40.

59 Other credits. You may qualify for other credits explained below. Please identify the credit(s) you are claiming in the space on line 59 using the numeric code shown in brackets. For example, if you are claiming a \$50 political contribution credit, enter "723-\$50" in the space provided. If you have more than one credit, show the type and amount of each on the form. Fill in the total amount of "other credits" on line 59.

- **Child and dependent care credit carryforward [code 704].** Fill in the amount of the carryover on Form 40N or Form 40P, line 59. The amount of prior year carryover plus your current year's credit can't be more than your Oregon tax liability. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.
- **Elderly or the disabled [code 709].** The Oregon credit is 40 percent of your federal credit. You may claim an Oregon credit only if you qualify for the federal credit. Multiply the amount from federal Schedule R, line 20; or Form 1040A, Schedule 3, line 20, by 40 percent (.40). Then multiply the result by the Oregon percentage on Form 40N or Form 40P, line 40. You may claim this credit or the retirement income credit, but not both.
- **Political contribution [code 723].** Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. You must have contributed money during 2004 to any of the following:
 - A political party.
 - A qualified candidate (or the candidate's principal campaign committee) for federal, state, or local office to be voted for in Oregon.
 - A political action committee certified in Oregon.

Visit our Web site to download the information circular, *Political Contributions Tax Credit*. Or, contact us to order it. See page 40.

- **Retirement income [code 730].** If you were age 62 or older on December 31, 2004, and receiving retirement income, you may qualify for a credit. You qualify for this credit if:

- Your household income is less than \$22,500 (\$45,000 if married filing jointly); **and**
- Your Social Security benefits and/or tier 1 Railroad Retirement Board benefits are less than \$7,500 (\$15,000 if married filing jointly); **and**
- Your household income plus your Social Security and/or tier 1 Railroad Retirement Board benefits is less than \$22,500 (\$45,000 if married filing jointly).

If you think you qualify, contact us for more information. See page 40.

- **The following credits** apply to only a few people. Some are prorated using your Oregon percentage and some are not. Visit our Web site for more information. If you need help, please contact us. See page 40.

- Adoption expenses [code 700].*
- Advanced telecommunications facilities [code 701].*
- Bone marrow donation program [code 702].
- Business energy [code 703].
- Child Care Fund contributions [code 705].
- Claim of right [code 706].
- Crop donation [code 708].*
- Dependent care assistance by employers [code 707].
- Electronic commerce zone investment [code 710].
- Employer scholarship [code 711].*
- Farmworker housing [code 712].*
- First Break Program [code 713].*
- Fish screening devices [code 714].*
- Gain from the sale of your house also taxed by another state or country [code 720].
- Individual Development Account [code 715].
- Long-term care insurance premiums [code 716].*
- Loss of use of limbs [code 717].
- Low-income caregiver credit [code 718].
- On-farm processing machinery and equipment [code 721].*
- Oregon Cultural Trust [code 722].*
- Pollution control facilities [code 724].
- Reforestation of underproductive forestlands [code 727].
- Reservation enterprise zone [code 728].*
- Residential energy [code 729].*
- Riparian land [code 735].*
- Rural medical practitioners [code 731].*

*Prorated credit (multiplied by Oregon percentage).

Tax payments, penalty, and interest

- 62 Oregon income tax withheld from income.** Fill in the total Oregon tax withheld from your wages and other income shown on your Form(s) W-2 or 1099. Don't use the FICA (Social Security) tax withheld from your pay. Don't use tax withheld from your wages by other states. **Staple a readable copy** of your Form W-2 from each job and any Form 1099 showing Oregon income tax withheld to the lower front of your return.

If you do not have a Form W-2 or 1099, you must provide other proof of Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2005 wages for Oregon. Visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, contact us to order it. See page 40.

- 63 Estimated tax payments for 2004 and payments made with your extension.** Fill in the total Oregon estimated tax payments you made before filing your 2004 Oregon return. Include any payments made with your Oregon extension. Also include any refund you applied to your 2004 estimated tax. If the department adjusted your applied refund, be sure to use the corrected amount.

- 64 Working family child care credit.** This credit is available to low-income working families with **qualifying** child care expenses for a child under age 13 (or under age 18 if disabled). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. If you think you may qualify, see page 34.

- 68 Penalty and interest for filing or paying late.** Your return is due April 15, 2005, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your tax payment after April 15 (even if you have an extension), or
- File your return showing tax to pay after the due date or extension due date.

The late-payment penalty is 5 percent of the unpaid balance of your tax. If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total penalty of 25 percent of any tax not paid.

Exception: You don't have to pay a penalty if you do **all** of the following:

1. Get an extension of time to file your return; and
2. Pay at least 90 percent of the tax due by April 15, 2005; and

3. Pay the balance of tax due when you file by the extension deadline; and
4. Pay the interest on the balance of tax when you file or within 30 days of our billing date.

Interest. If you are paying your tax after April 15, 2005, include interest on any unpaid tax. An interest period is each full month starting with the day after the due date. For example, April 16, 2005, through May 15, 2005, is an interest period. The 2005 interest rate is 5 percent per year (0.417 percent per month).

Interest is figured daily for periods of less than a month. Here's how to figure daily interest:

$$\text{Tax} \times .000137 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Note: Do not calculate interest if you file late and expect a refund. It may delay processing of your refund.

69 Interest on estimated tax underpayment. For 2004, you will have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date.

You do not have an underpayment if:

- You owe less than \$1,000 tax on your 2004 tax return after credits, including your working family child care credit and Oregon tax withheld, or
- You did not have an underpayment for any 2004 estimated tax period.

Use Form 10, *Underpayment of Oregon Estimated Tax*, to determine if you have an underpayment. If you do or if you meet an exception, you **must** file Oregon Form 10 with your return. Visit our Web site to download the form. Or, to order it, see page 40.

On Form 40N or 40P, line 69, fill in the amount of interest due from Form 10 and check the box. Attach Form 10 to the back of your return.

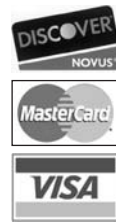
71 Amount you owe. You may pay your tax with a check, money order, or credit card.

Check or money order

- Make your check or money order payable to "Oregon Department of Revenue."
- Write your daytime telephone number and "2004 Oregon Form 40N" or "2004 Oregon Form 40P" on your check.
- Please use blue or black ink. Do not use red.
- Do not send cash or a postdated check.
- Staple your payment and the Form 40-V payment voucher (page 31) to your return on top of your Form(s) W-2.

Credit card

You now can pay your current-year balance due or make 2005 estimated tax payments with your Discover, MasterCard, or Visa credit card. This option is available to both electronic and paper filers.



To pay your taxes by credit card, call toll free or access through the Internet one of the service providers supporting Oregon's program. The service provider **will charge** you a convenience fee based on the amount of your tax payment. The service provider will tell you what the fee is during the transaction; you will have the option to either continue or cancel the transaction before entering your credit card information. The convenience fee, terms, and conditions may vary among providers. If you accept the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

Choose one of the following service providers:

1. Link2Gov Corporation

Call toll free 1-866-9OREGOV (1-866-967-3468), or visit their Web site at www.ortaxpayment.com.

2. Official Payments Corporation

Call toll free 1-800-2PAYTAX (1-800-272-9829), or visit their Web site at www.officialpayments.com.

For additional information about making credit card payments and the current service provider list, visit our Web site at www.oregon.gov/DOR.

Payment plan. If you cannot pay in full now, we will work with you to set up a payment plan for the amount you do not pay with your return. Contact the department for more information. See page 40.

Special instructions. Do you owe interest on line 68 and have an overpayment on line 66? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 66 from line 68 and enter the result on line 71.

Charitable donations. If you do not have a refund but want to contribute to a charity listed on lines 74–79, mail your donation to the charity's address shown on pages 31 and 32. Please do not mail your donation to the Department of Revenue.

Go to the signature block section on page 32 to finish your return.

72 Refund. You must have a refund on line 72 to use lines 73–79.

73 Estimated tax. If you have a refund on line 72, you may apply part or all of it to your 2005 estimated tax. Fill in the amount you want to apply. Do not fill in more than the amount on line 72.

SMART [code 5]. Your donation will help fund the Start Making A Reader Today early literacy program for Oregon's most vulnerable children.

Oregon Children's Foundation/SMART
219 NW 12th Avenue, Suite 203
Portland OR 97209

SOLV [code 6]. Your donation will help fund thousands of projects to clean up beaches, forests, rivers, and neighborhoods across Oregon.

SOLV
5193 NE Elam Young Parkway, Suite B
Hillsboro OR 97124

St. Vincent de Paul Society of Oregon [code 7]. Your donation will help provide services leading to self-sufficiency for low-income Oregonians.

St. Vincent de Paul Society of Oregon
PO Box 24608
Eugene OR 97402

The Nature Conservancy [code 8]. Your donation will help purchase and restore critical habitats for Oregon's at-risk plants, fish, and wildlife.

The Nature Conservancy
821 SE 14th Avenue
Portland OR 97214

Doernbecher Children's Hospital Foundation [code 9]. Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

Doernbecher Children's Hospital Foundation
1121 SW Salmon, Suite 201
Portland OR 97205-2021

The Oregon Humane Society [code 10]. Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Oregon Humane Society
PO Box 11364
Portland OR 97211

The Salvation Army—Oregon [code 11]. Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Salvation Army
1785 NE Sandy Boulevard
Portland OR 97232

The Oregon Veterans' Home [code 12]. Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

Oregon Veterans' Home Donations
700 Summer Street NE
Salem OR 97301-1285

Planned Parenthood of Oregon [code 13]. Your donation will fund family planning services and reproductive health education programs.

Planned Parenthood of Oregon
3231 SE 50th Avenue
Portland OR 97206

81 Net refund. You must **reduce your refund** by any amounts applied to 2005 estimated tax and donations on lines 74–79. The department cannot issue a refund when the return is filed more than three years after the due date of the return.

Direct deposit

82 Complete line 82 if you want us to deposit your refund directly into your bank account instead of mailing you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32, or 61 through 72.
4. **Enter the account number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Authorization box. Check the box if you wish to authorize the Department of Revenue to contact your preparer about the initial processing of your tax return. Otherwise, leave it blank.

Signature(s). Be sure to sign and date your return. If you are filing a joint return, both spouses must sign.

Minor child's return. If your child must file a tax return, you may sign the child's name as his or her legal agent. Sign the child's name and then write "By [your signature], parent (or other legal guardian) of minor child."

Preparer signature. Any person who prepares, advises, or assists in the preparation of personal income tax returns for another person in exchange for payment, gifts, or other compensation must be licensed and must sign the return. Contact the following agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 for licensed tax consultants and licensed tax preparers.

- State Board of Accountancy at 503-378-4181 for public accountants and certified public accountants.

License number. Licensed tax consultants, please enter your license number. Certified public accountants, please enter your certificate number. Tax-Aide volunteers, please enter your TCE site number.

Before you file

Should I put my return together in a special order?

Yes. To speed processing, put your Oregon return together as follows:

1. Start with Form 40N or Form 40P.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40N or Form 40P.
3. Staple your check or money order and completed Form 40-V payment voucher (page 31) on top of the Form(s) W-2 and/or 1099. If paying by credit card, do not use Form 40-V.
4. Place a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record behind your Form 40N or Form 40P.
5. If applicable, place these items in the following order behind the federal form:
 - Schedule WFC-N/P, *Oregon Working Family Child Care Credit for Form 40N and Form 40P filers*. See page 35.
 - Oregon Form 10, *Underpayment of Oregon Estimated Tax*.
 - Proof required to claim credit for income taxes paid to another state. See page 28.
 - Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*.
 - Form FIA-40P, *Oregon Farm Income Averaging for Part-Year Residents*, or Form FIA-40N, *Oregon Farm Income Averaging for Nonresidents*.
 - *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*.
6. Staple all pages of your return together in the top left-hand corner.

Be sure the second page of your return is the same form as the first page. *Example:* If you file Form 40N, be sure that “Page 2—2004 Form 40N” is printed at the top of the second page.

Do not attach extension requests; federal Schedule A, B, C, or D; or Form 2441, etc. We receive some federal information from the IRS. We may ask you for copies of schedules or additional information later.

How long do I have to file my return and get a refund?

You have three years from the due date of the return to file a claim for a refund. By law, the Department of

Revenue cannot issue a refund if your return is filed more than three years after the due date.

Can I make payments?

If you can't pay in full now, we will work with you to set up a payment plan. File now and pay what you can. Write your daytime telephone number, tax year, and “Form 40N” or “Form 40P” on your check. Be sure you also use Form 40-V, the payment voucher, on page 31. Call the department as soon as possible to set up a payment plan. If you do not call, collection activity may begin.

To avoid processing delays, remember to:

Double-check your math calculations and other figures, including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you figured. Errors will slow the processing of your return.

If you have tax to pay, read line 71 instructions.

Verify your bank account information if you are requesting direct deposit.

Sign your return (both spouses must sign a joint return).

Staple readable copies of Form(s) W-2 and 1099 showing Oregon tax withheld to the front of the return.

Staple a copy of your federal return (front and back only) to your Oregon return.

Staple Form 40-V, the payment voucher, with your check or money order to the front of your return. If paying by credit card, do not use Form 40-V.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage. Please do not use a smaller envelope—it delays processing.

Tax return mailing addresses

Mail refund returns or no-tax-due returns to:

REFUND
PO Box 14700
Salem OR 97309-0930

Mail tax-to-pay returns to:

Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

Working family child care credit

This refundable credit is available to low-income working families with qualifying child care expenses. To qualify, **all of the following must be true:**

- You had at least \$6,750 of earned income; and
- You had less than \$2,650 of investment income (such as interest, dividends, and capital gains); and
- Your adjusted gross income was less than the limits for your household size shown on the back of Schedule WFC-N/P; and
- You paid qualifying child care expenses to allow you (and your spouse, if married) to work or attend school; and
- You paid qualifying child care expenses for your qualifying child. A qualifying child is your son,

daughter, legally adopted child, stepson, or stepdaughter who was:

- under the age of 13, or
- under the age of 18 for whom you can claim the additional exemption credit for a child with a disability; and
- Your child care provider was not the child's parent, guardian, or brother or sister under age 19.

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2004, to qualify.

If you qualify, complete Schedule WFC-N/P, *Oregon Working Family Child Care Credit for Form 40N and Form 40P filers*, on page 35.

Schedule WFC-N/P instructions

You must complete all information on the schedule. An incomplete schedule may result in denial of your working family child care credit.

Household size calculation

Sched. WFC-N/P 1 - 5 Your household size is the number of people you claim as exemptions on your federal tax return who live in your home. You can include in your household size your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on his or her tax return. You cannot include people you are entitled to claim on your tax return who did not live with you in your home during 2004. For the purposes of this credit, an individual cannot be counted in household size on more than one return. Enter your household size from Schedule WFC-N/P, line 5, on Form 40N or Form 40P, line 64a.

Example 1: Rusty and Deb are not married and are the parents of two qualifying children. They have joint custody of both children. Deb is the primary custodian and caregiver. She releases the dependent exemption for one child to Rusty. Both Rusty and Deb may claim the credit based on the qualifying child care expenses each paid. However, each needs to calculate household size separately. Deb's household size is three (herself, one dependent child, and one dependent child whose exemption is released to Rusty). Rusty's household size is one (himself). Although he claims one child on his tax return, the child does not live with him and is not included in his household size.

Example 2: Jay and Rena have three qualifying children. They also support Rena's parents who do not live

with them. They claim seven exemptions on their tax return. Jay and Rena's household size is five, because only five of them live in their home.

Qualifying child care expenses paid in 2004

Sched. WFC-N/P 6 - 9 **Provider's full name and complete address.** Enter the child care provider's information in the space provided on Schedule WFC-N/P. If you have more providers during the year than there is space for on the form, please attach a separate sheet with the required information.

Provider's SSN/FEIN/ITIN. You must include your provider's Social Security number, Federal Employer Identification Number, or Individual Taxpayer Identification Number.

Child/provider relationship. Identify the relationship of the provider to the child using the relationship codes on page 39. If there is no relationship between the provider and the child, enter "N" for none.

Amount paid to provider. Qualifying child care expenses are paid for the primary purpose for you (and your spouse, if married) to work or attend school. You can pay your expenses with pre-tax dollars from an employer benefit plan such as a cafeteria plan or flexible spending arrangement and still qualify to claim this credit. You must pay for the child care during 2004 for the payments to be qualifying child care expenses.

Qualifying child care expenses do not include amounts you paid for your child to attend a public or private school or for activities such as gymnastics

continued on page 39

Schedule WFC-N/P	Oregon Working Family Child Care Credit for Form 40N and Form 40P Filers	2004
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Last name	First name and initial	Social Security No. (SSN) - -	Date of birth (mm/dd/yyyy)
Spouse's last name if joint return	Spouse's first name and initial if joint return	Spouse's SSN, if joint return - -	Date of birth (mm/dd/yyyy)

Household Size Calculation

1. Enter the number of exemptions you claimed on your federal return..... 1
2. Enter the number of exemptions you did not claim on your federal return because you released the exemption to the child's other parent..... 2
3. Add lines 1 and 2..... 3
4. Enter the number of exemptions you claimed on your federal return for people who did not live in your household during 2004..... 4
5. Household size. Line 3 minus line 4..... 5

FOR COMPUTER USE ONLY

Qualifying Child Care Expenses Paid in 2004. Enter the following information for each child care provider you used in 2004.

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
6. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			6 \$ <input style="width: 80px;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
7. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			7 \$ <input style="width: 80px;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	
8. _____	<input style="width: 80px;" type="text"/>	<input style="width: 40px;" type="text"/>	Amount Paid to Provider
_____			8 \$ <input style="width: 80px;" type="text"/>

9. Total child care expenses paid in 2004. Add amounts on lines 6 through 8 and enter the result here	9	\$ <input style="width: 100px;" type="text"/>
---	---	---

Qualifying Child Information

First and Last Name of Child	Child's SSN	Child's Date of Birth	Relationship (enter code)	Expenses Paid for Child
10. _____				\$
11. _____				\$
12. _____				\$
13. _____				\$
14. _____				\$
15. Total child care expenses. Add amounts on lines 10 through 14 and enter the result here				15 \$ <input style="width: 80px;" type="text"/>

Computation of Credit

16. Enter your federal adjusted gross income (Form 40N or Form 40P, line 30a) 16
17. Enter the total qualifying child care expenses paid in 2004 from line 9 above..... 17
18. Enter the decimal amount from the working family child care credit table on the back (use the table that matches your household size on line 5 above). For example, if the amount on line 5 is 4, use Table 4..... 18 x .
19. Multiply the amount on line 17 by the decimal amount on line 18 and enter here 19
20. Multiply line 19 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 64. This is your working family child care credit 20

—YOU MUST ATTACH THIS SCHEDULE TO YOUR OREGON INCOME TAX RETURN—

Working Family Child Care Credit—2004 Tables

Table 1, household size = 1		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$18,600	.40
\$18,600	19,550	.36
19,550	20,500	.32
20,500	21,400	.24
21,400	22,350	.16
22,350	23,300	.08
23,300	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$25,000	.40
\$25,000	26,250	.36
26,250	27,500	.32
27,500	28,750	.24
28,750	30,000	.16
30,000	31,250	.08
31,250	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$31,350	.40
\$31,350	32,900	.36
32,900	34,450	.32
34,450	36,050	.24
36,050	37,600	.16
37,600	39,200	.08
39,200	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$37,700	.40
\$37,700	39,600	.36
39,600	41,450	.32
41,450	43,350	.24
43,350	45,250	.16
45,250	47,150	.08
47,150	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$44,050	.40
\$44,050	46,250	.36
46,250	48,450	.32
48,450	50,650	.24
50,650	52,850	.16
52,850	55,100	.08
55,100	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$50,400	.40
\$50,400	52,950	.36
52,950	55,450	.32
55,450	58,000	.24
58,000	60,500	.16
60,500	63,050	.08
63,050	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$56,800	.40
\$56,800	59,600	.36
59,600	62,450	.32
62,450	65,300	.24
65,300	68,150	.16
68,150	71,000	.08
71,000	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$63,150	.40
\$63,150	66,300	.36
66,300	69,450	.32
69,450	72,600	.24
72,600	75,750	.16
75,750	78,950	.08
78,950	—	.00

* If your household size is larger than eight, please contact the department for the tables you need. See page 40 for taxpayer assistance information.

Schedule WFC-N/P

Oregon Working Family Child Care Credit for Form 40N and Form 40P Filers

2004

Last name	First name and initial	Social Security No. (SSN) - -	Date of birth (mm/dd/yyyy)
Spouse's last name if joint return	Spouse's first name and initial if joint return	Spouse's SSN, if joint return - -	Date of birth (mm/dd/yyyy)

Household Size Calculation

1. Enter the number of exemptions you claimed on your federal return..... 1
2. Enter the number of exemptions you did not claim on your federal return because you released the exemption to the child's other parent..... 2
3. Add lines 1 and 2..... 3
4. Enter the number of exemptions you claimed on your federal return for people who did not live in your household during 2004..... 4
5. Household size. Line 3 minus line 4..... 5

FOR COMPUTER USE ONLY

Qualifying Child Care Expenses Paid in 2004. Enter the following information for each child care provider you used in 2004.

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	Amount Paid to Provider
6. _____	<input type="text"/>	<input type="text"/>	6 \$ <input type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	Amount Paid to Provider
7. _____	<input type="text"/>	<input type="text"/>	7 \$ <input type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship (enter code)	Amount Paid to Provider
8. _____	<input type="text"/>	<input type="text"/>	8 \$ <input type="text"/>

9. Total child care expenses paid in 2004. Add amounts on lines 6 through 8 and enter the result here	9	\$ <input type="text"/>
---	---	-------------------------

Qualifying Child Information

First and Last Name of Child	Child's SSN	Child's Date of Birth	Relationship (enter code)	Expenses Paid for Child
10. _____	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
11. _____	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
12. _____	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
13. _____	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
14. _____	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
15. Total child care expenses. Add amounts on lines 10 through 14 and enter the result here	15	\$ <input type="text"/>		

Computation of Credit

16. Enter your federal adjusted gross income (Form 40N or Form 40P, line 30a) 16
17. Enter the total qualifying child care expenses paid in 2004 from line 9 above..... 17
18. Enter the decimal amount from the working family child care credit table on the back (use the table that matches your household size on line 5 above). For example, if the amount on line 5 is 4, use Table 4..... 18 x .
19. Multiply the amount on line 17 by the decimal amount on line 18 and enter here 19
20. Multiply line 19 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 64. This is your working family child care credit 20

—YOU MUST ATTACH THIS SCHEDULE TO YOUR OREGON INCOME TAX RETURN—

Working Family Child Care Credit—2004 Tables

Table 1, household size = 1		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$18,600	.40
\$18,600	19,550	.36
19,550	20,500	.32
20,500	21,400	.24
21,400	22,350	.16
22,350	23,300	.08
23,300	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$25,000	.40
\$25,000	26,250	.36
26,250	27,500	.32
27,500	28,750	.24
28,750	30,000	.16
30,000	31,250	.08
31,250	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$31,350	.40
\$31,350	32,900	.36
32,900	34,450	.32
34,450	36,050	.24
36,050	37,600	.16
37,600	39,200	.08
39,200	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$37,700	.40
\$37,700	39,600	.36
39,600	41,450	.32
41,450	43,350	.24
43,350	45,250	.16
45,250	47,150	.08
47,150	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$44,050	.40
\$44,050	46,250	.36
46,250	48,450	.32
48,450	50,650	.24
50,650	52,850	.16
52,850	55,100	.08
55,100	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$50,400	.40
\$50,400	52,950	.36
52,950	55,450	.32
55,450	58,000	.24
58,000	60,500	.16
60,500	63,050	.08
63,050	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$56,800	.40
\$56,800	59,600	.36
59,600	62,450	.32
62,450	65,300	.24
65,300	68,150	.16
68,150	71,000	.08
71,000	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC-N/P, line 16 is:		Enter this decimal amount on Schedule WFC-N/P, line 18:
at least:	but less than:	
—	\$63,150	.40
\$63,150	66,300	.36
66,300	69,450	.32
69,450	72,600	.24
72,600	75,750	.16
75,750	78,950	.08
78,950	—	.00

* If your household size is larger than eight, please contact the department for the tables you need. See page 40 for taxpayer assistance information.

or soccer. You cannot claim expenses that are paid by someone else such as a state assistance agency. You can claim only the expenses you actually paid.

Example 3: Jeff works for a company that offers dependent care benefits through a plan administrator. He takes advantage of this employer benefit and contributes \$4,000 pre-tax each year to a flexible spending arrangement (FSA) plan. He gives the plan administrator the necessary documents so he can be reimbursed for his child care expenses. His employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff has \$5,000 total in child care expenses for his two qualifying children. He paid \$1,000 with after-tax dollars, and he was reimbursed \$4,000 from his pre-tax FSA. Jeff may claim the working family child care credit based on \$5,000 in qualifying child care expenses.

Example 4: Lee has a five-year-old son who attends a local academy. He pays \$750 per month for his son's kindergarten and child care. Of the amount he pays each month, \$500 is the contract price for child care, and \$250 is an additional amount he pays for the child's education. Lee can only claim \$500 per month as qualifying child care.

Example 5: Cate qualifies for state assistance in paying her child care expenses. The child care provider charges Cate \$600 per month to care for her two children. Of the \$600 per month, the state pays \$450, and Cate has a co-pay of \$150. Cate cannot claim the entire amount because she did not pay it. She can only claim the amount she actually paid (\$150 per month).

Proof of qualifying child care expenses. In order to claim this credit, you must be able to prove that you paid the child care expenses. Acceptable proof includes, but is not limited to, copies of:

- Canceled checks,
- Duplicate checks along with bank statements, and/or
- Signed receipts from the child care provider.

The department could ask for proof during the processing of your tax return or any time later. If you pay a relative to watch your children, you may be asked to provide additional information that shows you

actually paid qualifying child care expenses. *Be sure to ask for a signed receipt from your child care provider when you pay the provider for the care.*

Qualifying child information

Sched. WFC-N/P **10** - **15**

Enter the full name of each qualifying child, the child's Social Security number, date of birth, and his or her relationship to you using the codes shown below.

Enter the portion of the expenses you listed in the child care provider section that apply to each child. The amounts shown on line 9 and line 15 should always be the same.

Example 6: Bill has two children, Joe and Lane. He paid two child care providers \$5,000 during the year for Joe and Lane's child care. Of the \$5,000 he paid, \$3,000 was for Joe's care and \$2,000 was for Lane's care. He will enter those amounts next to each child's information.

Computation of credit

Sched. WFC-N/P **16**

You must know your federal adjusted gross income (AGI) to compute this credit. You can find your federal AGI on your Oregon Form 40N or Form 40P, line 30a. Enter your federal AGI on Schedule WFC-N/P, line 16.

Sched. WFC-N/P **17**

Enter the total qualifying expenses from Schedule WFC-N/P, line 9, on Schedule WFC-N/P, line 17, and Form 40N or Form 40P, line 64b.

Sched. WFC-N/P **18**

Use the table on the back of Schedule WFC-N/P (page 36) that matches your household size.

For example, if your household size is 3, use Table 3 to determine the percentage you need to apply to your qualifying expenses. Enter that percentage on Schedule WFC-N/P, line 18.

Schedule WFC Relationship Codes

Child/Provider Relationship Codes

Grandparent	GP
Parent	P
Uncle	U
Aunt	A
Brother	SB
Sister	SB
None	N
Other	O

Taxpayer/Child Relationship Codes

Son	S
Daughter	D
Stepson	SS
Stepdaughter	SD
Legally adopted child	LA
None	N
Other	O

Taxpayer assistance

Printed information (free)

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or return the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Forms 40S & 40, *Full-Year Resident* 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Estimated Income Tax Payment Instructions and Vouchers* 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 40X, *Oregon Amended Individual Income Tax Return* 150-101-046
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Oregon Depreciation Schedule* 150-101-025
- Form 24, *Oregon Like-Kind Exchanges/ Involuntary Conversions* 150-800-734
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* 150-101-160
- Form FIA-40N, 40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents* 150-101-161

Information circulars and brochures

- 2-D Barcode Filing for Oregon* 150-101-631
- Amtrak Act (Interstate Transportation Wages)* 150-101-601
- Audits: What To Do if You Are Audited* 150-101-607
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon* 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interest on Tax You Owe: Computation* 150-800-691
- Itemized Deductions Limit* 150-101-611
- Married Persons Filing Separate Returns* 150-101-656
- Military Personnel Filing Information* 150-101-657
- Record-Keeping Requirements* 150-101-608
- Retirement Income* 150-101-673
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:
Form and Publication Order 150-800-390

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

Please print

Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Telephone

Salem **503-378-4988**
Toll-free within Oregon **1-800-356-4222**

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Field offices

Get forms and assistance at these offices. **Do not send your return to these addresses.**

Bend 951 SW Simpson Avenue, Suite 100

Eugene 1600 Valley River Drive, Suite 310

Gresham 1550 NW Eastman Parkway, Suite 220

Medford 24 W 6th Street

Newport 119 NE 4th Street, Suite 4

North Bend 3030 Broadway

Pendleton 700 SE Emigrant, Suite 310

Portland* Federal Building Lobby, 1220 SW Third Avenue

Portland 800 NE Oregon Street, Suite 505

Salem Revenue Building, 955 Center Street NE, Room 135

Salem 4275 Commercial Street SE, Suite 180

Tualatin 6405 SW Rosewood Street, Suite A

* February 1–April 1: Monday, Wednesday, Friday, 10 a.m.–3 p.m.

April 4–April 15: Monday through Friday, 9 a.m.–4 p.m.





APPLICATION FOR DISCHARGE FROM PERSONAL LIABILITY FOR TAX ON A DECEDENT'S ESTATE

FOR REVENUE USE ONLY

Date Received

Probate Number (if probated)	County	Federal Employer Identification Number* (FEIN)	Business Identification Number (BIN)
Decedent's Name		Date of Death	Social Security Number*
Spouse's Name		Date of Death (if spouse is deceased)	Spouse's Social Security Number*
Decedent's Last Permanent Address			
Personal Representative's Name			Personal Representative's Daytime Telephone Number ()
Personal Representative's Current Address			

*Social Security and federal identification numbers are required for identification purposes. OAR 150-305-100.

I hereby apply for a discharge from personal liability for tax on income of the above named decedent as provided by ORS 316.387. I certify that I represent the decedent in a fiduciary capacity as personal representative, administrator, trustee, or other fiduciary title. **I have attached a copy of the document showing my appointment.**

I understand that this discharge becomes effective:

- After the filing of the decedent's final tax return or any tax returns required to be filed, **and** the payment of any tax of which I am notified; **or**
- Nine months after receipt of this application by the Oregon Department of Revenue, **and** during which no time notification of tax liability is made.

I understand that a discharge under ORS 316.387 does not discharge me from liability to the extent that assets of the decedent's estate are still in my possession or control.

Discharge from personal liability is requested for the following tax returns:

 Individual Income Tax

 Fiduciary Income Tax

For tax year(s) _____

For tax year(s) _____

I hereby authorize the following attorney(s) or individual(s) to receive all confidential tax information relating to the decedent and the estate.

Name of Accountant(s) or Tax Preparer(s)			Name of Attorney(s)		
Current Address			Current Address		
City	State	Zip Code	City	State	Zip Code
Daytime Telephone Number ()			Daytime Telephone Number ()		

Mail all correspondence to: Personal Representative Attorney Accountant or Tax Preparer

 Signature of Personal Representative (representative **must** sign to validate authorization)

Date

X



CROP DONATION TAX CREDIT
ORS 315.154 and 315.156

Name of Grower	Social Security No. or Federal ID No.	Telephone No. ()	
Address	City	State	ZIP Code

I am an individual or corporation making a qualified donation to a gleaning cooperative, food bank, or other charitable organization of a crop that I have grown. The organization receiving the donation is engaged in the distribution of food without charge and the crop is usable as food for human consumption. The donation is available because (check one):

- I have supplied my contract quota with the wholesale or retail buyer.
- I was party to a contingent supply contract. The buyer reduced my crop quota below what I expected to supply.
- I have determined that I am making a donation of apparently wholesome food intended for human consumption.

DONATION AND CALCULATION OF CREDIT. To be completed by the grower.

A. Description of Crops Donated	B. Date Donated	C. Quantity of Donation	D. Wholesale Market Price	E. Wholesale Value <i>(Multiply Column C x Column D)</i>
1.				
2.				
3.				
4.				
5.				
6.				
7. Total wholesale value (from column E).....				7
8. Credit percentage				8
				× .10
9. Credit amount. Multiply line 7 by line 8. Enter result here and on Form 40, line 41 (identify as code 708 with your credit amount), or enter on Form 20, line 29				9

***Determination of Wholesale Market Price**

The wholesale market price for each crop being donated is determined by either:

- The amount paid to the grower by the last previous cash buyer, or
- If there is no previous cash buyer, the market price of the nearest wholesale buyer or the regional u-pick market price.

Signature of Grower	Date
---------------------	------

VERIFICATION OF DONATION. To be completed by organization receiving the donation.

Name of Organization Receiving Donation	Telephone No. ()		
Address	City	State	ZIP Code

I verify that the crop was, or will be, distributed in Oregon (a) without charge, **and** (b) to children or homeless, unemployed, elderly, or low-income individuals, **and** (c) by a qualified charitable organization defined by Internal Revenue Code Section 501(c)(3).

Signature of Official Receiving Donation	Name of Official Receiving Donation	Date
X		

INSTRUCTIONS FOR CROP DONATION TAX CREDIT

Oregon allows a tax credit for crops donated to a glean-ing cooperative, food bank, or other charitable organiza-tion engaged in the distribution of food without charge. The organization receiving the donation must have a principal or ongoing purpose of distribution of food to children or homeless, unemployed, elderly, or low-income individuals. The organization must be located in Oregon and be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

To qualify for this credit, you must be in the business of growing the crop to be sold for cash. The crop must be fit for human consumption. The food must meet all quality and labeling standards imposed by federal, state, or local laws, even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition. Eligible crops include, but are not limited to, bedding plants that pro-duce food, orchard stock intended for the production of food, and livestock that may be processed into food for human consumption. Donated food meeting the above qualifications will meet the definition of *apparently wholesome food* as required for this credit.

How much is the credit?

The credit is 10 percent of the value of the quantity of the crop donated, computed at the wholesale market price at the time of donation. The wholesale market price is determined by either:

- The amount paid to the grower by the last previous cash buyer of the particular crop, or
- In the event there is no previous cash buyer, a mar-ket price based upon the market price of the nearest regional wholesale buyer or regional u-pick market price.

Example: 5,000 pounds of potatoes @ \$.10/lb.
 $5,000 \times .10 = \$500$ (market value)
 $10\% (.10) \times \$500 = \50 (credit allowed)

How to claim the credit

Keep your completed Form 150-101-240, *Crop Dona-tion Tax Credit*, with your tax records to verify your donation. If there was a previous cash buyer, you must keep a copy of an invoice or other statement identi-fying the price received for crops of comparable grade or quality.

Individuals, partners, S corporation shareholders, or corporations can take the credit. S corporation share-holders or partners may claim the credit based on their pro rata share of the cost.

Part-year residents and nonresidents. You are allow-ed the credit subject to the same limitations as a credit allowed a resident. Prorate the credit by multiplying your total credit by your Oregon percentage to figure the amount you can claim on your Oregon return.

Carryforward. Your credit cannot be more than your tax liability for Oregon. You can carry forward any unused credit for the next three years. If the credit is not used within three years, it is lost.

Questions?

For general tax information: www.oregon.gov/DOR

Telephone: Salem 503-378-4988
 Toll-free within Oregon... 1-800-356-4222

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

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Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.



DEPENDENT CARE CREDITS FOR EMPLOYERS

Name of Taxpayer (as shown on return)	Social Security Number (SSN)	Tax Year
Name of Business (if different from name of taxpayer)	Business Identification Number (BIN)	Federal Employer Identification Number (FEIN)

Business is operated as: SOLE PROPRIETORSHIP PARTNERSHIP CORPORATION FIDUCIARY

Oregon allows a credit to employers who provide dependent care assistance to their employees. There are **three** different credits available under this program. Qualifications and requirements for these credits are found in Oregon Revised Statutes (ORS) 315.204 and 315.208.

Note: These credits are available only to employers.

I. INFORMATION AND REFERRAL SERVICES CREDIT. See ORS 315.204(4)(a); Oregon Administrative Rule (OAR) 150-315.204-(C).

This credit is available to employers who pay for information and referral services to help their Oregon employees find dependent care providers.

1. Number of employees who work in Oregon	1	
2. Cost to provide these services to Oregon employees during this tax year	2	
3. Information and Referral Services credit for this year (line 2 multiplied by 50 percent)	3	

II. DEPENDENT CARE ASSISTANCE CREDIT. See ORS 315.204(1); OAR 150-315.204-(B).

This credit is allowed to employers who pay for the care of their employees' dependents.

1. Do you have a certificate for the credit from the Child Care Division for the current year? 1 Yes No

2. Cost of dependent care assistance that you provided to your employees during this tax year. *(Dependent care provider must be in Oregon. Computation must be made for each employee.)

	Employee A	Employee B	Employee C
2			
3			
4	\$2,500	\$2,500	\$2,500
5			

3. Potential credit based on cost (line 2 multiplied by 50 percent)	3	
4. Maximum credit per employee	4	
5. Allowable credit for each employee (smaller of line 3 or line 4)	5	
6. Total Dependent Care Assistance Credit (Total from line 5 for all employees. Attach schedule showing computation if more than 3 employees.)	6	

Do not include amounts paid by employees through a salary reduction plan. If you provide dependent care assistance in your work-site facility, use actual operating costs or the fair market value of the services provided.

III. DEPENDENT CARE FACILITY CREDIT. See ORS 315.208; OAR 150-315.208.

If you have a qualifying facility, you may claim one-tenth of the total available credit each year over a ten year period. The qualifying facility had to be in service before January 1, 2002. The facility must be in operation under current certification by the Child Care Division at the end of the year for which the credit is claimed.

- Your business expense deductions for providing dependent care assistance to your employees must be reduced by the amount claimed on the Oregon tax return. Enter this amount on your Oregon personal income tax return or corporate excise tax return as an "Other Addition."
- The cost of dependent care assistance provided by you cannot be used by your employees to claim a child care credit on their personal income tax return.

For assistance, call 503-378-4988, or write to: Oregon Department of Revenue
955 Center St NE
Salem OR 97301-2555

Or, check our Web site at www.oregon.gov.

OREGON DEPRECIATION SCHEDULE

For Individuals, Partnerships, Corporations, and Fiduciaries

2004

• **Do not** attach this schedule to your Oregon 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 into 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)	
1. Totals						1	(g)	(h)
2. Difference in depreciation for Oregon. If Oregon depreciation (1g) is less than federal depreciation (1h), the difference is an addition . If Oregon depreciation (1g) is greater than federal (1h), the difference is a subtraction						2		

Instructions for Oregon Depreciation Schedule

Figure your depreciation deduction for each asset. Oregon is tied to the additional first year depreciation and increased section 179 expense allowed by 2003 federal law. 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.

Form 40 filers

Enter the difference in depreciation from line 2 of your Oregon Depreciation Schedule on your Oregon Form 40 as an "Other addition" or "Other subtraction."

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).

Form 40N and 40P filers

- **Federal column** of Form 40N or 40P—complete an Oregon Depreciation Schedule for **all** assets both inside and outside of Oregon. Fill in the difference in depreciation from line 2 above on your Oregon Form 40N or 40P as an "Other addition" or "Other subtraction."

- **Oregon column** of Form 40N or 40P—complete another Oregon Depreciation Schedule only for property you owned while an Oregon resident, **or** property used to produce Oregon income. Fill in the difference in depreciation from line 2 above on your Oregon Form 40N or 40P as an "Other addition" or "Other subtraction."

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.

Assets placed into service before January 1, 1985

Oregon depreciation did not match federal depreciation for assets placed into service on or after January 1, 1981 and before January 1, 1985. If you are still depreciating assets placed into service during this period, please contact the department to determine your correct reporting.

Assets placed into service on or after January 1, 1985 and before January 1, 1987

Oregon adopted the federal ACRS method of depreciation for assets placed into service during these two years. There is no depreciation difference for these assets.

Assets placed into service on or after January 1, 1987

MACRS is effective for assets placed into 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.

Credits that reduce only your federal basis will cause a difference in depreciation for Oregon. This will be the only cause for a difference in depreciation for corporations.

Assets first placed into service outside Oregon

Did you bring an asset into Oregon after it was first placed into service outside Oregon? If so, use the depreciation method available for the year the asset was first placed into 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 into service before 1985, the useful life is based on Oregon law in effect at the time the asset was originally placed into 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 into service a building purchased

for \$150,000. The building qualified for ACRS depreciation as 18-year real property. On June 1, 1998 Jeff bought a light truck for \$12,000. 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.

	<u>Building</u>	<u>Truck</u>
Cost (federal unadjusted basis).....	\$150,000	\$12,000
Fair Market Value (as of 1/1/01)...	\$295,000	\$8,000

The Oregon basis of the building is \$150,000. Oregon did not adopt ACRS for assets first placed into service before January 1, 1985, so Jeff used an allowable method from federal laws in effect as of December 31, 1980. For Oregon purposes, Jeff elected to depreciate the building using the straight-line method over a useful life of 30 years.

The Oregon basis of the truck is \$8,000. Oregon adopted MACRS for assets first placed into 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 into 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.

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



ELECTION FOR FINAL TAX DETERMINATION FOR INCOME TAXES RELATING TO A DECEDENT'S ESTATE

FOR REVENUE USE ONLY
Date Received

• Please attach this election to each return covered by the election.

Probate Number (if probated)	County	Federal Employer Identification Number* (FEIN)	Business Identification Number (BIN)
Decedent's Name		Date of Death	Social Security Number*
Spouse's Name		Date of Death (if spouse is deceased)	Spouse's Social Security Number*

Decedent's Last Permanent Address

Personal Representative's Name	Personal Representative's Daytime Telephone Number ()
--------------------------------	--

Personal Representative's Current Address

*Social Security and federal identification numbers are required for identification purposes. OAR 150-305-100.

I certify that I represent the estate named above. As provided by ORS 316.387, I elect a final tax determination for the income tax returns and years listed below that have been filed during the period of estate administration. A copy of the inventory of probated and nonprobated assets of the decedent's gross estate is attached to the decedent's final return, first fiduciary return, or to this election form if a return is not required to be filed.

I understand the department may issue a notice of deficiency, as described in ORS 305.265, within 18 months after the filing of this election. I further understand that if the department fails to issue a notice of deficiency within the 18 month period, the statute of limitations for the returns covered by this election will expire, unless the department finds that: (a) gross income equal to 25 percent or more of the gross income reported has been omitted from a return; (b) false or fraudulent returns were filed; (c) no returns were filed, but returns were required to be filed; or (d) if the department receives a correction to the decedent's or decedent's estate income tax from the Commissioner of the Internal Revenue Service.

I understand the department will not reply to this election, except by issuing a notice of deficiency, and that I may choose to close the estate administration at the earliest date allowed, even though the period for issuing a notice of deficiency has not expired. I also understand that if the estate is closed and the assets distributed prior to the expiration of the time for giving a notice of deficiency, and the department then issues a notice of deficiency, the transferees of the estate's money or property are liable for the tax liability.

Individual Income Tax

Fiduciary Income Tax

For tax year(s) _____

For tax year(s) _____

I hereby authorize the following attorney(s) or individual(s) to receive all confidential tax information relating to the decedent and the estate.

Name of Accountant(s) or Tax Preparer(s)			Name of Attorney(s)		
Current Address			Current Address		
City	State	Zip Code	City	State	Zip Code
Daytime Telephone Number ()			Daytime Telephone Number ()		

Mail all correspondence to: Personal Representative Attorney Accountant or Tax Preparer

Signature of Personal Representative (representative must sign to validate authorization)	Date
--	------

X



**EXEMPT INCOME SCHEDULE FOR
ENROLLED MEMBERS OF A FEDERALLY
RECOGNIZED AMERICAN INDIAN TRIBE**

FOR OFFICE USE ONLY
Date Received

Your name as shown on your tax return	Social Security Number
---------------------------------------	------------------------

Your name as shown on tribal enrollment

Your street address (not a P.O. Box)	City	State	ZIP Code
--------------------------------------	------	-------	----------

You will not have to pay Oregon income tax on income that meets all of the following requirements:

- The income is earned by an enrolled member of a federally recognized American Indian tribe; **and**
- The income comes from sources within the boundaries of federally recognized Indian country in Oregon; **and**
- The enrolled member lived on federally recognized Indian country in Oregon when the income was earned.

Indian tribe of which you are an enrolled member	Your tribal enrollment number
--	-------------------------------

Your tribal headquarters address

Spouse's name (if filing joint return and income meets requirements)	Indian tribe of which spouse is an enrolled member
--	--

Spouse's tribal enrollment number	Spouse's tribal headquarters address
-----------------------------------	--------------------------------------

YOUR EMPLOYMENT INFORMATION

Employer's Name	Address of Work Place	Street Address Where You Lived (Not a P.O. Box)	Income Meeting Requirements

SPOUSE'S EMPLOYMENT INFORMATION

Employer's Name	Address of Work Place	Street Address Where Spouse Lived (Not a P.O. Box)	Income Meeting Requirements

Total of all income meeting the requirements above. Fill in on the "Other subtractions" line of your Oregon income tax return. Label it "Amer Ind"

--

150-101-049 (Rev. 8-03)

Note: If you claim exempt Indian income, you can only file Oregon Form 40, Form 40N, or Form 40P. You can't use Form 40S (short form).

ATTACH THIS FORM TO YOUR OREGON RETURN

Form
EF

**OREGON INDIVIDUAL
INCOME TAX DECLARATION
FOR ELECTRONIC FILING**

2004

**DO NOT MAIL THIS FORM TO THE
OREGON DEPARTMENT OF REVENUE**

Last name		First name and initial	Social Security No. (SSN) - -	
Spouse's last name if joint return		Spouse's first name and initial if joint return	Spouse's SSN, if joint return - -	
Current mailing address			<input type="checkbox"/> Check here to donate your kicker refund, if any, to the School Fund	
City	State	ZIP code	Telephone number ()	

Part I — Tax Return Information (whole dollars only)

1 NET REFUND (Form 40, line 63; Form 40S, line 32; Form 40N, line 81; or Form 40P, line 81).....	1
2 Amount you owe (Form 40, line 53; Form 40S, line 24; Form 40N, line 71; or Form 40P, line 71)	2

Part II — Direct Deposit of Refund (see instructions)

3 Routing number	<input type="text"/>	<p>Caution: Have you verified your banking information? Entering incorrect information will cause a delay in your refund.</p>
4 Account number	<input type="text"/>	
5 Type of account	<input type="checkbox"/> Checking or <input type="checkbox"/> Savings	

Part III — Declaration of Taxpayer(s)

6a I consent that my refund be directly deposited as designated in the electronic portion of my 2004 Oregon income tax return (Form 40, line 64; Form 40S, line 33; Form 40N, line 82; or Form 40P, line 82). If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.

6b I do not want direct deposit of my refund **or** I am not receiving a refund.

Under penalties for false swearing, I declare that I have compared the information contained on my return with the information I have provided to my electronic return originator (ERO) or on-line service provider (OLSP) and that the amounts described in Part I above agree with the amounts shown on the corresponding lines of my 2004 Oregon income tax return. To the best of my knowledge and belief, my return is true, correct, and complete. I consent that my return, including this declaration and accompanying schedules and statements, be forwarded upon request to the Oregon Department of Revenue by my ERO or OLSP. If the processing of my return or refund is delayed, I authorize the department to disclose to my preparer the reason(s) for the delay, or when the refund was sent.

SIGN **HERE** _____ Date _____
Your signature _____ Spouse's signature (if filing jointly, BOTH must sign) _____ Date _____

Part IV — Declaration of Electronic Return Originator (ERO) or Paid Preparer

I declare that I have reviewed the above taxpayer's return and that the entries on this form are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects data on the return. The taxpayer will have signed this form before I submit the return. I will give the taxpayer a copy of all forms and information to be filed with Oregon, and have followed all other requirements described in *Oregon Electronic Filing Handbook (Tax Year 2004)*, publication 150-101-496. If I am also the paid preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.

Electronic Return Originator's Use Only	ERO's signature	Date	<input type="checkbox"/> Check if paid preparer <input type="checkbox"/> Check if self-employed	ERO's license number
	Firm's name (or yours if self-employed)			Telephone number
	ERO's address	City	State	ZIP code

Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.

Paid Preparer's Use Only	Preparer's signature	Date	<input type="checkbox"/> Check if self-employed	Certificate/license number
	Firm's name (or yours if self-employed)			Telephone number
	Preparer's address	City	State	ZIP code

PLEASE DO NOT MAIL THIS FORM OR YOUR PAPER RETURN TO THE OREGON DEPARTMENT OF REVENUE

INSTRUCTIONS FOR SIGNING YOUR E-FILE RETURN

Your e-file signature information

If you signed your federal return using the federal PIN, the department recognizes that signature as signing the Oregon return as well. The use of the PIN authorizes the transmission of the federal and state returns.

If you, your tax preparer, and/or the electronic return originator (ERO) completed and signed a federal Form 8453 for your federal signature, you must fill out Form EF for Oregon. You (or your tax preparer) must keep the original Form EF with your tax return and supporting documentation for three years from the return's due date or the date the return is filed, whichever is later.

Your signature:

- Authorizes the ERO to transmit your Oregon return.
- Confirms your tax return information on Oregon Forms 40, 40S, 40N, or 40P.
- Declares that the paid tax preparer has reviewed your return and believes, to the best of his or her knowledge, that all the information on the return is correct.
- Gives your consent to direct deposit any refund of Oregon taxes to the accounts you specified on the return.

Whichever way you sign your return, it will authorize the Oregon Department of Revenue to contact your tax preparer or ERO to resolve questions we may have while processing your return. It also authorizes us to tell the tax preparer or ERO the reason for any processing delay.

Do not mail Form EF to the Oregon Department of Revenue.

Form EF instructions

Name, Address, and Social Security Number (SSN). Be sure to use your current name, address and SSN. Print or type your information in the space provided.

PO Box. If you receive your mail at a post office box or personal mail box (PMB), enter the PO Box or PMB number instead of your address. **The address must match the address shown on the electronically filed return.**

SSN. Be sure to enter your SSN in the space provided. If a joint return, list the SSNs in the same order as the first names.

Part I—Tax return information

Lines 1–2. Complete these lines using whole numbers only. Fill in your refund or the amount you owe from the corresponding lines of the electronic return.

Part II—Direct deposit

Direct deposit is voluntary and applies only to the current return. If you want your refund directly deposited into your bank account or another financial institution, complete Part II before transmitting your return. You can obtain the routing number and account number from a check, a statement, or your financial institution.

Line 3. The routing number must be nine digits and begin with the numbers 01 through 12, 21 through 32, or 61 through 72.

Line 4. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. If fewer than 17 characters, enter the numbers from left to right and leave the unused boxes blank.

Part III—Declaration of taxpayer(s)

Line 6. Check one of the boxes for line 6a or 6b, or use your federal personal identification number (PIN).

Part IV—Declaration of electronic return originator (ERO) or paid preparer

The ERO or paid preparer is required to sign Form EF and also must keep it, along with any required attachments, for three years from the due date or the date the return is filed, whichever is later.

What to do if you make changes to Form EF

If the ERO makes changes to your return after you have signed Form EF but before it is transmitted, you must complete and sign a corrected Form EF if:

- The Oregon taxable income changes by more than \$50, or
- The net tax, state refund, or amount owed changes by more than \$14.

Initial any minor changes made to Form EF. Do not mail the corrected Form EF and attachments unless the department asks for them.

FORM <b style="font-size: 2em;">FIA-40 <b style="font-size: 1.5em;">OREGON FARM INCOME AVERAGING <b style="font-size: 3em;">2004			<b style="font-size: 0.8em;">For Office Use Only Date received
Name(s) as shown on Oregon Form 40		Social Security No. (SSN) — —	
Current mailing address		Spouse's SSN, if joint return — —	
City	State	ZIP code	Telephone number ()

- 1 Enter the taxable income from your 2004 Oregon Form 40, line 28..... 1
- 2 Enter your **electd farm income**. Do not enter more than the amount on line 1..... 2
- 3 Subtract line 2 from line 1 3
- 4 Figure the tax on the amount on line 3 using the 2004 Tax Tables or Tax Rate Charts from Form 40 instructions, whichever applies, and enter here 4

2001 Taxable Income

- 5 If you used FIA to figure your tax for 2002 or 2003, see instructions. Otherwise, enter the taxable income from your 2001 Form 40, line 28; or Form 40S, line 15. If -0- or less, see instructions 5
- 6 Divide the amount on **line 2** by 3.0 and enter here 6
- 7 Add line 5 and 6. If -0- or less, enter -0- 7
- 8 Figure the tax on the amount on line 7 using the 2001 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions)..... 8

2002 Taxable Income

- 9 If you used FIA to figure your tax for 2002 or 2003, see instructions. Otherwise, enter the taxable income from your 2002 Form 40, line 28; or Form 40S, line 15. If -0- or less, see instructions 9
- 10 Enter the amount from line 6 10
- 11 Add lines 9 and 10. If -0- or less, enter -0- 11
- 12 Figure the tax on the amount on line 11 using the 2002 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions)..... 12

2003 Taxable Income

- 13 If you used FIA to figure your tax for 2003, see instructions. Otherwise, enter the taxable income from your 2003 Form 40, line 28; or Form 40S, line 12. If -0- or less, see instructions 13
- 14 Enter the amount from line 6 14
- 15 Add lines 13 and 14. If -0- or less, enter -0- 15
- 16 Figure the tax on the amount on line 15 using the 2003 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions)..... 16
- 17 Add lines 4, 8, 12, and 16..... 17

- 18 If you used FIA to figure your tax for 2003, enter the amount from your 2003 FIA-40, line 12; FIA-40N, line 12; or FIA-40P, line 11. If you did not use FIA in 2003 but did in 2002, enter the amount from 2002 FIA-40, line 16; FIA-40N, line 14; or FIA-40P, line 12. Otherwise, enter the tax from your 2001 Form 40, line 30; Form 40S, line 16; Form 40N, line 52 or Form 40P, line 51 18

- 19 If you used FIA to figure your tax for 2003, enter the amount from your 2003 FIA-40, line 16; FIA-40N, line 13; or FIA-40P, line 12. If you did not use FIA in 2003 but did in 2002, enter the amount from 2002 FIA-40, line 4; FIA-40N, line 10; or FIA-40P, line 8. Otherwise, enter the tax from your 2002 Form 40, line 30; Form 40S, line 16; Form 40N, line 52 or Form 40P, line 51 19

- 20 If you used FIA to figure your tax for 2003, enter the amount from your 2003 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2003 Form 40, line 30; Form 40S, line 13; Form 40N, line 51 or Form 40P, line 51 20

- 21 Add lines 18, 19, and 20..... 21
- 22 Line 17 minus line 21. Enter the result here and on Form 40, line 30 22

—Attach your completed Form FIA-40 to your Oregon Form 40—



INSTRUCTIONS FOR 2004 FORM FIA-40 Farm Income Averaging

You may elect to figure your 2004 tax by averaging, over the previous three years (base years), all or part of your 2004 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2001, 2002, and 2003. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. See Taxpayer Assistance on page 4 for numbers to call.

If you filed an Oregon part-year or nonresident return in any of the three base years, you will need Schedule Z, Computation of Tax, to complete Form FIA-40. If any of the three base years are part-year or nonresident returns, ignore the computation of tax for the applicable year on Form FIA-40 and complete Schedule Z. Fill in the computed tax from Schedule Z on lines 8, 12, or 16, whichever applies.

Elected farm income

Your elected farm income is the amount of your taxable income from farming that you elect to include on Form FIA-40, line 2. This is the amount on federal Schedule J, line 2, if you elect to use farm income averaging for federal. Do not enter more than the amount on line 1.

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. Gains and losses from the sale or other disposition of property (other than land) must be from property regularly used for a substantial period of time in your farming business. However, it does not include gain from the sale or other disposition of land. You do not have to include all of your taxable income from farming on Form FIA-40, line 2.

Your elected farm income cannot exceed your Oregon taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business. If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years.

If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Farming business

A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm.
- Raising or harvesting of trees bearing fruits, nuts, or other crops.
- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots).

- Raising, shearing, feeding, caring for, training, and managing animals.
- Leasing land to a tenant engaged in a farming business, but **only** if the lease payments are based on a share of the tenant's production (not a fixed amount).
- Wages and other compensation you received as a shareholder in an S corporation engaged in a farming business.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Line instructions

Line 5. If you used FIA-40 to figure your tax for 2003, enter on line 5 the amount from your 2003 FIA-40, line 11. If you used Schedule Z to figure your tax for 2003, enter on line 5 the amount from your 2003 Schedule Z, Computation for Tax Year 2001. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If you used FIA-40 to figure your tax for 2002 but not 2003, enter on line 5 the amount from your 2002 FIA-40, line 15. If you used Schedule Z to figure your tax for 2002, enter on line 5 the amount from your 2002 Schedule Z, Computation for Tax Year 2001. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If your 2001 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 5.

NOL means *net operating loss* and applies to the year of the actual loss. **NOLD** means *net operating loss deduction* and applies to the year the NOL is carried to.

2001 Taxable Income Worksheet

1. Figure the taxable income from your 2001 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2001. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2001. Enter the result here \$ _____
2. If there is a loss on your 2001 federal Schedule D, line 18, add that loss (as a positive amount) and your 2001 capital loss carryover to 2002. Subtract from that sum the amount of the loss on your 2001 federal Schedule D, line 17. Enter the result here..... \$ _____

3. If you had an NOL for 2001, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2001 that were not used in 2001 and were carried to tax years after 2001 as a positive amount here \$ _____
4. Add lines 2 and 3 \$ _____
5. Add line 1 and line 4. Enter the result here, and on Form FIA-40, line 5 \$ _____

Line 9. If you used FIA-40 to figure your tax for 2003, enter on line 9 the amount from your 2003 FIA-40, line 15. If you used Schedule Z to figure your tax for 2003, enter on line 9 the amount from your 2003 Schedule Z, Computation for Tax Year 2002. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If you used FIA-40 to figure your tax for 2002 but not 2003, enter on line 9 the amount from your 2002 FIA-40, line 17. If you used Schedule Z to figure your tax for 2002 enter on line 9 the amount from your 2002 Schedule Z. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If your 2002 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 9.

2002 Taxable Income Worksheet

6. Figure the taxable income from your 2002 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2002. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2002. Enter the result here \$ _____
7. If there is a loss on your 2002 federal Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 federal Schedule D, line 17. Enter the result here \$ _____
8. If you had an NOL for 2002, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2002 that were not used in 2002 and were carried to tax years after 2002 as a positive amount here \$ _____
9. Add lines 7 and 8 \$ _____
10. Add line 6 and line 9. Enter the result here and on Form FIA-40, line 9 \$ _____

Line 13. If you used FIA-40 to figure your tax for 2003, enter on line 13 the amount from your 2003 FIA-40, line 3. If you used FIA-40N to figure your tax for 2003, enter on line 13 the amount from the 2003 FIA-40N, line 8. If you used FIA-40P to figure your tax for 2003, enter on line 13 the amount from the 2003 FIA-40P, line 6.

If your 2003 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 13.

2003 Taxable Income Worksheet

11. Figure the taxable income from your 2003 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2003. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2003. Enter the result here \$ _____
12. If there is a loss on your 2003 federal Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to tax year 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17. Enter the result here \$ _____
13. If you had an NOL for 2003, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2003 that were not used in 2003 and were carried to tax years after 2003 as a positive amount here \$ _____
14. Add lines 12 and 13 \$ _____
15. Add line 11 and line 14. Enter the result here and on Form FIA-40, line 13 \$ _____

Example 1. Kevin Crooper did not income average for tax year 2002 but he did income average for tax year 2003 and he wants to income average for tax year 2004. For tax years 2001, 2002, and 2003 Kevin filed joint returns. His filing status for tax year 2004 is also married filing jointly. For tax year 2001, Kevin’s taxable income from Form 40, line 28 is \$1,112. For tax year 2002, Kevin’s taxable income from Form 40, line 28 is \$14,250. For tax year 2003, Kevin’s taxable income from Form 40, line 28 is \$12,777. For tax year 2004, Kevin’s taxable income from Form 40, line 28 is \$27,900 and his elected farm income is \$24,000. For the tax years above, he has no net operating losses, no net operating carryforwards or carrybacks and no capital losses.

Kevin income averaged for tax year 2003. Kevin has \$12,777 of taxable income and elected to farm income average \$9,000, leaving Oregon taxable income of \$3,777. For 2001, Kevin’s recomputed tax after adding one-third of elected farm income from his 2003 Form FIA-40, line 11 is \$4,112.

For 2002, Kevin's recomputed tax after adding one-third of his elected farm income from his 2003 Form FIA-40, line 15 is \$17,250. For 2003, Kevin's recomputed tax after removing his elected farm income is \$188 from 2003 Form FIA-40, line 4.

For tax year 2004, Kevin's Oregon taxable income is \$27,900. On line 2 Kevin enters his elected farm income of \$24,000. He subtracts line 2 from line 1 and enters \$3,900 on line 3. This is his remaining Oregon taxable income. He calculates his 2004 Oregon tax using the tax tables under married filing joint status and enters \$198 on line 4.

For 2001, Kevin enters \$4,112 from line 11, 2003 Form FIA-40 on line 5 of the 2004 Form FIA-40. He divides his elected farm income of \$24,000 by 3 and enters \$8,000 on line 6 of the 2004 Form FIA-40. He adds lines 5 and 6 and enters \$12,112 on line 7. This is his recomputed 2001 Oregon taxable income. He calculates his 2001 Oregon tax using the tax table under married filing joint status and enters \$751 on line 8.

For 2002, Kevin enters \$17,250 from line 15, 2003 Form FIA-40 on line 9 of the 2004 Form FIA-40. He enters \$8,000 from line 6 (2004 Form FIA-40) on line 10 of the 2004 Form FIA-40. He adds lines 9 and 10 and enters \$25,250 on line 11. This is his recomputed 2002 Oregon taxable income. He calculates his 2002 Oregon tax using the tax tables under married filing joint status and enters \$1,985 on line 12.

For 2003, Kevin enters \$3,777 from line 3, 2003 Form FIA-40 on line 13 of the 2004 Form FIA-40. He enters \$8,000 from line 6 (2004 Form FIA-40) on line 14 of the 2004 Form FIA-40. He adds lines 13 and 14 and enters \$11,777 on line 15. This is his recomputed 2003 Oregon taxable income. He calculates his 2003 Oregon tax using the tax tables under married filing joint status and enters \$721 on line 16.

On his 2004 Form FIA-40, he adds lines 4, 8, 12, and 16 and enters \$3,655 on line 17. He enters his recomputed 2001 tax of \$208 from 2003 Form FIA-40, line 12 on line 18 of the 2004 Form FIA-40. He enters his recomputed 2002 tax of \$1,225 from 2003 Form FIA-40, line 16 on line 19 of the 2004 Form FIA-40. He enters his recomputed 2003 tax of \$188 from 2003 Form FIA-40, line 4 on line 20 of the 2004 Form FIA-40. He adds lines 18, 19, and 20 and enters \$1,621 on line 21. This is the recomputed tax he paid for the 2001, 2002, and 2003 tax years.

He subtracts the recomputed tax of \$1,621 on line 21 from the recomputed tax of \$3,655 on line 17 and enters the result of \$2,034 on line 22. This is Kevin's 2004 tax liability from farm income averaging. He enters this figure on Form 40, line 30.

Example 2. John Farmington did not use farm income averaging for 2001, 2002, or 2003. For tax year 2004, John has elected farm income on Form FIA-40, line 2 of \$18,000. His Oregon taxable income shown on his 2001 Form 40, line 28, is \$6,150.

John had a net operating loss (NOL) for tax year 2002 of \$22,950, which he elected to carryback five years. Of the

\$22,950 loss, \$9,000 was carried back to tax year 2001. To complete line 1 of the 2001 worksheet, John combines the \$9,000 net operating loss deduction (NOLD) with his 2001 Oregon taxable income of \$6,150 from Form 40, line 28. The result, a negative \$2,850, is entered on line 1 of the 2001 worksheet.

When John filed his 2001 tax return, he had a \$3,000 net capital loss deduction on federal Schedule D, line 18, a \$7,000 loss on federal Schedule D, line 17, and a \$4,000 capital loss carryover to 2002. However, when John carried back the 2002 NOL to 2001, he refigured his 2001 capital loss carryover to tax year 2002 as \$7,000. To calculate line 2 of the 2001 worksheet, John adds the \$3,000 from federal Schedule D, line 18, and the \$7,000 carryover. He subtracts from the result the \$7,000 loss on his federal Schedule D, line 17, and enters \$3,000 on line 2 of the 2001 worksheet.

John had \$6,150 of Oregon taxable income in 2001 that reduced the 2002 NOL carryback. The \$3,000 net capital loss deduction also reduced the amount of the 2002 NOL carryback. Since these two figures together total \$9,150, there is no NOLD left to carry over to tax year 2003. Therefore, John enters -0- on line 3. He adds line 2 and line 3 and enters the result, \$3,000, on line 4 of the worksheet. John adds line 1, a negative \$2,850, plus line 4, a positive \$3,000, and enters the result, a positive \$150, on 2004 Form FIA-40, line 5. This figure represents John's recomputed Oregon taxable income for tax year 2001.

For tax year 2002, John's taxable income from Form 40, line 28 is negative \$30,250, which he enters on line 6 of the 2002 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 and a \$7,000 loss on Schedule D, line 17, the carryover from 2001 to 2002. John adds the \$3,000 from Schedule D, line 18, and the \$7,000 carryover. He subtracts from the result the \$7,000 loss on Schedule D, line 17, and enters \$3,000 on line 7 of the worksheet. John enters \$22,950 on line 8 of the worksheet, his 2002 NOL.

John enters \$25,950 (\$22,950 and \$3,000) on line 9 of the worksheet. He adds line 6 and line 9 and enters the result, a negative \$4,300, on line 10 of the worksheet and on 2004 Form FIA-40, line 9. This figure represents John's recomputed Oregon taxable income for tax year 2002.

For tax year 2003, John's taxable income from Form 40, line 28 is negative \$1,750. This amount includes an NOLD of \$2,300 which was the portion of the 2002 NOL that was remaining to be carried forward from tax year 2001. John does not have an NOL for tax year 2003. John enters a negative \$1,750 on line 11 of the 2003 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18, a \$7,000 loss on Schedule D, line 17, and a \$5,000 capital loss carryover to 2003 (his 2002 capital loss carryover to 2003 was \$5,000, not \$4,000, because his federal taxable income before exemptions was a negative \$1,000). John adds the \$3,000 from Schedule D, line 18, and the \$5,000 carryover. He reduces the result by the \$7,000 loss on his

Schedule D, line 17, and enters \$1,000 on line 12 of the 2003 worksheet.

John enters -0- on line 13 of the worksheet because he does not have an NOL for 2003 and did not have any remaining NOLD to carryforward. John's \$2,300 NOLD for 2003 was reduced to -0- because it did not exceed his federal AGI as modified for the capital loss deduction,

the net operating loss, and the standard or recomputed itemized deductions. John adds lines 12 and 13 and enters \$1,000 on line 14 of the worksheet. John adds lines 11 and 14 and enters the result, a negative \$750, on line 15 of the worksheet and on 2004 Form FIA-40, line 13. This figure represents John's recomputed Oregon taxable income for tax year 2003.

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a day-time telephone number for faster service.

Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

Bend 951 SW Simpson Avenue, Suite 100

Eugene 1600 Valley River Drive, Suite 310

Gresham 1550 NW Eastman Parkway, Suite 220

Medford 24 West 6th Street

Newport 119 NE 4th Street, Suite 4

North Bend 3030 Broadway

Pendleton 700 SE Emigrant Ave, Suite 310

Portland* Federal Building Lobby, 1220 SW Third Avenue

Portland 800 NE Oregon Street, Suite 505

Salem Revenue Building, 955 Center Street NE, Room 135

Salem 4275 Commercial Street SE, Suite 180

Tualatin 6405 SW Rosewood Street, Suite A

*February 1–April 1: Monday, Wednesday, and Friday, 10 a.m.–3 p.m.
April 4–April 15: Monday–Friday, 9 a.m.–4 p.m.

Telephone

Salem 503-378-4988

Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.

Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.

April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

FORM
FIA-40N **OREGON FARM**
INCOME AVERAGING **2004**

For Office Use Only	
Date received	

Name(s) as shown on Oregon Form 40N			Social Security No. (SSN) — —	
Current mailing address			Spouse's SSN, if joint return — —	
City	State	ZIP code	Telephone number ()	

	Federal column	Oregon column
1 Enter income after subtractions from your 2004 Oregon Form 40N, line 39	1a <input type="text"/>	1b <input type="text"/>
2 Enter your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, line 19b	2a <input type="text"/>	2b <input type="text"/>
3 Subtract line 2 from line 1 in both the federal and Oregon columns	3a <input type="text"/>	3b <input type="text"/>
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100%)	4	. — — —
5 Multiply the allowable deductions and modifications from your 2004 Oregon Form 40N, line 47 worksheet (page 26, line 4) by the recomputed Oregon percentage shown above	5 <input type="text"/>	
6 Enter your deductions and modifications not multiplied by the Oregon percentage from Form 40N, line 48	6 <input type="text"/>	
7 Add lines 5 and 6		7 <input type="text"/>
8 Line 3b minus line 7. Enter the result here		8 <input type="text"/>
9 Figure the tax on line 8 using the 2004 Tax Rate Charts		9 <input type="text"/>
10 Divide line 2b by 3.0 and enter here		10 <input type="text"/>
11 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2001, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		11 <input type="text"/>
12 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		12 <input type="text"/>
13 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		13 <input type="text"/>
14 Add lines 9, 11, 12, and 13		14 <input type="text"/>
15 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2003 but did for 2002, enter the amount from 2002 Form FIA-40, line 16; Form FIA-40N, line 14; or Form FIA-40P, line 12. Otherwise, enter the tax from your 2001 Form 40, line 30; Form 40S, line 16; Form 40N, line 52; or Form 40P, line 51		15 <input type="text"/>
16 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2003 but did for 2002, enter the amount from 2002 Form FIA-40, line 4; Form FIA-40N, line 10; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2002 Form 40, line 30; Form 40S, line 16; Form 40N, line 52; or Form 40P, line 51		16 <input type="text"/>
17 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2003 Form 40, line 30; Form 40S, line 13; Form 40N, line 51; or Form 40P, line 51		17 <input type="text"/>
18 Add lines 15, 16, and 17		18 <input type="text"/>
19 Line 14 minus line 18. Enter the result here and on Form 40N, line 52		19 <input type="text"/>

—Attach your completed Form FIA-40N to your Oregon Form 40N—

FORM FIA-40P OREGON FARM INCOME AVERAGING 2004			For Office Use Only Date received
Name(s) as shown on Oregon Form 40P			Social Security No. (SSN) — —
Current mailing address			Spouse's SSN, if joint return — —
City	State	ZIP code	Telephone number ()

	Federal column	Oregon column
1 Enter income after subtractions from your 2004 Oregon Form 40P, line 39..... 1a	<input style="width: 50px; height: 20px;" type="text"/>	1b <input style="width: 50px; height: 20px;" type="text"/>
2 Enter your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40P, line 19b..... 2a	<input style="width: 50px; height: 20px;" type="text"/>	2b <input style="width: 50px; height: 20px;" type="text"/>
3 Subtract line 2 from line 1 in both the federal and Oregon columns..... 3a	<input style="width: 50px; height: 20px;" type="text"/>	3b <input style="width: 50px; height: 20px;" type="text"/>
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100%)..... 4	. — — — —	
5 Enter allowable deductions and modifications from your 2004 Form 40P, line 48..... 5	<input style="width: 50px; height: 20px;" type="text"/>	
6 Line 3a minus line 5. Enter the result here		6 <input style="width: 50px; height: 20px;" type="text"/>
7 Figure the tax on line 6 using the 2004 Tax Rate Charts		7 <input style="width: 50px; height: 20px;" type="text"/>
8 Multiply line 7 by the recomputed Oregon percentage on line 4.....		8 <input style="width: 50px; height: 20px;" type="text"/>
9 Divide line 2b by 3.0 and enter here		9 <input style="width: 50px; height: 20px;" type="text"/>
10 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2001, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		10 <input style="width: 50px; height: 20px;" type="text"/>
11 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		11 <input style="width: 50px; height: 20px;" type="text"/>
12 Enter the amount from your 2004 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies		12 <input style="width: 50px; height: 20px;" type="text"/>
13 Add lines 8, 10, 11, and 12		13 <input style="width: 50px; height: 20px;" type="text"/>
14 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2003 but did for 2002, enter the amount from 2002 Form FIA-40, line 16; Form FIA-40N, line 14; or Form FIA-40P, line 12. Otherwise, enter the tax from your 2001 Form 40, line 30; Form 40S, line 16; Form 40N, line 52; or Form 40P, line 51		14 <input style="width: 50px; height: 20px;" type="text"/>
15 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2003 but did for 2002, enter the amount from 2002 Form FIA-40, line 4; Form FIA-40N, line 10; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2002 Form 40, line 30; Form 40S, line 16; Form 40N, line 52; or Form 40P, line 51		15 <input style="width: 50px; height: 20px;" type="text"/>
16 If you used FIA to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2003 Form 40, line 30; Form 40S, line 13; Form 40N, line 51; or Form 40P, line 51		16 <input style="width: 50px; height: 20px;" type="text"/>
17 Add lines 14, 15, and 16		17 <input style="width: 50px; height: 20px;" type="text"/>
18 Line 13 minus line 17. Enter the result here and on Form 40P, line 52		18 <input style="width: 50px; height: 20px;" type="text"/>

—Attach your completed Form FIA-40P to your Oregon Form 40P—

Schedule Z

(Farm Income Averaging)

Computation of Tax

2004

COMPUTATION FOR TAX YEAR 2001

Computation A. Complete if you filed **Form 40N** for tax year 2001.

1 If you used Schedule Z to figure your tax for 2003, enter the amount from your 2003 Schedule Z, Computation for Tax Year 2001, Computation A, lines 3a and 3b.

If you used Schedule Z to figure your tax for 2002 but not for 2003, enter the amounts from your 2002 Schedule Z, Computation for Tax Year 2001,

Computation A, lines 3a and 3b. Otherwise, enter the amount shown on your 2001 Form 40N, lines 39a and 39b (if -0- or less, see instructions)

	Federal column	Oregon column
1a	<input type="text"/>	<input type="text"/>

2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	<input type="text"/>
2b	<input type="text"/>	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns

3a	<input type="text"/>	<input type="text"/>
3b	<input type="text"/>	<input type="text"/>

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)

4 • _____

5 Enter allowable deductions and modifications from your 2001 Oregon Form 40N, line 47

5	<input type="text"/>	<input type="text"/>
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6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 and enter here

6	<input type="text"/>	<input type="text"/>
---	----------------------	----------------------

7 Enter the amount from your 2001 Oregon Form 40N, line 49

7	<input type="text"/>	<input type="text"/>
---	----------------------	----------------------

8 Add lines 6 and 7

8	<input type="text"/>	<input type="text"/>
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9 Line 3b minus line 8. Enter the result here

9	<input type="text"/>	<input type="text"/>
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10 Figure the tax on line 9 using the 2001 Tax Rate Charts. Enter the amount on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10

10	<input type="text"/>	<input type="text"/>
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Computation B. Complete if you filed **Form 40P** for tax year 2001.

1 If you used Schedule Z to figure your tax for 2003, enter the amount from your 2003 Schedule Z, Computation for Tax Year 2001, Computation B, lines 3a and 3b.

If you used Schedule Z to figure your tax for 2002 but not for 2003, enter the amounts from your 2002 Schedule Z, Computation for Tax Year 2001,

Computation B, lines 3a and 3b. Otherwise, enter the amount shown on your 2001 Form 40P, lines 39a and 39b (if -0- or less, see instructions)

	Federal column	Oregon column
1a	<input type="text"/>	<input type="text"/>

2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	<input type="text"/>
2b	<input type="text"/>	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns

3a	<input type="text"/>	<input type="text"/>
3b	<input type="text"/>	<input type="text"/>

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)

4 • _____

5 Enter the amount from your 2001 Oregon Form 40P, line 48

5	<input type="text"/>	<input type="text"/>
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6 Line 3a minus line 5. Enter the result here

6	<input type="text"/>	<input type="text"/>
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7 Figure the tax on line 6 using the 2001 Tax Rate Charts

7	<input type="text"/>	<input type="text"/>
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8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10

8	<input type="text"/>	<input type="text"/>
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Computation C. Complete if you filed **Form 40** or **Form 40S** for tax year 2001.

1 If you used Form FIA-40 to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2003,

enter the amount from the 2003 Schedule Z, Computation for Tax Year 2001, Computation C, line 3. If you used Form FIA-40 for tax year 2002 but not for

2003, enter the amount from 2002 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2002 but not for 2003, enter the amounts from your 2002

Schedule Z, Computation for Tax Year 2001, Computation C, line 3. Otherwise, enter the amount shown on your 2001 Form 40, line 28; or Form 40S, line 15

(if -0- or less, see instructions)

	Oregon column
1	<input type="text"/>

2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2	<input type="text"/>
---	----------------------

3 Add lines 1 and 2

3	<input type="text"/>
---	----------------------

4 Figure the tax on line 3 using the 2001 Tax Rate Charts. Enter the amount on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10

4	<input type="text"/>
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COMPUTATION FOR TAX YEAR 2002

Computation A. Complete if you filed **Form 40N** for tax year 2002.

1 If you used Schedule Z to figure your tax for 2003 enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation A, lines 3a and 3b. If you income averaged for 2002 but not for 2003, enter the amount from Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2002 Form 40N, lines 39a and 39b (if -0- or less, see instructions)..... 1a

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 1b

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2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 2a

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 2b

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3 Add lines 1 and 2 in both the federal and Oregon columns..... 3a

--	--

 3b

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4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)..... 4 • _____

5 Enter allowable deductions and modifications from your 2002 Oregon Form 40N, line 47 5

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6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4..... 6

--	--

7 Enter the amount from your 2002 Oregon Form 40N, line 49 7

--	--

8 Add lines 6 and 7 8

--	--

9 Line 3b minus line 8. Enter the result here 9

--	--

10 Figure the tax on line 9 using the 2002 Tax Rate Charts. Enter the amount on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 10

--	--

Computation B. Complete if you filed **Form 40P** for tax year 2002.

1 If you used Schedule Z to figure your tax for 2003 enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation B, lines 3a and 3b. If you income averaged for 2002 but not for 2003, enter the amount from Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2002 Form 40P, lines 39a and 39b (if -0- or less, see instructions) 1a

--	--

 1b

--	--

2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 2a

--	--

 2b

--	--

3 Add lines 1 and 2 in both the federal and Oregon columns..... 3a

--	--

 3b

--	--

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)..... 4 • _____

5 Enter the amount from your 2002 Oregon Form 40P, line 48..... 5

--	--

6 Line 3a minus line 5. Enter the result here 6

--	--

7 Figure the tax on line 6 using the 2002 Tax Rate Charts 7

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8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 8

--	--

Computation C. Complete if you filed **Form 40** or **Form 40S** for tax year 2002.

1 If you used Form FIA-40 to figure your tax for 2003, enter the amount from 2003 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2003 enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation C, line 3. If you used Form FIA-40 for tax year 2002 but not for 2003, enter the amount from 2002 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2002 Form 40, line 28; or Form 40S, line 15 (if -0- or less, see instructions)..... 1

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2 Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 2

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3 Add lines 1 and 2 3

--	--

4 Figure the tax on line 3 using the 2002 Tax Rate Charts. Enter the amount on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11 4

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COMPUTATION FOR TAX YEAR 2003

Computation A. Complete if you filed Form 40N for tax year 2003.

1	If you used Form FIA-40N to figure your tax for 2003, enter the amounts from your 2003 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40N, line 39 (if -0- or less, see instructions)	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
3	Add lines 1 and 2 in both the federal and Oregon columns	3a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
4	Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)	4	• _____								
5	Enter allowable deductions and modifications from your 2003 Oregon Form 40N, line 47	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
6	Multiply the amount on line 5 by the recomputed Oregon percentage on line 4	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
7	Enter the amount from your 2003 Oregon Form 40N, line 49	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
8	Add line 6 and 7	8	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
9	Line 3b minus line 8. Enter the result here	9	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
10	Figure the tax on line 9 using the 2003 Tax Rate Charts. Enter the amount on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12	10	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								

Computation B. Complete if you filed Form 40P for tax year 2003.

1	If you used Form FIA-40P to figure your tax for 2003, enter the amount from the 2003 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40P, line 39 (if -0- or less, see instructions)	1a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Federal column	1b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			Oregon column
2	Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				2b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
3	Add lines 1 and 2 in both the federal and Oregon columns	3a	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>				3b	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>			
4	Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)	4	• _____								
5	Enter the amount from your 2003 Oregon Form 40P, line 48	5	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
6	Line 3a minus line 5. Enter the result here	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
7	Figure the tax on line 6 using the 2003 Tax Rate Charts	7	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								
8	Multiply line 7 by the Oregon percentage on line 4. Enter the amount on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12	8	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>								

Computation C. Complete if you filed Form 40 or Form 40S for tax year 2003.

1	If you used Form FIA-40 to figure your tax for 2003, enter the amount from your 2003 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2003 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions)	1	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>							Oregon column
2	Enter amount from 2004 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>							
3	Add lines 1 and 2	3	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>							
4	Figure the tax on line 3 using the 2003 Tax Rate Charts. Enter the amount on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12	4	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 40px; height: 20px;"></td><td style="width: 40px; height: 20px;"></td></tr></table>							



Instructions for Form FIA-40N, Form FIA-40P, and Schedule Z, for Farm Income Averaging

2004

You may elect to figure your 2004 tax by averaging, over the previous three years (base years), all or part of your 2004 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2001, 2002, and 2003 to figure your tax on Form FIA-40N or Form FIA-40P. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. See Taxpayer Assistance on page 8 for numbers to call.

Elected farm income

Your elected farm income is the amount of your taxable income from farming that you elect to include on Form FIA-40N or Form FIA-40P, line 2. Do not enter more than the amount on line 1.

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. However, it does not include gain from the sale or other disposition of land. Gains and losses must be from property (other than land) regularly used by you in the farm business for a substantial period of time. Oregon source farm income includes income or loss received from an Oregon farm while you were a nonresident and farm income or loss received during any portion of the year you were an Oregon resident.

You do not have to include all of your taxable income from farming on Form FIA-40N or Form FIA-40P, line 2.

Your elected farm income cannot exceed your Oregon taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business.

If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years.

If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Farming business

A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm.
- Raising or harvesting trees bearing fruits, nuts, or other crops.
- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots).
- Raising, shearing, feeding, caring for, training, and managing animals.
- Leasing land to a tenant engaged in a farming business, but **only** if the lease payments are based on a share of the tenant's production (not a fixed amount).
- Wages and other compensation you received as a shareholder in an S corporation engaged in a farming business.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Instructions for Schedule Z

You will need to complete Form FIA-40N through line 10 or Form FIA-40P through line 9 before you can complete Schedule Z. You will need the figure from line 2(b) of Form FIA-40N or Form FIA-40P to recalculate Oregon tax for tax years 2001, 2002, and 2003. On Schedule Z, complete either Computation A, B, or C for each tax year. Figures from Schedule Z are needed to complete Form FIA-40, lines 8, 12, and 16; Form FIA-40N, lines 11 through 13; or Form FIA-40P, lines 10 through 12.

If you were a part-year resident or a nonresident for 2001, 2002, or 2003 and if your income after subtractions (line 39) for either federal or Oregon was zero or less for any of these three tax years, use the worksheets below to figure the amount to enter on Schedule Z, Computation A or B, line 1.

NOL means *net operating loss* and applies to the year of the actual loss. **NOLD** means *net operating loss deduction* and applies to the year the NOL is carried to.

2001 Taxable Income Worksheet

Part-Year or Nonresident Return for 2001

- | | Federal (a) | Oregon (b) |
|--|-------------|------------|
| 1. Figure income after subtractions for either federal or Oregon, or both, from your 2001 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2001. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2001. Enter the result here | \$ _____ | \$ _____ |
| 2. You must make an additional computation if you have a capital loss and a NOL in either or both columns on Form 40N or Form 40P. If there is a loss on your 2001 federal Schedule D, line 18, add that loss (as a positive amount) and your 2001 capital loss carryover to 2002. Subtract from that sum the amount of the loss on your 2001 federal Schedule D, line 17. Enter the result here | \$ _____ | \$ _____ |
| 3. If you had an NOL for 2001 for federal only, enter | | |

it as a positive amount in the federal column. If you had an NOL for 2001 for both federal and Oregon enter it in both columns as a positive amount. If you had an NOL for Oregon only, enter it as a positive amount in the Oregon column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2001 that were not used in 2001 and were carried to tax years after 2001

	Federal (a)	Oregon (b)
after 2001	\$ _____	\$ _____
4. Add lines 2 and 3	\$ _____	\$ _____

5. Add line 1 and line 4 for each column. Enter the result here and on your 2004 Schedule Z, Tax Year 2001, Computation A or B, line 1

	Federal (a)	Oregon (b)
.....	\$ _____	\$ _____

Full-Year Return for 2001

6. Figure the taxable income from your 2001 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2001. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2001. Enter the result here

	Federal (a)	Oregon (b)
.....	\$ _____	

7. If there is a loss on your 2001 federal Schedule D, line 18, add that loss (as a positive amount) and your 2001 capital loss carryover to 2002. Subtract from that sum the amount of the loss on your 2001 federal Schedule D, line 17. Enter the result here

	Federal (a)	Oregon (b)
.....	\$ _____	

8. If you had an NOL for 2001, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2001 that were not used in 2001 and were carried to tax years after 2001 as a positive amount here.....

	Federal (a)	Oregon (b)
.....	\$ _____	

9. Add lines 7 and 8

10. Add line 6 and line 9. Enter the result here, and on your 2004 Schedule Z, Tax Year 2001, Computation C, line 1

	Federal (a)	Oregon (b)
.....	\$ _____	

	Federal (a)	Oregon (b)
.....	\$ _____	

2002 Taxable Income Worksheet

Part-Year or Nonresident Return for 2002

11. Figure income after subtractions for either federal or

Oregon, or both, from your 2002 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2002. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2002. Enter the result here.....

	Federal (a)	Oregon (b)
.....	\$ _____	\$ _____

12. You must make an additional computation if you have a capital loss and a NOL in either or both columns on Form 40N or Form 40P. If there is a loss on your 2002 federal Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that sum the amount of the loss on your 2002 federal Schedule D, line 17. Enter the result here

	Federal (a)	Oregon (b)
.....	\$ _____	\$ _____

13. If you had an NOL for 2002 for federal only, enter it as a positive amount in the federal column. If you had an NOL for 2002 for both federal and Oregon enter it in both columns as a positive amount. If you had an NOL for Oregon only, enter it as a positive amount in the Oregon column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2002 that were not used in 2002 and were carried to tax years after 2002.....

	Federal (a)	Oregon (b)
.....	\$ _____	\$ _____

14. Add lines 12 and 13

15. Add line 11 and line 14. Enter the result here and on your 2004 Schedule Z, Tax Year 2002, Computation A or B, line 1

	Federal (a)	Oregon (b)
.....	\$ _____	\$ _____

Full-Year Return for 2002

16. Figure the taxable income from your 2002 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2002. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2002. Enter the result here

	Federal (a)	Oregon (b)
.....	\$ _____	

17. If there is a loss on your 2002 federal Schedule D, line 18, add that loss (as a positive amount) and your 2002 capital loss carryover to 2003. Subtract from that

	Federal (a)	Oregon (b)
sum the amount of the loss on your 2002 federal Schedule D, line 17. Enter the result here.....		\$ _____
18. If you had an NOL for 2002, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2002 that were not used in 2002 and were carried to tax years after 2002 as a positive amount here.....		\$ _____
19. Add lines 17 and 18.....		\$ _____
20. Add line 16 and line 19. Enter the result here, and on your 2004 Schedule Z, Tax Year 2002, Computation C, line 1.....		\$ _____

2003 Taxable Income Worksheet

Part-Year or Nonresident Return for 2003

21. Figure income after subtractions for either federal or Oregon, or both, from your 2003 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2003. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2003. Enter the result here.....	\$ _____	\$ _____
22. You must make an additional computation if you have a capital loss in either or both columns on Form 40N or Form 40P. If there is a loss on your 2003 federal Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to tax year 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17. Enter the result here.....	\$ _____	\$ _____
23. If you had an NOL for 2003 for federal only, enter it as a positive amount in the federal column. If you had an NOL for 2003 for both federal and Oregon, enter it in both columns as a positive amount. If you had an NOL for Oregon only, enter it as a positive amount in the Oregon column. Otherwise, enter as a positive amount the		

	Federal (a)	Oregon (b)
portion (if any) of the NOLD carryovers and carrybacks to 2003 that were not used in 2003 and were carried to tax years after 2003.....	\$ _____	\$ _____
24. Add lines 22 and 23.....	\$ _____	\$ _____
25. Add line 21 and line 24. Enter the result here and on your 2004 Schedule Z, Tax Year 2003, Computation A or B, line 1.....	\$ _____	\$ _____

Full Year Return for 2003

26. Figure the taxable income from your 2003 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2003. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2003. Enter the result here.....		\$ _____
27. If there is a loss on your 2003 federal Schedule D, line 18, add that loss (as a positive amount) and your 2003 capital loss carryover to 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17. Enter the result here.....		\$ _____
28. If you had an NOL for 2003, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2003 that were not used in 2003 and were carried to tax years after 2003 as a positive amount here.....		\$ _____
29. Add lines 27 and 28.....		\$ _____
30. Add line 26 and line 29. Enter the result here, and on your 2004 Schedule Z, Tax Year 2003, Computation C, line 1.....		\$ _____

Example: John Farmington owns a farm in Ontario, Oregon but is a resident of Idaho. John files as a nonresident for Oregon each year. John did not use farm income averaging for 2001, 2002, or 2003. For tax year 2004, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2001 income after subtractions shown on line 39 of Form 40N is \$25,906 in the federal column and \$6,150 in the Oregon column.

John had a NOL for tax year 2002 of \$22,950 for Oregon only, which he elected to carryback five years. Of the \$22,950 loss, \$9,000 was carried back to tax year 2001 and completely absorbed. John combines the \$9,000 NOLD with his Oregon income after subtractions of \$6,150. The result is a negative \$2,850 and is entered in the Oregon column on line 1(b) of the 2001 worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2001 worksheet.

When John filed his 2001 federal tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 18 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 17, and a \$4,000 capital loss carryover to 2002. The capital losses are not Oregon source. Since the NOL is for Oregon only, no adjustment is necessary for the capital loss deduction or for the capital loss carryover to 2002. John enters -0- in both columns on line 2 of the 2001 worksheet.

John had no net operating losses for tax year 2001 for either federal or Oregon. Because the NOL from 2002 is completely absorbed in 2001, there is no carryover to tax years after 2001. John enters -0- in both columns on line 3 of the worksheet. John adds the amounts on lines 2 and 3, both of which are -0-. He subtracts -0- from the negative \$2,850 and enters the result, a negative \$2,850, in the Oregon column on Schedule Z, Computation A, line 1(b). John subtracts -0- from the \$25,906 and enters the result, a positive \$25,906, in the federal column on Schedule Z, Computation A, line 1(a). These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2001.

For tax year 2002, John's income after subtractions is \$10,850 for federal and a negative \$27,250 for Oregon. John enters \$10,850 in the federal column and a negative \$27,250 in the Oregon column on line 11 of the 2002 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 and a \$7,000 loss on Schedule D, line 17, the carryover from 2001 to 2002. Because the NOL is for Oregon only, no adjustment is necessary on line 12 in the federal column and no adjustment is made in the Oregon column since the capital loss deduction is not Oregon source. John enters -0- in both columns on line 12 of the 2002 worksheet. John enters the Oregon only NOL of \$22,950 on line 13 in the Oregon column of the worksheet and -0- in the federal column. John adds lines 12 and 13 and enters \$22,950 in the Oregon column and -0- in the federal column.

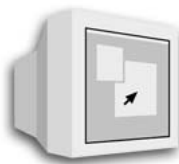
In the federal column on line 15, John enters a positive \$10,850. For the Oregon column, John adds the \$22,950 on line 14 and the negative \$27,250 on line 11 of the worksheet and enters a negative \$4,300 in the Oregon column on line 15. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2002. John enters both of these figures on Schedule Z, Computation A, line 1 in the federal and Oregon columns.

For tax year 2003, John's income after subtractions is not negative in either the federal or Oregon columns. Therefore, John can complete Schedule Z without using the worksheets.

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Telephone

Salem 503-378-4988

Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.

Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.

April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.



INSTRUCTIONS FOR 2004 FORM 10

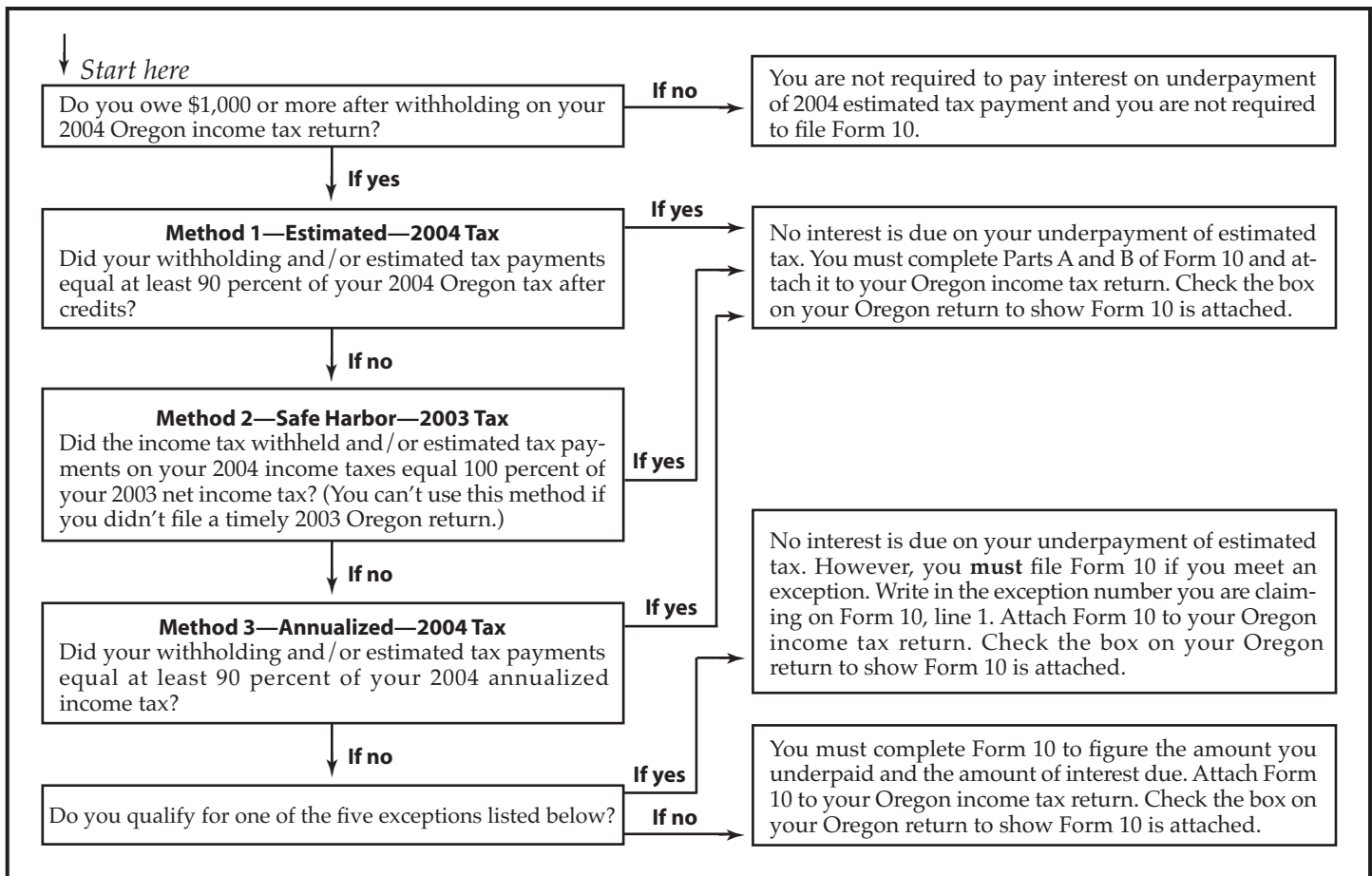
Underpayment of 2004 Oregon Estimated Tax

General Information

Oregon law requires some taxpayers to make estimated tax payments. Interest is charged on underpayments or late payments. The table below will help you determine if you

owe interest on underpayment of your 2004 estimated tax. Visit our Web site to use our Form 10 calculator. After you enter the required data it will calculate your underpayment interest, if any.

Do I Owe Interest on Underpayment of 2004 Estimated Tax Payments?



Instructions

These instructions are for lines not fully explained on the form.

Line 1—Claiming an exception

Exception 1—Farmers and commercial fishers.

If at least two-thirds (66.7 percent) of your 2003 or 2004 total gross income is from farming or fishing, you don't have to pay underpayment interest. Your Oregon return is due April 15, 2005.

Gross income includes items such as wages, interest, and dividends. It also includes gross profit from rentals, royalties, businesses, farming, fishing, and the sale of property. Don't subtract expenses, except cost of goods sold, when figuring gross profit. Do subtract adjusted basis or cost to figure profit on the sale of property.

Farmers. Use the amounts on the following lines of both your **2003 and 2004** federal income tax returns to determine your gross income from farming:

- Federal Schedule F, line 11;
- Federal Schedule E, line 42;
- Federal Form 4797, line 20. (Include only gains from sale of livestock held for drafting, breeding, dairy, or sporting purposes.)

Fishers. Use the amounts on the following lines of both your **2003 and 2004** federal income tax returns to determine your gross income from fishing:

- Federal Schedule C, line 5;
- Federal Schedule C-EZ, line 1;
- Federal Schedule E, line 42.

Exception 2—Prior year.

You meet this exception if **all** of the following are true:

- Your net income tax for 2003 was -0- or you were not required to file a return for 2003.
- You were a full-year Oregon resident in 2003.
- Your tax year was a full 12 months.
- You filed your 2003 Oregon return by the due dates, including extensions.

Your 2003 net income tax is your Oregon income tax after tax credits, including the working family credit, but before withholding, estimated tax payments, or payments made with an extension.

Note: If you were a nonresident or a part-year resident in 2003, you can't use this exception. However, you may be able to use the Safe Harbor Method to figure your required annual payment. See the Part A instructions on this page.

Exception 3—Retired or disabled and have a reasonable cause for the underpayment.

You meet this exception if:

- There was reasonable cause for underpaying your estimated tax, **AND**
 - You retired at age 62 or older during 2003 or 2004, **or**
 - You became disabled during 2003 or 2004.

Reasonable cause will be decided on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" at the top center of the page.

Exception 4—Underpayment due to unusual circumstances.

No interest is due if your underpayment is due to a casualty, disaster, or other unusual circumstance. Unemployment does **not** qualify as an unusual circumstance. Unusual circumstances will be determined on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" in the center at the top of the page.

Exception 5—S corporation shareholders.

If you are a shareholder of a first-year S corporation contact the Department of Revenue to see if you meet this exception.

PART A—Figure your required annual payment

Line 2. Fill in your 2004 net income tax amount from Form 40, line 43; Forms 40N or 40P, line 61.

Line 3. Fill in your 2004 working family credit amount from Form 40, line 46; Forms 40N or 40P, line 64.

Line 6. Fill in only your Oregon income tax withheld from income. **Don't** include any estimated tax payments.

Line 8. Enter the tax after credits shown on your 2003 tax return, Form 40, line 43; Forms 40N or 40P, line 61.

If you didn't file a return for 2003, your 2003 return was not timely filed (including extensions), or your 2003 tax year was less than 12 months, **don't** complete line 8. Enter the amount

from line 5 on line 9. **Note:** If you were a part-year resident or nonresident in 2003 and you have a tax year of 12 months, you may use the tax shown on your 2003 Form 40N or 40P.

PART B—Figure your underpayment

Line 11. Divide line 9 by four and enter the amount in each column. If you moved into Oregon in 2004 use the columns that correspond to the dates you lived in Oregon. Divide the amount on line 9 by the number of periods you were a resident of Oregon.

OR

If you annualized your income using the Annualized Income Worksheet on the back of Form 10, enter the amounts from line 31 of the worksheet.

Line 12. Fill in estimated tax payments and Oregon income taxes withheld from your wages, pension, or any other income. Withholding is considered to be paid in equal amounts on the required payment dates (usually four), unless you prove otherwise. If you worked all year, divide your withholding by four and enter the amount in each column.

Complete lines 13 through 16 of the first column, before going to the next column.

Column A:

Line 14. Enter the amount from line 12, column A. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column B and go to the instructions for column B.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column B and go to the instructions for column B.

Column B:

Line 13. Enter the amount (if any) from line 15 of column A.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column C and go to the instructions for column C.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column C and go to the instructions for column C.

Column C:

Line 13. Enter the amount (if any) from line 15 of column B.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column D and go to the instructions for column D.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column D and go to the instructions for column D.

Column D:

Line 13. Enter the amount (if any) from line 15 of column C.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Go to the instructions for line 17.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Go to the instructions for line 17.

PART C—Figure your interest

Line 17. Your payment will be applied to the oldest underpayment first. If you paid the underpayment **before** April

15, 2005, enter the date you made the payment. If you paid the underpayment **after** April 15, 2005, enter April 15, 2005.

Line 18. Enter the number of full months from the payment period due date on line 10 to the date of payment on line 17, or January 18, 2005, whichever is earlier.

Line 20. Enter the number of days remaining until the date you made your payment, or January 18, 2005, whichever is earlier.

Line 22. Enter the number of full months after January 18, 2005 to the date of payment on line 17.

Line 24. Enter the number of days after January 18, 2005 to the date of payment on line 17.

Example: If you didn't pay the estimated tax that was due on April 15, 2004 until June 7, 2004, count this way:
 April 16 to May 15 = 1 month (from line 18, column A)
 May 16 to June 7 = 23 days (from line 20, column A)

Instructions For Annualized Income Worksheet (Form 10, page 2)

Note: Part-year residents. Start with the column that corresponds to the date you moved to Oregon. You must multiply your exemption credit, prorated credits, and Oregon tax by your annualized Oregon percentage.

Nonresidents. You must multiply your federal tax subtraction, itemized deductions or standard deduction, exemption credit, and prorated credits by your annualized Oregon percentage.

Line 1. Enter your adjusted gross income (AGI) (Form 40, line 8; Form 40N, line 30b; or Form 40P, line 30a) earned or received during the period shown at the top of each column.

Example: Scott received wages for the entire year of 2004. Three months wages belong in column A, five months in column B, eight months in column C, and all 12 months in column D. He also received a lump sum distribution of \$25,000 from his IRA on July 19, 2004. Scott includes the total amount of the distribution in columns C and D only. If

Scott received the lump sum distribution on April 26, 2004 instead, he includes it in columns B, C, and D.

Line 2. Enter the amount of Oregon additions (Form 40, line 11; Forms 40N or 40P, line 34b) claimed during the period shown at the top of each column.

Example: Carol has an Oregon addition of \$6,000 for California bond interest received in September 2004. Carol enters the \$6,000 in column D. If she received the interest at \$500 a month, she would enter \$1,500 (for three months) in column A, \$2,500 (for five months) in column B, \$4,000 (for eight months) in column C, and all \$6,000 in column D (for 12 months).

Line 6. Enter the amount of Oregon subtractions (Form 40, line 19; Forms 40N or 40P, lines 37 and 38) claimed during the period shown at the top of each column.

Line 9. Compute your federal tax subtraction on your annualized income using the Federal Tax Subtraction Worksheet below.

Federal Tax Subtraction Worksheet (line 9)	(A) Jan 1 to Mar 31	(B) Jan 1 to May 31	(C) Jan 1 to Aug 31	(D) Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period .....1				
2. Annualization multiplier .....2	4	2.4	1.5	1
3. Multiply line 1 by line 2 .....3				
4. Actual federal itemized deductions for each period. If you do not itemize, skip to line 7 of this worksheet .....4				
5. Annualization multiplier .....5	4	2.4	1.5	1
6. Multiply line 4 by line 5 .....6				
7. Enter the full amount of your 2004 federal standard deduction in each column .....7				
8. Enter line 6 or line 7, whichever is larger .....8	()	()	()	()
9. Line 3 minus line 8 .....9				
10. 2004 federal exemption amount (Form 1040, line 41, or Form 1040A, line 26) .....10	()	()	()	()
11. Annualized federal taxable income. Line 9 minus line 10 11				
12. Federal tax on line 11 amount for each period (use the federal tax tables) .....12				
13. Enter \$2000 if you are married filing separately or \$4,000 for any other filing status in each column.....13				
14. Enter the smaller of line 12 or 13. Also enter this amount in each column on line 9 of the Annualized Income Worksheet .....14				

If you are filing Form 40N multiply your federal tax subtraction by your Oregon percentage from Form 40N, line 40.

Line 11. Enter only the amount of your net Oregon itemized deductions claimed for the period shown at the top of each column.

Example 1: Generally, home mortgage interest is a deduction paid evenly throughout the year. Three months of home mortgage interest belong in column A (January, February, and March), five months in column B, eight months in column C, and all 12 months of interest in column D.

Example 2: Medical expenses claimed as medical deductions generally are not incurred evenly throughout the tax year. For example, Jill made deductible payments on a hospital bill in 2004. She made a payment of \$990 in April, another of \$1,995 in June, and the final payment of \$2,271 in October.

(All amounts are after the 7.5 percent federal AGI limitation.) Jill will enter the \$990 payment in column B. The April payment **plus** the June \$1,995 payment (totaling \$2,985) will go in column C. In column D, she will enter \$5,256, the total deductible amount of all three payments.

Line 14. If you are married filing separately, and your spouse itemizes deductions, the amount on this line is -0-. You must itemize your deductions.

Line 18. Use the tax tables or tax rate chart in your 2004 Oregon income tax booklet. Line 17 is your annualized Oregon taxable income for each column.

Line 20. Enter credit amounts that apply only to each period.

Example: Sam installed a residential alternative energy device on September 4. He qualifies for a credit of \$160. Sam includes \$160 in column D only.

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

- Bend** 951 SW Simpson Avenue, Suite 100
- Eugene** 1600 Valley River Drive, Suite 310
- Gresham** 1550 NW Eastman Parkway, Suite 220
- Medford** 24 West 6th Street
- Newport** 119 NE 4th Street, Suite 4
- North Bend** 3030 Broadway
- Pendleton** 700 SE Emigrant Ave, Suite 310
- Portland*** Federal Building Lobby, 1220 SW Third Avenue
- Portland** 800 NE Oregon Street, Suite 505
- Salem** Revenue Building, 955 Center Street NE, Room 135
- Salem** 4275 Commercial Street SE, Suite 180
- Tualatin** 6405 SW Rosewood Street, Suite A

* February 1–April 1: Monday, Wednesday, and Friday, 10 a.m.–3 p.m.
April 4–April 15: Monday–Friday, 9 a.m.–4 p.m.

Telephone

Salem 503-378-4988

Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

- Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
- Wednesday 10:00 a.m.–5:10 p.m.
- Closed on holidays.*
- April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
- Wait times may vary.*

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

FORM 10	UNDERPAYMENT OF OREGON ESTIMATED TAX 2004 File with your 2004 Oregon individual income tax return	For Office Use Only Date Received
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• See instructions.

Name	Social Security Number
	- -

EXCEPTION TO PAYING INTEREST

1. I am claiming an exception to the imposition of estimated payment interest because I qualified for relief under ORS 316.573 or 316.587. See instructions and write in the exception number you are claiming..... 1

Exception #	
--------------------	--

PART A—Figure your required annual payment

2. 2004 net income tax from Form 40, line 43; or Forms 40N or 40P, line 61	2		.00
3. 2004 working family credit amount you claimed on Form 40, line 46; or Forms 40N or 40P, line 64.....	3		.00
4. Subtract line 3 from line 2	4		.00
5. Multiply line 4 by 90% (.90)	5		.00
6. 2004 Oregon income tax withheld from income	6		.00
7. Line 4 minus line 6. If less than \$1,000, stop here! You do not owe underpayment interest.....	7		.00
8. Enter your 2003 tax after credits (see instructions).....	8		.00
9. Required annual payment. Enter the smaller of line 5 or line 8.....	9		.00

Note: If line 6 is equal to or more than line 9, **stop here!** You do not owe underpayment interest. Attach this form to your return.

Read the instructions on page 2 **before** completing Part B. Starting with column A, work **down** the columns, and complete lines 11 through 16 **before** going on to columns B, C, and D.

PART B—Figure your underpayment (See instructions on page 2)

	A	B	C	D
	April 15, 2004	June 15, 2004	Sept. 15, 2004	Jan. 18, 2005
10. Payment period due date	10			
11. Divide the amount on line 9 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions).....	11			
12. 2004 estimated tax paid and tax withheld for each period. If line 12 is equal to or more than line 11 for all payment periods, stop here! You do not owe underpayment interest.....	12			
13. Overpayment from previous period. Amount on line 15 of prior column	13			
14. Line 12 plus line 13	14			
15. Overpayment. Is line 14 more than line 11? If yes, line 14 minus line 11. Go to line 13 in the next column.....	15			
16. Underpayment. Is line 11 more than line 14? If yes, line 11 minus line 14. Go to line 13 in the next column	16			

PART C — Figure your interest (See instructions on page 3)

17. Date you paid underpayment or April 15, 2005, whichever is earlier	17				
18. Number of full months from date on line 10 before January 19, 2005 ...	18				
19. Multiply line 18 × the amount on line 16 × .005	19				
20. Number of remaining days before January 19, 2005	20				
21. Multiply line 20 × the amount on line 16 × .000164	21				
22. Number of full months after January 18, 2005	22				
23. Multiply line 22 × the amount on line 16 × .004167	23				
24. Number of remaining days after January 18, 2005	24				
25. Multiply line 24 × the amount on line 16 × .000137	25				
26. Add lines 19, 21, 23, and 25	26				
27. Total interest due. Add the amounts on line 26 in columns A–D. Round the total to the nearest whole dollar and enter here and on Form 40, line 51; or Form 40N, line 69; or Form 40P, line 69	27				

ANNUALIZED INCOME WORKSHEET

Read the instructions on page 3 **before** completing this worksheet. **Note:** Starting with column A, work down the column, and complete lines 1 through 31 before going on to columns B, C, and D.

	A 1/1/04 to 3/31/04	B 1/1/04 to 5/31/04	C 1/1/04 to 8/31/04	D 1/1/04 to 12/31/04
1. Enter your adjusted gross income for each period (see instructions) 1				
2. Oregon additions for each period (see instructions) 2				
3. Add lines 1 and 2 3				
4. Annualization multiplier 4	4	2.4	1.5	1
5. Annualized Oregon income. Multiply line 3 by line 4 5				
6. Oregon subtractions for each period (except federal tax) 6				
7. Annualization multiplier 7	4	2.4	1.5	1
8. Annualized Oregon subtractions. Multiply line 6 by line 7 8				
9. Federal tax from the worksheet on page 3 of the instructions 9				
10. Total subtractions. Add lines 8 and 9 10				
11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions) 11				
12. Annualization multiplier 12	4	2.4	1.5	1
13. Annualized net Oregon itemized deductions. Multiply line 11 by line 12 13				
14. In each column, enter the full amount of your Oregon standard deduction 14				
15. Enter line 13 or 14, whichever is larger 15				
16. Total deductions. Add lines 10 and 15 16	()	()	()	()
17. Annualized Oregon taxable income. Line 5 minus line 16 17				
18. Oregon tax for the amount on line 17 (see tax tables or tax rate chart in the 2004 tax booklet) 18				
19. Exemption credit (not annualized) from Form 40, line 34; Form 40N, line 55; or Form 40P, line 55 19				
20. Enter the credits for each period. Do not include exemption credits (see instructions) 20				
21. Total credits. Add lines 19 and 20 21	()	()	()	()
22. Net annualized income tax. Line 18 minus line 21 22				
23. Percentage that applies for each period 23	22.5%	45%	67.5%	90%
24. Multiply line 22 by line 23 24				
25. Enter the sum of all amounts from the prior columns of line 31 below (i.e., column A, line 31 amount goes in column B, line 25) 25		()	()	()
26. Line 24 minus line 25. If less than zero, enter -0- 26				
27. *Divide line 9, Part A, by four and enter results in each column ... 27				
28. Enter the amount from the previous column of line 30 below (i.e., column A, line 30 amount goes in column B, line 28) 28				
29. Add lines 27 and 28 29				
30. If line 29 is more than line 26, line 29 minus line 26. If line 29 is less than line 26, enter -0- 30				
31. Enter the smaller of line 26 or line 29 here and on Part B, line 11 (see front of the form). Go to line 1 in next column 31				

* If you are a part-year filer, divide by the number of periods you resided in Oregon, if less than 4. (See instructions for Part B, line 11.)

File this form with your 2004 Oregon Individual Income Tax Return

Have questions? See page 4 of the instructions for numbers to call.

FORM <b style="font-size: 2em;">24	OREGON LIKE-KIND EXCHANGES/INVOLUNTARY CONVERSIONS	For Tax Year <div style="border: 1px solid black; width: 80px; height: 30px; margin: 0 auto;"></div>	For Office Use Only <hr/> Date Received
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Taxpayer Name(s)			Social Security Number(s)
Taxpayer Street Address			Federal Employer Identification Number
City	State	ZIP Code	Oregon Business Identification Number

Use this form to report Oregon business or investment property exchanged for property of a like kind (IRC Section 1031 or Section 1033) if the acquired property is located outside of Oregon. This includes both real and personal property exchanged.

In the tax year that you transferred property to another party in a like-kind exchange, you must file Form 24. If you made more than one like-kind exchange, report each exchange on a separate Form 24. Or you may file one summary Form 24 and attach your own statement showing all the information requested on Form 24 for each property.

Individual filers: Attach this form to your Oregon income tax return (Form 40, Form 40N, or Form 40P) and check the box "You filed an Oregon Form 24" on line 7 of your tax return.

Corporation filers: Attach this form to the back of your Oregon corporation return (Form 20, Form 20-I, or Form 20S) and check the box "Form 24 is attached."

Partnership filers: Attach this form to the back of your Oregon partnership return (Form 65) and check the box "Form 24 is attached."

Trust/Estate filers: Attach this form to the back of your Oregon fiduciary return (Form 41) and check the box "Form 24 is attached."

If you have questions about completing this form, please refer to your tax booklet for telephone numbers and addresses of Oregon Department of Revenue offices where you may get help.

Provide the following information on the like-kind exchange:

1. Address (if applicable) and description of the Oregon property given up (include street, city, state, and county)

2. Address (if applicable) and description of the property received (include street, city, state, and county)

3. Month, day, and year you actually transferred your Oregon property to the other party / /

4. Month, day, and year you actually received the property from the other party..... / /

5. Realized gain (or loss) on Oregon property from line 19 or line 32 of federal Form 8824.....

6. Recognized gain on Oregon property from line 23 or line 36 of federal Form 8824.....

7. Deferred gain (or loss) on Oregon property from line 24 or line 37 of federal Form 8824.....

Remember: The deferred gain (or loss) must be reported to Oregon upon the disposition of the replacement property.

—Attach this form to the back of your Oregon return and check the appropriate box on the return—

<p style="text-align: center; margin: 0;">FORM</p> <p style="font-size: 2em; margin: 0;">40-EXT</p>	<p>OREGON AUTOMATIC EXTENSION</p> <p>FOR INDIVIDUALS</p> <p>AND PAYMENT VOUCHER</p>	<p style="font-size: 4em; margin: 0;">2004</p>
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Note to fiscal year taxpayers: File Form 40-EXT by the regular due date of your return.

If you filed a federal extension and you expect to get a refund for Oregon, you do not need to file Oregon Form 40-EXT. Use Form 40-EXT only if:

- **You did not file a federal extension but you need more time to file for Oregon only and you expect an Oregon refund.**
 - File Oregon Form 40-EXT. Fill out Form 40-V, *Oregon Income Tax Payment Voucher*, and enter -0- in the payment amount box. Mail the entire Form 40-EXT to the department's extension clerk.
 - Check box 7b on your Oregon return. Keep a copy of your extension in your records.

- **You need more time to file for Oregon and you need to make a tax payment to Oregon.**
 - Complete the tax payment worksheet below. Fill out and detach Form 40-V, *Oregon Income Tax Payment Voucher*. Mail the payment voucher and your check or money order by April 15, 2005, to the department's extension clerk. If paying by credit card, write "credit card payment" on Form 40-V and mail the voucher to the department's extension clerk.

—Check box 7b on your Oregon return. Keep a copy of your extension in your records.

An extension does not mean more time to pay. If you do not pay at least 90 percent of your total tax liability by April 15, 2005, a 5 percent late payment penalty, plus interest, may be added to your tax due. If you do not file your return by August 15, 2005, you may be assessed an additional 20 percent penalty, plus interest.

Fill in your Social Security number(s) (SSN) and the first four letters of your last name(s) on the voucher below. If you owe, make your check or money order out to "**Oregon Department of Revenue**." Be sure to write your daytime telephone number and "2004 40-EXT" on your check or money order. To help us speed processing, **use blue or black ink** to fill out your voucher and check. Do not use red ink. Do not postdate your check. Mail to:

Extension Clerk
Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0980

TAX PAYMENT WORKSHEET

Keep your completed worksheet with your tax records. Do not mail with your payment.

1. Estimate of your 2004 Oregon net tax liability	1		
2. Total 2004 Oregon tax payments (withholding, estimated payments, and working family child care credit).....	2		
Is line 2 more than line 1? If yes, enter -0- on line 3 and in the "Enter Payment Amount" box on the voucher below. If no, continue to line 3.			
3. Tax to pay with extension. Subtract line 2 from line 1. Enter the difference here and in the "Enter Payment Amount" box on the voucher below	3		

150-101-165 (Rev. 12-04)

▼ Detach Here

Detach Here ▼

OREGON INCOME TAX PAYMENT VOUCHER

150-101-172 (Rev. 12-04)

FORM

40-V

Department of Revenue Use Only

- **Tax Year** (check only one):
 - Calendar Year
 - Fiscal Year— Begins _____
 - Ends _____

- **Payment Type** (check only one):
 - 2004 Return
 - 2004 Extension**
 - 2005 Estimated Tax—Quarter: _____
 - Amended Return—Tax Year: _____
 - Prior Year Return—Tax Year: _____

- Your SSN _____ • First four letters of last name _____
- Spouse's SSN _____ • First four letters of last name _____

Enter Payment Amount

\$. 0 0

Your name: last, first, and initial _____
 Spouse's name: last, first, and initial (if joint payment) _____
 Mailing address _____ Telephone Number (____) _____
 City _____ State ____ Zip Code _____ First time filer New name or address

OREGON

—2005—

Instructions for Estimated Income Tax and Form 40-V Payment Voucher

Contents

What is estimated tax?	1
Who must make estimated tax payments?	1
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Tax rate charts for estimated tax	7
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These instructions aren't a complete statement of laws and Department of Revenue rules. Contact the department if you need more information. See page 8.

What is estimated tax?

Estimated tax is the amount of tax you expect to owe when you file your 2005 Oregon income tax return.

Additional withholding

Estimated tax payments aren't a substitute for withholding. If you don't have enough Oregon tax withheld from your wages, ask your employer to increase your Oregon withholding. You may change your Oregon withholding without changing your federal withholding. File a new federal Form W-4 (Employee's Withholding Allowance

Certificate) with your employer and label it "For Oregon only."

Order information circular, "Oregon Income Tax Withholding: Some Special Cases," to help figure the amount of tax to be withheld from your wages. See page 8.

Who must make estimated tax payments?

You must make estimated tax payments if:

- You expect to owe \$1,000 or more when you file your 2005 Oregon income tax return, **and**
- The total amount of income tax you expect to be withheld from your 2005 income will not equal or exceed at least one of the following:
 - 90 percent of the net income tax to be shown on your 2005 income tax return, **or**
 - 100 percent of the net income tax shown on your 2004 income tax return **or**
 - 90 percent of the tax on your 2005 annualized income.

You can still make estimated tax payments even if you expect to owe less than \$1,000.

Retirees

If you are retired or will retire soon, you may need to make estimated tax payments or have Oregon income tax withheld from your retirement income. Contact the payer of this income to see if this is possible.

WHEN ARE YOUR ESTIMATED TAX PAYMENTS DUE?

First Quarter Payment Is Due	Second Quarter Payment Is Due	Third Quarter Payment Is Due	Fourth Quarter Payment Is Due
Friday April 15, 2005	Wednesday June 15, 2005	Thursday September 15, 2005	Tuesday January 17, 2006

Eligible federal retirees who worked for and retired from the U.S. government prior to October 1, 1991 do not need to make estimated tax payments to Oregon on their federal pensions. However, federal retirees should continue to make estimated tax payments if they receive income from other sources.

Federal retirees with service time both before **and** after October 1, 1991 must continue to pay tax on that portion of their federal pension based on their service after October 1, 1991.

If you were **age 62 or older** on December 31, 2004, you may qualify for the retirement income credit.

Nonresidents and part-year residents

Nonresidents figure Oregon estimated tax only on:

- Income that is subject to Oregon tax; **or**
- Income from conducting a trade or business within Oregon; **or**
- Oregon lottery single ticket winnings under \$5,000. (Note: single ticket winnings of \$5,000 or more are subject to Oregon withholding.)

Federal law prohibits Oregon from taxing retirement income received by a person who is not domiciled in Oregon.

In most cases you must make Oregon estimated tax payments if you **expect** to owe \$1,000 or more in tax on your income from Oregon sources.

The amount of your payment is based on the tax you compute using one of the methods shown on page 3. Use your 2004 Form 40N or Form 40P as a guide to estimate your 2005 Oregon income tax. Use the worksheet on page 5 to compute the amount you owe. Follow the same instructions for filing Form 40-V and paying estimated tax as full-year residents do.

S corporation, limited liability company (LLC), or partnership income. If you are a shareholder in an S corporation, a member of an LLC, or a partner in a partnership with income from Oregon sources, you may need to make estimated tax payments.

- Nonresidents. You are subject to Oregon tax on your share of the Oregon income reported by the S corporation, LLC, or partnership. You are also subject to Oregon tax on any guaranteed payments you receive from the partnership. The payments are apportioned using the partnership's apportionment percentage.
- Part-year residents. Generally, for the part of the year you were a nonresident, you are subject to Oregon tax on your share of the **Oregon** income and guaranteed payments reported by the S corporation, LLC, or partnership. For the part of the year you were a resident, you are subject to Oregon tax on your share of **all** the S corporation, LLC, or partnership income. For more information, see page 8.

Fiduciaries

Don't file Form 40-V. You don't need to make estimated tax payments on behalf of an estate or trust.

2/Payment due dates

Farmers and commercial fishers

Most farmers and fishers won't need to make estimated tax payments. **But you must file Form 10 to show you qualify as a farmer or fisher.**

To determine if you need to make estimated tax payments, figure **both** your **2004** gross income **and** your **2005** estimated gross income.

If two-thirds of your total 2004 gross income or two-thirds of your total 2005 estimated gross income is from farming or fishing, you don't need to make estimated tax payments.

Farmers. Use the amounts on the following lines to determine your gross income from farming:

- Federal Schedule F, line 11.
- Federal Schedule E, line 42.
- Federal Form 4797, line 20. Include only gains from sale of draft, breeding, sporting or dairy livestock.

Farm income averaging is available for 2005. Visit our Web site to download a farm income averaging form (FIA-40, FIA-40N, or FIA-40P) and instructions. Or, to order, see page 8.

Commercial Fishers. Use the amounts on the following lines to determine your gross income from commercial fishing:

- Federal Schedule C, line 5.
- Federal Schedule C-EZ, line 1.
- Federal Schedule E, line 42.

File Form 10, "Underpayment of Oregon Estimated Tax," to show you qualify as a farmer or fisher. File the form with your **2005** Oregon income tax return. Your 2005 Oregon return is due April 17, 2006. To get Form 10 and instructions, see page 8.

When are 2005 estimated income tax payments due?

Calendar-year taxpayers

You may pay your total 2005 estimated Oregon income tax by April 15, 2005, or you may divide your estimated tax into four payments.

2005 estimated tax due dates

- First payment—due **April 15, 2005.**
- Second payment—due **June 15, 2005.**
- Third payment—due **September 15, 2005.**
- Fourth payment—due **January 17, 2006.**

If you find you still owe more income tax, pay the balance by April 17, 2006. This is true even if you get an extension to file your tax return. You may owe interest on an underpayment. See page 6.

Fiscal-year taxpayers

Pay one-fourth of your Oregon estimated tax on the 15th day of the fourth, sixth, and ninth months of your tax

year. The last payment is due 15 days after the end of your tax year. If your payment due date falls on a Saturday, Sunday, or legal holiday, use the next regular workday.

If you are a fiscal-year taxpayer, write in the date your fiscal year begins and ends in blue or black ink on Form 40-V.

Special cases

You don't need to make the fourth payment (January 17, 2006) if:

- You file your 2005 Oregon individual income tax return on or before January 31, 2006, **and**
- You pay all tax due with your return.

You still must make estimated tax payments on the earlier three payment dates.

Form 40-V instructions

Obtaining the form

- **"Personalized" forms.** If you prepared your own Oregon income tax return last year, you may have received these instructions and forms at your home or business address. The forms are printed with your name, address, and Social Security number.

Use your personalized forms if you receive them so we can process your estimated tax payments faster. If someone else prepares your estimated tax forms, **ask them to use your personalized forms.**

- **"Nonpersonalized" forms** don't have printed names or other personal information. They are used by people who haven't filed estimated tax payments before.
- **Tax preparer.** Your preparer may have tax software that will prepare your forms.

Do not use forms from a prior year.

Filling out the form

Please use **blue or black ink** to correct any errors. Do not use red ink to fill out this form.

If your name is printed on Form 40-V. Check your name, address, and Social Security number for accuracy. Also check your spouse's name and Social Security number if filing jointly.

If your name isn't printed on Form 40-V. Print your name, address, daytime telephone number, and Social Security number. Print your spouse's name and Social Security number if you are filing a joint Form 40-V. Check the "2005 Estimated Tax" box and fill in which quarterly payment you are making.

Important: Double-check your Social Security number to make sure it's correct. We need your Social Security number to credit your payment to your account. The request for your Social Security number(s) is authorized by Section 405, Title 42, of the United States Code.

Filing joint payments

You may file a joint estimated tax Form 40-V unless:

- You or your spouse are nonresident aliens, **or**
- You are legally separated, **or**
- You and your spouse have different tax years. For example, you use a calendar year and your spouse uses a fiscal year.

If you file a joint estimated tax Form 40-V, the payment is considered to be joint, regardless of which spouse actually sent in the money.

Filing separate payments

If you received joint personalized payment vouchers but want to make payments under your name only, cross out your spouse's name and Social Security number.

You may file separate 2005 Oregon income tax returns even if you file a joint Form 40-V. **If you file separate income tax returns after filing a joint Form 40-V,** you and your spouse should decide who will claim the estimated tax jointly paid. You may divide the estimated tax between you, or agree that one of you will claim the entire amount. If you and your spouse can't agree, your estimated tax generally will be divided based on your separate tax liabilities.

Note: If you expect to file separate tax returns, file Form 40-V separately. This will speed the processing of your returns.

Methods of computing estimated tax

- **Method 1—Estimated 2005 tax—**90 percent of your estimated 2005 net income tax. To figure your payments under this method, use the appropriate worksheet.

— Full-year resident worksheet, page 4.

— Nonresident and part-year resident worksheet, page 5.

Use your **2004** federal income tax return and instructions as **guides** to estimate your **2005** federal adjusted gross income (AGI). Your 2004 federal AGI is on Form 1040, line 36; Form 1040A, line 21; or Form 1040EZ, line 4.

Example: Allan and Louise are married and have three children. Allan is self-employed. Louise works for a dentist. They want to know if they must make 2005 estimated tax payments. They use these steps to find out:

1. They use their 2004 federal tax return as a guide to estimate their 2005 federal AGI.
2. Then they use their 2004 Oregon income tax return as a guide to figure the income, deductions, withholding, and credits **they expect for 2005.**
3. They use this information to figure their 2005 Oregon estimated tax. Here's how they estimate their 2005 tax using **tax rate chart J:**

Estimated 2005 adjusted gross income	\$45,567
Less estimated:	
2005 federal tax subtraction	\$ 4,500
Net itemized deductions	<u>5,500</u>
Total deductions	<u>-\$10,000</u>
Estimated Oregon taxable income.....	<u>\$35,567</u>
Oregon tax using the 2005 tax rate chart on page 7	\$2,829
2005 exemption credit (5 × \$154).....	\$770
Estimated political contribution credit	– \$100
Oregon tax after credits.....	\$1,959
Multiply their tax after credits by 90% (.90).....	× <u>.90</u>
Total.....	\$1,763
Less: tax Louise expects to be withheld from her wages.....	
	– <u>\$743</u>
Estimated tax payment required for 2005.....	<u>\$1,020</u>

This amount is more than \$1,000. Allan and Louise must make estimated tax payments for 2005. They must complete Form 40-V and make minimum payments of \$255 (\$1,020 ÷ 4 = \$255) by **each** payment due date.

- **Method 2—Safe harbor 2004 tax**—100 percent of the net tax (tax after credits) shown on your **2004** income tax return. Your 2004 return must be filed on time, including extensions. Pay 25 percent of your 2004 net income tax by each estimated tax payment due date. You can't use this method if you didn't file a 2004 return. Your 2004 Oregon income tax return must not have been a short-year return for accounting purposes. You may use this method if you were a part-year resident in 2004.
- **Method 3—Annualized 2005 tax**—90 percent of your 2005 annualized net income tax. If you receive a larger portion of your taxable income later in the year, you may annualize your income to figure your estimated tax payments. Use the annualized income worksheet on the 2004 Oregon Form 10 as a guide to figure your estimated tax payments under this method. To order Form 10, see page 8.

Full-year resident filers Estimated tax worksheet

Keep this worksheet for your records

- | | |
|---|---------------|
| 1. Federal adjusted gross income you expect in 2005..... | 1. _____ |
| 2. Oregon additions you expect in 2005 | 2. _____ |
| 3. Income after additions. Line 1 plus line 2..... | 3. _____ |
| 4. Oregon subtractions you expect in 2005 | 4. < _____ > |
| 5. Income after subtractions. Line 3 minus line 4 | 5. _____ |
| 6. Itemized or standard deductions you expect in 2005 | 6. < _____ > |
| 7. Oregon taxable income you expect in 2005. Line 5 minus line 6..... | 7. _____ |
| 8. 2005 Oregon estimated income tax. Use the 2005 tax rate chart on page 7 to figure the tax on the amount on line 7 | 8. _____ |
| 9. 2005 exemption credit (\$154 × number of exemptions) | 9. _____ |
| 10. Oregon tax credits you expect for 2005 (include working family child care credit)..... | 10. _____ |
| 11. Line 9 plus line 10 | 11. _____ |
| 12. Line 8 minus line 11 (not less than -0-) | 12. _____ |
| 13a. Multiply line 12 by 90% (.90). If you did not file a 2004 return, enter the amount from line 13a directly on line 13c | 13a. _____ |
| 13b. Enter 100% of the tax shown on your 2004 return | 13b. _____ |
| 13c. Enter the smaller of line 13a or 13b. This is your required annual payment to avoid underpayment interest | 13c. _____ |
| 14. Oregon income tax you expect withheld from your wages and/or pension in 2005 | 14. < _____ > |
| 15. Annual payment. Line 13c minus line 14..... | 15. _____ |
| 16. Amount you owe on each payment date. See table below. Round to nearest dollar | 16. _____ .00 |

If you first need to pay estimated tax on:

- April 15, 2005
- June 15, 2005
- September 15, 2005
- January 17, 2006

Then fill in on line 16 of this worksheet:

- ¼ of line 15 (make 4 payments)
- ⅓ of line 15 (make 3 payments)
- ½ of line 15 (make 2 payments)
- All of line 15 (pay in full)

Nonresident and part-year resident filers

Estimated tax worksheet

Keep this worksheet for your records

1. 2005 Oregon estimated income tax from the 2005 tax rate chart.
Use your 2004 Oregon and federal income tax returns and
instructions as guides 1. _____
2. Oregon income tax credits you expect for 2005. On a separate
sheet, multiply your credits by your Oregon percentage (if required).
Refer to the Oregon income tax return instructions. Enter your
total allowable tax credits here (include working family child care credit) 2.
3. Line 1 minus line 2 (not less than -0-)..... 3. _____
- 4a. Multiply line 3 by 90% (.90). **If you did not file a 2004 Oregon return,**
enter the amount from line 4a directly on line 4c. 4a. _____
- 4b. Enter 100% of the tax shown on your 2004 Oregon return 4b. _____
- 4c. Enter the smaller of line 4a or 4b. **This is your required annual**
payment to avoid underpayment interest 4c. _____
5. Oregon income tax you expect to be withheld from your wages and/or
pension in 2005 5.
6. Annual payment. Line 4c minus line 5..... 6. _____
7. Amount you owe on each payment date. See table below. Round to
the nearest dollar 7. _____ .00

**If you first need to
pay estimated tax on:**

April 15, 2005
June 15, 2005
September 15, 2005
January 17, 2006

**Then fill in on line 7 of
this worksheet:**

$\frac{1}{4}$ of line 6 (make 4 payments)
 $\frac{1}{3}$ of line 6 (make 3 payments)
 $\frac{1}{2}$ of line 6 (make 2 payments)
All of line 6 (pay in full)

Paying estimated tax

Applying your 2004 refund

You may apply your 2004 refund to your 2005 estimated tax account. Your refund will be applied to your **first** payment period if you file your 2004 return by the due date (including extensions). Be sure to mark the extension box on your Form 40 if you filed an extension. You can't apply your refund if you file Form 40S.

Show the amount of refund you want applied to your 2005 estimated tax on your 2004 Form 40, line 55; 2004 Form 40N, line 73; or 2004 Form 40P, line 73.

Note: Does the refund amount you're applying cover the payment due? If so, you don't need to make a payment for the first period. If your refund is reduced, the Oregon Department of Revenue will notify you. You may need to make a payment for the difference. Do so immediately to avoid underpayment interest.

Sending your payment

Fill in the amount of your payment on Form 40-V. Round your payment to the nearest dollar.

- Your payment is the amount you figured using one of the methods on pages 3 and 4, **minus** any amount of your 2004 Oregon income tax refund you asked to have applied to your 2005 estimated tax account.
- **Enclose your payment.**
- To help us speed processing, we ask that you do not use red ink. Please **use blue or black ink** to fill out your vouchers and checks. Our equipment cannot read other colors.
- Make your check payable to **Oregon Department of Revenue.**
- Write your daytime telephone number and "2005 40-V" on your check.
- Do not send cash or postdated checks.
- **Don't staple** your check to Form 40-V.

Send your 2005 Form 40-V and payment separate from your 2004 income tax return. **Do not** mail them together.

Note: If paying by credit card, do not use Form 40-V. Visit our Web site or contact the department for more information about credit card payments. See page 8.

When income changes during the year

If your expected income, deductions, or credits change after April 1, 2005, you may need to begin making estimated tax payments at a later date.

If your expected income or deductions change after you made your first payment you may need to refigure your 2005 estimated tax.

Estimated method. Use the new income or deductions and the appropriate worksheet on page 4 or 5.

Safe harbor method. You generally will not revise your payments if you are using this method.

Annualized method. Use the annualized income worksheet on Oregon Form 10. To order Form 10, see page 8.

Then use the amended estimated tax worksheet below to figure how much to pay. On Form 40-V fill in the amount from line 5 of the worksheet.

Amended estimated tax worksheet

1. Amended annual payment required 1. _____
2. 2005 estimated tax already paid, including refunds applied on previous payment dates 2. _____
3. Unpaid estimated tax (line 1 minus line 2)..... 3. _____
4. Number of remaining payment dates 4. _____
5. Amount of each remaining payment (line 3 divided by line 4)..... 5. _____

If the change occurs:	Then the first estimated tax payment is due:
• after April 1 and before June 2, 2005	June 15, 2005
• after June 1 and before September 2, 2005	September 15, 2005
• after September 1, 2005	January 17, 2006

Does the due date of my income tax return change?

No. File your 2005 Oregon income tax return by April 17, 2006, as usual.

Late payments

Your Form 40-V with payment must be postmarked by the due date to be considered on time.

If you pay late, you may owe interest for late payment when you file your 2005 Oregon income tax return. See "Interest on underpayment of estimated tax" below.

6/Interest on underpayment of estimated tax

If you underpaid in an earlier payment period, pay the difference now to reduce interest charges. **Don't wait** until the next payment due date. We apply payments first to underpayments from earlier periods.

Example: The June 15 payment is first applied to any underpayment for the first payment period. The balance of the June payment is then applied to the second payment period.

Interest is charged until the underpayment is paid or until April 17, 2006, whichever comes first.

Important: You must file your 2005 income tax return before we can refund any estimated payments.

Interest on underpayment of estimated tax

You will have an underpayment for 2005 if you pay less than:

- 90 percent of the tax to be shown on your 2005 income tax return (at least one-fourth on each payment due date), **or**
- 100 percent of the tax shown on your 2004 income tax return (at least one-fourth on each payment due date), **or**
- 90 percent of the tax figured on your 2005 annualized income.

You will be charged interest on the underpayment. To figure the amount of interest, **complete Form 10, "Underpayment of Oregon Estimated Tax."** File Form 10 with your 2005 Oregon income tax return. Pay the interest when you file your 2005 Oregon income tax return. To get Form 10 and instructions, see page 8.

The interest rate is 5 percent for interest periods beginning on or after January 1, 2005. The interest rate may change once a calendar year.

Keep records

If you received a personalized 40-V voucher, there are stubs for your records. On the Form 40-V stub, fill in:

- **Amount of payment due.** That's the amount of 2005 estimated tax you figured using the methods on pages 3 and 4.
- **Amount of your 2004 Oregon income tax refund you're applying to this payment.** The total refund can't be more than the amount shown on your tax return. Generally, your 2004 refund will be applied only to your first quarter payment. Fill in -0- for the remaining quarters.
- **Your payment.** Subtract box 2 from box 1. This is the amount of your check for **this** payment date.
- **Total paid to date.** Write in your 2005 estimated tax payments (from box 3 of each payment stub to date) **plus** total refund amounts applied (box 2 of each payment stub to date).
- **Date mailed.**

Keep this stub for your records.

Send the original Form 40-V to us. Fill in only the information requested. **Don't send us photocopies** of the personalized forms. Keep copies for your records.

Where do I send my payments?

Mail your estimated tax payment and Form 40-V to:

**Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950**

**Tax rate
charts
for
computing
2005
Oregon
estimated tax**

Tax rate chart S:

For persons filing Single, or Married filing separately

If your taxable income is:	Your tax is:
Not over \$2,650.....	5% of taxable income
Over \$2,650 but not over \$6,650.....	\$133 plus 7% of excess over \$2,650
Over \$6,650.....	\$413 plus 9% of excess over \$6,650

Tax rate chart J:

**For persons filing Jointly, Head of household,
or Qualifying widow(er) with dependent child**

If your taxable income is:	Your tax is:
Not over \$5,300.....	5% of taxable income
Over \$5,300 but not over \$13,300.....	\$265 plus 7% of excess over \$5,300
Over \$13,300.....	\$825 plus 9% of excess over \$13,300

Caution: The tax rates change because of inflation. Use this rate chart for figuring your 2005 estimated tax. Don't use a 2004 rate chart.

Taxpayer assistance

Printed information (free)

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or return the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Forms 40S & 40, *Full-Year Resident* 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Estimated Income Tax Payment Instructions and Vouchers*..... 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 40X, *Oregon Amended Individual Income Tax Return* 150-101-046
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Oregon Depreciation Schedule* 150-101-025
- Form 24, *Oregon Like-Kind Exchanges/ Involuntary Conversions* 150-800-734
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* 150-101-160
- Form FIA-40N, 40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents*..... 150-101-161

Information circulars and brochures

- 2-D Barcode Filing for Oregon* 150-101-631
- Amtrak Act (Interstate Transportation Wages)* 150-101-601
- Audits: What To Do if You Are Audited* 150-101-607
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon* 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interest on Tax You Owe: Computation* 150-800-691
- Itemized Deductions Limit* 150-101-611
- Married Persons Filing Separate Returns* 150-101-656
- Military Personnel Filing Information* 150-101-657
- Record-Keeping Requirements* 150-101-608
- Retirement Income* 150-101-673
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:
Form and Publication Order 150-800-390

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

Please print

Name _____
 Address _____
 City _____
 State _____ ZIP Code _____

8/How to get help

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a day-time telephone number for faster service.

Telephone

Salem **503-378-4988**
Toll-free within Oregon..... **1-800-356-4222**

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
 Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.
 April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

- Bend** 951 SW Simpson Avenue, Suite 100
- Eugene** 1600 Valley River Drive, Suite 310
- Gresham** 1550 NW Eastman Parkway, Suite 220
- Medford** 24 W 6th Street
- Newport** 119 NE 4th Street, Suite 4
- North Bend** 3030 Broadway
- Pendleton** 700 SE Emigrant, Suite 310
- Portland*** Federal Building Lobby, 1220 SW Third Avenue
- Portland** 800 NE Oregon Street, Suite 505
- Salem** Revenue Building, 955 Center Street NE, Room 135
- Salem** 4275 Commercial Street SE, Suite 180
- Tualatin** 6405 SW Rosewood Street, Suite A

* February 1–April 1: Monday, Wednesday, Friday, 10 a.m.–3 p.m.
 April 4–April 15: Monday through Friday, 9 a.m.–4 p.m.



OREGON INCOME TAX PAYMENT VOUCHER

150-101-026-2 (Rev. 12-04)

FORM

40-V

Department of Revenue Use Only

• **Tax Year** (check only one):

Calendar Year

Fiscal Year— Begins _____ Ends _____

• **Payment Type** (check only one):

2004 Return

2004 Extension

2005 Estimated Tax—Quarter: _____

Amended Return—Tax Year: _____

Prior Year Return—Tax Year: _____

• Your SSN _____
• Spouse's SSN _____

• First four letters of last name _____
• First four letters of last name _____

Enter Payment Amount
\$

											0	0
--	--	--	--	--	--	--	--	--	--	--	---	---

Your name: last, first, and initial _____

Spouse's name: last, first, and initial (if joint payment) _____

Mailing address _____ Telephone Number (____) _____

City _____ State _____ ZIP Code _____ First time filer New name or address

Mail your payment with completed Form 40-V to:

Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950

Instructions:

- To help us speed processing, we ask that you do not use red ink. Please **use blue or black ink** to fill out your vouchers and checks.
- Fill in your Social Security number(s) and the first four letters of your last name(s).
- Check the box if you are a first time filer, or if your address has changed since the last time you filed estimated tax.
- Fill in the amount of your payment and make your check or money order out to **“Oregon Department of Revenue.”** Be sure to write your daytime telephone number and “2005 40-V” on your check or money order.
- **Please do not** staple your check or money order to this voucher.
- **Do not** postdate your check.



Instructions for Form 40X

Oregon Amended Individual Income Tax Return

Use Form 40X to change or correct (amend) your original Oregon full-year resident individual income tax return.

- Form 40X is used to amend Form 40 or Form 40S only.
- If you have not filed an original return for the tax year you are amending, do not use Form 40X. Please use Form 40 or Form 40S. To order a booklet, see page 4.

Don't use Form 40X to amend:

- **Form 40N, nonresident return, or Form 40P, part-year resident return.**
- **Form 90R, Elderly Rental Assistance (ERA) claims.**
- **An item changed by the Oregon Department of Revenue.** If you received a Notice of Deficiency, a Notice of Assessment, a Notice of Proposed Refund Adjustment, or a Notice of Refund Denial, you must follow the appeal instructions on the notice you received from us. For taxpayer assistance information, see page 4.

To complete Form 40X you will need:

- The Oregon full-year resident income tax booklet **for the year you're amending**. To order a booklet, see page 4.
- Your original Oregon full-year resident return, including all schedules used to complete your Oregon return.
- Any notices you received if the Oregon Department of Revenue changed your original return and you are not amending an item previously changed by the department.
- The federal audit report or the audit report from another state if your amended return is a result of an audit.

Nonresidents and part-year residents:

Use Oregon Form 40N or Form 40P to amend a nonresident or part-year resident return. You should:

- Request a nonresident and part-year resident booklet for the tax year you are amending. To order a booklet, see page 4.
- Write "**Amended**" in **blue or black ink** at the top of Form 40N or 40P.
- Fill out Form 40N or Form 40P using the correct information.
- Attach an explanation of your changes.
- Figure interest on additional tax due. See "How to figure your interest" on page 3. Include interest in your payment, but show it separately on the amended Form 40N or Form 40P.

Elderly Rental Assistance (ERA) Form 90R:

Use Oregon Form 90R to file an amended return for an ERA claim. You should:

- Request an ERA booklet for the year you are amending. To order a booklet, see page 4.
- Write "**Amended**" in **blue or black ink** at the top of Form 90R.
- Fill out Form 90R using the correct information.
- Attach an explanation of your changes.

How long do I have to file for a refund?

In most cases, you must file for a refund within three years from the due date of your original return, or the date you filed your original return, whichever is later. If the three-year filing period has expired, you still may file for a refund if:

- You paid tax for the tax year you are amending within the past two years. Your refund is generally limited to the tax you paid in that two-year period.
- You had a net operating loss carryback. The claim must be made within three years from the due date of the return for the tax year when the loss occurred. The due date includes extensions.
- The IRS or another state adjusted your return or assessed tax for failure to file a return. You must file a copy of the audit report, return, or assessment and your Oregon amended return within two years after the federal or other state correction was made.

When should I file and pay if I owe additional tax?

File your amended return and pay any tax and interest due as soon as you know that a change needs to be made. Interest is figured from the day after the due date of the original return up to the date the tax is paid. There also may be a penalty.

How long will it take to process my amended return?

Amended returns are matched with the original return and processed manually. Processing time varies depending on other workloads. During our busiest time of the year, February to September, **it may take six months or longer to process your amended return.**

Federal or other state audits

Did an Internal Revenue Service (IRS) or another state audit change your Oregon taxable income? If so, you must attach a copy of the audit report to your amended Oregon return.

Depreciation differences

You will need the Oregon Depreciation Schedule and instructions. To order, see page 4.

Net operating loss (NOL)

An Oregon NOL is defined the same as a federal NOL. However, you may have an Oregon NOL without having a federal NOL. Your Oregon NOL is computed under the federal methods. The only modification is for amounts that Oregon is prohibited from taxing, such as interest from U.S. Series EE or HH bonds (U.S. government interest).

Generally an NOL for a full-year resident is the same as the federal NOL. Nonresidents are allowed an Oregon NOL if it is generated from Oregon sources.

If you are amending for an NOL, be sure to show the year of the NOL and the NOL calculations.

Oregon NOL carryover or carryback

Generally, if you carry an NOL back for federal purposes, you also must carry the Oregon NOL back for Oregon purposes. There is an exception if you were not required to file an Oregon return for all years to which the federal NOL deduction is applied. If you elect to carry the federal NOL forward, then you must also carry the Oregon NOL forward.

Special instructions for changing a return filed on Form 40S

If you filed Form 40S do not use lines 2 and 4 on Form 40X. When filing an amended return for Form 40S, show the amounts for:

- Income (line 1).
- Federal tax liability (line 3).
- Standard deduction (line 5).
- Oregon taxable income (line 6).

Did you originally file Form 40S but are changing to Form 40? If so, use the Form 40 instructions to complete columns B and C on Form 40X.

How to fill out Form 40X

Instructions are for lines not fully explained on the form.

Tax year. Fill in the tax year that you are amending. If this is not completed, the form may be returned to you.

Do not fill in cents. You **must** round off cents to the nearest dollar.

Lines 1–18 have three columns to complete. Column A shows the amount as originally reported, column C shows the correct amount, and column B is the difference between columns A and C.

Column A. Show the amount you filled in on your original return, unless:

- You've amended your return before, **or**
- Your return was changed by the Department of Revenue.

If these cases apply to you, use the most recently amended or adjusted amounts.

Column B. Show the amount of net change (the difference between columns A and C) you made to each item in column A. In the explanation section on the back of the form, explain why you're making each change. Number each item.

If you're making more than one change to an item in column A, you must figure the net change for that item. To find the net change, add all the amounts that increase that item. Then subtract all the amounts that decrease it. The result is your net change. Fill in your net change in column B.

Example: Daryl forgot to include \$3,000 of wages and \$250 of prize income on his original return. He didn't need to show \$800 in veterans' benefits included on his original return. He figures his net change to income like this:

Wages	\$3,000	
Prizes	+ 250	
Increase		\$3,250
Less veterans' benefits		– 800
Net increase to income		<u>\$2,450</u>

Column C. Show the corrected amount.

Income and deductions

1. Income. On Form 40, this is your federal adjusted gross income **before** Oregon additions and subtractions (line 8). On Form 40S, this is your total income (line 8) (or line 11 for tax years 2002 and prior).

If you're correcting wages, attach the state copy of additional or corrected W-2 forms.

2. Additions. Fill in the amount of your additions to income for the year you're amending. Some common additions are:

- Interest on local government bonds of other states.
- Lump sum payments taxable by Oregon.
- Federal income tax refunds. Include only refunds of tax you paid in a prior year that were deducted on your Oregon return. See "Federal income tax changes" below.
- Federal election on interest and dividends of a minor child.
- Depreciation differences.

3. Federal income tax liability. Are you amending a tax return filed on **Form 40S**? If so, fill in the federal tax liability from your original Oregon Form 40S in both columns A and C.

Are you amending a tax return filed on **Form 40**? If so, leave line 3 blank. Include the federal tax liability from your original Oregon Form 40 as a subtraction on line 4.

Special instructions for federal tax liability

- Did we correct the federal tax subtraction on your original return? If so, use the corrected amount from our notice.
- Did you pay federal tax or get a federal refund because you were audited or filed an amended return? If so, see "Federal income tax changes" below.
- Did you claim more than the limit? Refer to the instructions in the income tax booklet for the year you received the refund for the limit amount.

4. Subtractions. Fill in the amount of your subtractions from income for the year being amended. Some common subtractions are:

- Federal tax. Fill in the federal tax from your original **Form 40** in both columns A and C. See "Special instructions" above.
- Oregon income tax refund included in federal income.
- Interest from U.S. government.
- Taxable Social Security included in federal adjusted gross income.
- Differences in depreciation for Oregon.

Federal income tax changes

Did you pay **additional** federal tax because you were audited or filed an amended return? If so, claim the additional federal tax as a subtraction on your Oregon return in the year you paid the additional tax.

Example: You paid additional federal tax in 2004 for an audit adjustment on your 2001 income tax return. Amend your 2001 return but **do not** change the 2001 federal tax. Instead, subtract the additional 2001 federal tax on your 2004 return. See instructions in the 2004 income tax booklet.

Did you get a **refund** of federal tax because you were audited or filed an amended return? If so, show the federal tax refund as an addition on your Oregon return in the year you get the refund, but only if you received a tax benefit.

Example: You receive a federal tax refund in 2003 for amending your 2001 income tax return. Report the refund as an addition on your 2003 return. If you have already filed a 2003 return, the year in which the federal refund was received, you may need to amend that return.

Use this worksheet to determine the tax benefit received and the amount to include in Oregon income.

1. Enter the federal tax you paid on your original return.....1. _____
2. Enter federal tax subtraction limit for the year you are amending.....2. _____
3. Line 1 minus line 2. (Enter -0- if line 2 is greater than line 1)3. _____
4. Enter the refund of the prior year's federal tax..... 4. _____
5. Is line 3 greater than line 4? If so, stop here; enter -0- here and on Form 40X, line 2, column B.....5. _____
6. Is line 4 greater than line 3? If so, line 4 minus line 3. Enter the result here and on Form 40X, line 2, column B6. _____

5. Deductions. Fill in your standard deduction or net itemized deductions on this line. A change in your filing status may change the amount of your standard deduction.

If you're amending your net itemized deductions, fill in the amount of change in column B.

6. Oregon taxable income. Add lines 1 and 2. Subtract from that total the sum of lines 3, 4, and 5. This amount is your Oregon taxable income.

Tax and credits

7. Tax. Use the taxable income shown on line 6, column C, to figure your tax. Be sure you use the tax tables or tax rate charts in the instructions for the **year you're amending**. The rates may change from year to year. If you used Form FIA-40, or worksheet FCG to calculate your original tax, use these forms or worksheet to calculate your amended tax. To order forms or worksheets, see page 4.

10. Exemption credit. Multiply your allowable exemptions by the correct amount for the year you are amending.

If you are changing the number of exemptions on your amended return, explain the difference in the explanation section of Form 40X. Include the name, Social Security number, and relationship of any additional dependent you are claiming.

11. Other credits. If you are changing the amount of other credits, identify each credit and the new amount in the explanation section of Form 40X. Include the working family child care credit here only if you are amending tax year 2002 or prior. Otherwise, see line 16.

12. Net income tax. If the total credits on line 12 are more than the amount on line 9, your net income tax is -0-.

Payments

14. Kicker refund. The surplus amount was 14.37 percent in 1996, 4.57 percent in 1998, and 6.016 percent in 2000. The kicker refund must be adjusted if there is a change in net income tax liability on line 13. Multiply the amounts on line 13, column A and column C, by the percentage for the year you are amending.

15. Oregon income tax withheld. If you're correcting the amount of state tax withheld from your wages, you must attach a copy of additional or corrected W-2 or 1099 forms.

16. Working family child care credit. If you are changing the amount of your working family child care credit for tax year 2003 or later, you must attach a copy of the corrected Schedule WFC.

17. Estimated tax payments. Fill in the amount of estimated tax payments credited to your original return.

18. Amount paid. Fill in the amount of all **income tax** actually paid on your original Oregon return. Include payments made for any additional tax adjustments to your return. Don't include payments for any penalty and interest. Don't include payments for interest on underpayment of estimated tax.

20. Income tax refunds. Fill in the amount of **any** refund you received (or expect to receive) from your original Oregon Form 40 or 40S. Include refunds received from the working family credit, the state kicker, or a previous adjustment. Do not reduce your refund by the amounts you:

- Contributed to charitable funds claimed on the return, **or**
- Applied to the next year's estimated tax, **or**
- Contributed to the State School Fund.

Any refund due from your original return may be mailed **separately**. By law, the Department of Revenue cannot issue refunds or apply amounts of less than \$1.

Refund or balance due

23. Amount of line 22 you want applied to your next year's estimated tax. If your refund on line 22 is \$1 or more, you may apply part or all of it to your Oregon estimated tax account. Fill in the tax year and the amount you want to apply.

24. Net refund. You must reduce your refund by any amounts applied to your estimated tax on line 23. If you paid the tax on your original return with a credit card, a refund check will not be issued. You will receive a credit on your credit card statement. **Note:** Interest on underpayment of estimated tax for a prior year is not refundable. Do not include it as part of your refund. Any refund will be mailed to you. Direct deposit is not available on amended returns.

26. Interest on additional tax to pay. See below for "How to figure your interest."

Explanation

28. Explanation. Identify and provide a complete explanation of all amended items. Indicate the line number from Form 40X for each change. If your filing status changed (for example, from single to head of household), explain why.

Authorization box

Check the box if you wish to authorize the Department of Revenue to contact your preparer about the initial processing of your amended return. Please provide your preparer's telephone number.

How to figure your interest

Do you need to pay additional tax with your amended return? If so, **you must include interest with your payment**. To avoid paying an additional 5 percent penalty, you must pay the tax and interest in full with your amended return, or within 30 days after you receive a billing notice from the department.

Interest on income tax is figured from the day after the due date of your original return up to the date your payment is received.

An interest period is each full month starting with the day after the due date of the original return. Generally, the due date for income tax returns is April 15.

Interest rates on tax you owe

Interest Period	Percentage Rates		
	Annual	Monthly	Daily
January 16, 1995 to January 15, 1999	10%	.8333% (.008333)	.0274% (.000274)
January 16, 1999 to January 15, 2001	9%	.7500% (.007500)	.0247% (.000247)
January 16, 2001 to February 15, 2002	10%	.8333% (.008333)	.0274% (.000274)
February 16, 2002 to February 15, 2003	8%	.6667% (.006667)	.0219% (.000219)
February 16, 2003 to January 15, 2004	7%	.5833% (.005833)	.0192% (.000192)
January 16, 2004 to January 17, 2005	6%	.5000% (.005000)	.0164% (.000164)
January 18, 2005 to Present	5%	.4167% (.004167)	.0137% (.000137)

The current interest rate is 5 percent per year. Interest is figured daily for a fraction of a month.

Example: Dianna files an amended return for tax year 2000 on March 24, 2004. She pays additional tax of \$500 with her amended return. The following shows how she figures her interest:

Apr 17, 2001–Feb 16, 2002	= 10 mos. x .008333 x \$500 = 41.67
Feb 17, 2002–Feb 16, 2003	= 12 mos. x .006667 x \$500 = 40.00
Feb 17, 2003–Jan 16, 2004	= 11 mos. x .005833 x \$500 = 32.08
Jan 17, 2004–Mar 16, 2004	= 2 mos. x .005000 x \$500 = 5.00
Mar 17, 2004–Mar 24, 2004	= 8 days x .000164 x \$500 = .66
Total interest due <u>\$119.41</u>	

Attachments to Form 40X

- A copy of your federal and/or other state’s amended return.
- A copy of your federal audit report and/or other state audit report if your amended return is due to an audit.
- W-2s or 1099s if you are correcting income or Oregon withholding.
- Schedule WFC, Form FIA-40, and Schedule Z, if applicable.

Note: Do not attach a copy of your original Oregon return.

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

- Bend** 951 SW Simpson Avenue, Suite 100
- Eugene** 1600 Valley River Drive, Suite 310
- Gresham** 1550 NW Eastman Parkway, Suite 220
- Medford** 24 West 6th Street
- Newport** 119 NE 4th Street, Suite 4
- North Bend** 3030 Broadway
- Pendleton** 700 SE Emigrant Ave, Suite 310
- Portland*** Federal Building Lobby, 1220 SW Third Avenue
- Portland** 800 NE Oregon Street, Suite 505
- Salem** Revenue Building, 955 Center Street NE, Room 135
- Salem** 4275 Commercial Street SE, Suite 180
- Tualatin** 6405 SW Rosewood Street, Suite A

*February 1–April 1: Monday, Wednesday, and Friday, 10 a.m.–3 p.m.
April 4–April 15: Monday through Friday, 9 a.m.–4 p.m.

Telephone

Salem **503-378-4988**

Toll-free within Oregon **1-800-356-4222**

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.
April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

FORM
40X

**OREGON AMENDED
INDIVIDUAL INCOME
TAX RETURN**

For Office Use Only			
Original return number		Date received	
Code	Tax	P&I	Payment Amount

Check if amending to change from married filing separate to filing joint. **FOR TAX YEAR** _____

Last name		First name and initial		Social Security number (SSN)		Date of Birth (mm/dd/yyyy)	
Spouse's last name, if different and joint return		Spouse's first name and initial, if joint return		Spouse's SSN if joint return		Spouse's Date of Birth (mm/dd/yyyy)	
Current mailing address							
City			State	ZIP code		Telephone number ()	

INCOME AND DEDUCTIONS
(Please read instructions)

	A. As Originally Reported or as Adjusted (see specific inst.)	B. Net Change (increase or decrease) (explain on the back)	C. Correct Amount
1. Income.....	1		
2. Additions (Form 40 only)	2		
3. Federal tax liability (Form 40S only).....	3		
4. Subtractions (Form 40 only).....	4		
5. Deductions (standard deduction or itemized deductions)	5		
6. Oregon taxable income	6		

- 1. Income..... 1
- 2. Additions (Form 40 only)
- 3. Federal tax liability (Form 40S only).....
- 4. Subtractions (Form 40 only).....
- 5. Deductions (standard deduction or itemized deductions)
- 6. Oregon taxable income

TAX AND CREDITS

7. TAX.....	7		
8. Interest on certain installment sales.....	8		
9. TOTAL OREGON TAX (add lines 7 and 8).....	9		
10. Exemption credit (see instructions)	10		
11. Other credits (do not include working family credit for tax year 2003 and later)	11		
12. Total credits (add lines 10 and 11) (the total can't be more than amount on line 9).....	12		
13. Net income tax (line 9 minus line 12)	13		

- 7. TAX..... 7
- 8. Interest on certain installment sales..... 8
- 9. TOTAL OREGON TAX (add lines 7 and 8)..... 9
- 10. Exemption credit (see instructions)
- 11. Other credits (do not include working family credit for tax year 2003 and later)
- 12. Total credits (add lines 10 and 11) (the total can't be more than amount on line 9)..... 12
- 13. Net income tax (line 9 minus line 12)

PAYMENTS

14. Kicker—if applicable (see instructions)	14		
15. Oregon income tax withheld.....	15		
16. Working family child care credit for tax year 2003 and later	16		
17. Estimated tax payment(s) for the tax year and payments made with extension requests	17		
18. Amount paid with original return and any later payment(s) for the tax year (include only TAX paid—see instructions)....	18		
19. Total payments (add lines 14 through 18)	19		
20. Income tax refunds received (including working family child care credit and kicker refund)	20		
21. Net payments (line 19 minus line 20)	21		

- 14. Kicker—if applicable (see instructions)
- 15. Oregon income tax withheld.....
- 16. Working family child care credit for tax year 2003 and later
- 17. Estimated tax payment(s) for the tax year and payments made with extension requests
- 18. Amount paid with original return and any later payment(s) for the tax year (include only TAX paid—see instructions)....
- 19. Total payments (add lines 14 through 18)
- 20. Income tax refunds received (including working family child care credit and kicker refund)
- 21. Net payments (line 19 minus line 20)

REFUND OR BALANCE DUE

22. Refund. If line 21 is more than line 13C, you overpaid. Line 21 minus line 13C.....	22	
23. Amount of refund on line 22 you want applied to your 200__ estimated tax.....	23	
24. NET REFUND. Line 22 minus line 23. Enter the amount of line 22 you want refunded to you.....	24	
25. Additional tax to pay. If line 13C is more than line 21, you have tax to pay. Line 13C minus line 21	25	
26. Interest on additional tax to pay (see instructions).....	26	
27. AMOUNT YOU OWE. Add lines 25 and 26. Pay in full with this return	27	

- 22. **Refund.** If line 21 is **more** than line 13C, you overpaid. Line 21 minus line 13C..... 22
- 23. Amount of refund on line 22 you want applied to your 200__ estimated tax..... 23
- 24. **NET REFUND.** Line 22 minus line 23. Enter the amount of line 22 you want refunded to you..... 24
- 25. Additional **tax to pay.** If line 13C is **more** than line 21, you have tax to pay. Line 13C minus line 21
- 26. Interest on additional tax to pay (see instructions)..... 26
- 27. **AMOUNT YOU OWE.** Add lines 25 and 26. Pay in full with this return

Amended returns may take six months or longer to process.

28. **Explanation of adjustments made** — Show the computations in detail. Attach applicable schedules.

Multiple horizontal lines provided for writing the explanation of adjustments made.

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		<input type="checkbox"/> I authorize the Department of Revenue to contact this preparer about the processing of this return.	
SIGN	Your signature X	Date	Signature of preparer other than taxpayer X
HERE	Spouse's signature (if filing jointly, BOTH must sign) X	Date	Address License No. Telephone No.

Important: Attach a copy of your federal Form 1040X if you also amended your federal return. See page 4 of the instructions for additional items you may need to attach.

Make check or money order payable to: Oregon Department of Revenue . Write your daytime telephone number and the year you are amending on your payment. For example, "2002 Amended."	
Mail TAX-TO-PAY returns to Oregon Department of Revenue PO Box 14555 Salem OR 97309-0940	Mail REFUND returns and NO-TAX-DUE returns to REFUND PO Box 14700 Salem OR 97309-0930

Form 65	OREGON PARTNERSHIP RETURN OF INCOME	2004	For Office Use Only Date Received _____
For calendar year 2004 or fiscal year ending: _____			

• Please type or print clearly and answer all the questions below. **No payment is due with this return.**

Name of Partnership				Federal Employer Identification Number	
Street Address				Oregon Business Identification Number	
City	State	ZIP Code	Date Activities Started In Oregon	<input type="checkbox"/> Check if Form 24 is attached	

- Type of entity:
- | | |
|--|--|
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Limited Liability Partnership |
| | <input type="checkbox"/> Electing Large Partnership |

- 1. Requirement to file Oregon partnership return.**
- | | Yes | No |
|--|--------------------------|--------------------------|
| A. Does the partnership have income derived from sources in Oregon?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Does the partnership have Oregon resident partners?..... | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to A or B, you must file an Oregon partnership return. Attach a complete copy of your federal partnership return to **this** return. See question 2 to see if you need to include federal Schedule K-1s.

- 2. Attaching copies of partners' federal Schedule K-1s.**
- Attach a copy of each partner's federal K-1 if the partnership has 10 or less partners. If the partnership had more than 10 partners, you **must** attach a summary of partner information. The summary must include each partner's name, Social Security or federal employer identification number, address, and profit/loss sharing percentage. Also, answer the following:
- | | | |
|---|--------------------------|--------------------------|
| A. Did the partners' profit/loss sharing percentages change during the year?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Were the Oregon modifications not divided according to each partner's profit sharing percentage?..... | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered yes to A or B and had 10 or less partners, you must attach a summary of partner information.

- 3. Prior year return and final return.**
- | | | |
|--|--------------------------|--------------------------|
| A. Was a 2003 Oregon partnership return filed?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| If no , give the reason: _____ | | |
| If filed using a different name, give the name it was filed under: _____ | | |
| B. Is this the final return for the partnership?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| If yes, attach a schedule showing disposition and distribution of all partnership assets and liabilities. Show each asset's adjusted basis and fair market value. | | |

- 4. Changes to a prior year partnership return during this tax year.**
- | | | |
|--|--------------------------|--------------------------|
| A. Did an IRS audit change a prior year return during the 2004 tax year? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Was an amended federal return filed for a prior year? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to A or B, what tax year(s) were changed? _____. Send us a copy of the federal revenue agent's report or the amended return separately from this return if not previously sent.

- 5. Business inside and outside of Oregon with out-of-state partners.**
- | | | |
|---|--------------------------|--------------------------|
| A. Did the partnership have business activity both inside and outside of Oregon during the year?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Did the partnership have any partners who were not Oregon residents during the year?..... | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered yes to **both A and B**, use Oregon Schedule AP, Apportionment of Income, to figure your Oregon source income. Attach the schedule to this return. See page 2 of the instructions to order forms.

- 6. Oregon tax credits.**
- Are any partners eligible for Oregon tax credits based on costs the partnership paid or incurred?.....
- If yes, identify the tax credits: _____

7. Other taxing authorities.

- | | | |
|--|--------------------------|--------------------------|
| | Yes | No |
| A. Do partnership employees perform services in the TriMet Transportation District? | <input type="checkbox"/> | <input type="checkbox"/> |
| B. Do any partners have self-employment income from the partnership in the TriMet Transportation District? | <input type="checkbox"/> | <input type="checkbox"/> |
| C. Do partnership employees perform services in the Lane Transit District? | <input type="checkbox"/> | <input type="checkbox"/> |
| D. Do any partners have self-employment income from the partnership in the Lane Transit District? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered **yes** to A, B, C, or D, Form TM or Form LTD must be filed by the individual partners or the partnership may elect to file on the partners' behalf.

8. Who has the partnership books?

Name of partner who has the partnership books		Telephone Number ()	
Street Address	City	State	ZIP Code

SCHEDULE I—Oregon modifications to federal partnership income passed through to partners. Attach schedules to explain and compute the modifications. Indicate which federal Schedule K-1 line item each modification is for.

ADDITIONS—Items **not included** in federal partnership income which are taxable to Oregon.

1. Interest on government bonds of other states	(K-1 line ____)	1		
2. Gain on property transactions not deferred for Oregon	(K-1 line ____)	2		
3. Depreciation, see instructions on page 2 for more information		3		
4. Recognition of previously deferred capital gain		4		
5. Depletion in excess of property basis		5		
6. Gain or loss on sale of assets when Oregon basis is different from federal basis.....		6		
7. Other additions. Identify _____		7		

SUBTRACTIONS—Items included in federal partnership income which are **not taxable** to Oregon.

8. U.S. government interest	(K-1 line ____)	8		
9. Gain on property transactions already taxed by Oregon		9		
10. Depreciation, see instructions on page 2 for more information	(K-1 line ____)	10		
11. Work opportunity credit	(K-1 line ____)	11		
12. Gain or loss on sale of assets when Oregon basis is different from federal basis.....		12		
13. Other subtractions. Identify _____		13		

Note: Generally, a partner's share of each Oregon modification is figured by using the partner's profit/loss sharing percentage. A partner's share of each modification must be reported to the partner on federal Schedule K-1 or an equivalent form.

— Attach a copy of your 2004 federal Partnership return —

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.	<input type="checkbox"/> I authorize the Department of Revenue to contact this preparer about the processing of this return.
---	---

SIGN HERE	X	Your signature	Date	X	Signature of preparer other than taxpayer	License No.		
		Street Address			Street Address			
		City	State	ZIP Code		City	State	ZIP Code

Detach instructions before mailing

Tear off the instructions and file the return on or before the 15th day of the fourth month after the close of the partnership's tax year.

Mail to:
Oregon Department of Revenue
PO Box 14260
Salem OR 97309-5060



Instructions for Form 65

Oregon Partnership Return of Income

Which partnerships must file an Oregon partnership return?

- Every partnership having income derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

What must be attached to the Oregon partnership return?

Attach information in the following order:

- A summary of partner information, if more than 10 partners at any time during the year, or if you answered yes to questions 2A or 2B on Form 65 and had 10 or less partners.
- Schedule AP, Apportionment of Income, if you answered yes to questions 5A and 5B on Form 65. To order this schedule, see page 2.
- An Oregon Depreciation Schedule (form 150-101-025), if Oregon depreciation differs from federal depreciation.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis and fair market value.
- A copy of federal Form 1065, U.S. Partnership Return of Income, or Form 1065-B, U.S. Return of Income for Electing Large Partnerships. Include all pages and supporting schedules.
- Federal Schedule K-1s, if the partnership has less than 11 partners during the year.
- Form 24, Oregon Like-Kind Exchanges/Involuntary Conversions.

Filing deadlines

Returns for the 2004 calendar year are due by April 15, 2005. Fiscal year returns are due by the 15th day of the fourth month after the end of the partnership's tax year.

Connection to federal law

Oregon is tied to the December 31, 2002 federal definition of taxable income. Oregon will not automatically adopt federal changes after this date. Oregon remains permanently tied to federal law for depreciation of assets, pension plans, and tax-exempt or tax-deferred savings programs. The partnership's tax year for Oregon must be the same as for federal. Oregon doesn't have a required payment for partnerships choosing an alternative tax year.

Oregon recognizes the federal "check the box" regulations for unincorporated organizations. Also, Oregon treats the electing large partnership the same as federal.

Partnership failure-to-file penalty

A penalty may be assessed if a partnership doesn't file a return or fails to provide information to the Department of

Revenue as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months. Each partner is personally liable for a portion of the penalty.

Individual income tax returns

A partnership generally is not subject to tax, but each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual income tax return.

Partners report their share of Oregon modifications on their Oregon Forms 40, 40N, or 40P. Increases to income go on the "Other additions" line of the Oregon individual return. Decreases to income go on the "Other subtractions" line of the Oregon individual return. Label the line "OPM" (Oregon Partnership Modifications).

Nonresident partners can choose to file an individual nonresident return or join together to file a multiple nonresident tax return using Form 40N and Schedule MNR. The Oregon individual income tax booklet lists filing requirements for partners' individual income tax returns. Visit our Web site to download tax forms and instructions, or to order forms and instructions, see page 2.

Guaranteed payments

Guaranteed payments are treated as distributive shares of partnership income. For nonresident partners income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

Oregon modifications to federal partnership income

Complete Schedule I (on the back of Form 65) to figure Oregon modifications to federal partnership income. Attach schedules if necessary to explain and compute the modifications.

Generally, each partner's share of modifications is figured by using the profit sharing percentage shown on that partner's federal Schedule K-1. Each partner's share of the Oregon modifications must be reported on the partner's Schedule K-1 or equivalent. Show separately any Oregon modification that could have a special tax effect on a partner's individual return. The modifications may be added to the federal Schedule K-1s and labeled "Oregon modifications."

Gain on voluntary and involuntary conversions. Oregon allows partnerships the election for their partners to defer the gain on voluntary and involuntary conversions the same as for federal purposes.

Partnerships must make the election for all consenting partners. Attach Form 24 to your Oregon Partnership Return, Form 65.

Depreciation differences (1981–1985 ACRS assets). If you did not make the election in 1996 to align your Oregon basis to your federal basis for assets placed into service between 1981–1985, you will need to report a depreciation difference each year on Form 65, Schedule I, line 3 or 10.

Credits

Partners may qualify for the following tax credits on their individual income tax returns even though the costs were paid by the partnership.

- Advanced telecommunications facilities
- Business energy
- Child care division contribution
- Crop donation
- Dependent care assistance
- Electronic commerce zone investment
- Employer scholarship
- Farm processing machinery and equipment
- Farmworker housing
- First Break Program
- Fish screening devices
- Individual Development Accounts
- Long-term care insurance premiums
- Oregon Cultural Trust
- Political contributions
- Pollution control facilities
- Reforestation
- Reservation enterprise zone

TriMet and Lane Transit District self-employment taxes

Self-employment earnings of taxpayers doing business or providing services within the TriMet and Lane Transit districts are subject to this tax. A partnership may elect to file and pay the transit district self-employment tax on behalf of all the individual partners. Use the partnership’s net self-employment earnings (including partners’ guaranteed payments) to figure the tax.

Any 2004 TriMet or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 15, 2005. Fiscal year partnerships must file Form TM or Form LTD by April 15 of the year following the calendar year in which the fiscal year ends.

District boundary information

TriMet boundaries 503-962-6466
 Lane Transit District boundaries 541-682-6100

Federal Privacy Act information

The request for Social Security numbers is made by authority of Section 405, Title 42, of the United States Code. You are required to give us this information. It is used to establish the identity of the partners. Except as specifically allowed by law, all information contained in your tax return is confidential and cannot be disclosed by the department. Any violation is a class C felony.

**Mail this return to: Oregon Department of Revenue
 PO Box 14260
 Salem OR 97309-5060**

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and information circulars, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write us at 955 Center St NE, Salem OR 97301-2555. Include your Employer Identification Number (EIN) or Business Identification Number (BIN) and a daytime telephone number for faster service.

To get forms

Write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Or visit our Web site to download forms and schedules.

Telephone

Salem 503-378-4988
Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system to hear recorded tax information, order tax forms, or check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above.

Monday, Tuesday, Thursday, Friday 7:30 A.M.–5:10 P.M.
 Wednesday 10:00 A.M.–5:10 P.M.
Closed on holidays.
 April 1–April 15, Monday–Friday 7:00 A.M.–9:00 P.M.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Schedule AP

APPORTIONMENT OF INCOME FOR PARTNERSHIPS

2004

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

SCHEDULE AP-1 — APPORTIONMENT FORMULA

(Do not enter an amount of less than zero)

	(A) Total Within Oregon	(B) Total Within and Without Oregon	(C) Percent Within Oregon (A ÷ B) × 100
1. Property Factor —Value of real and tangible personal property used in the 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			%
2. Payroll Factor —Wages, salaries, commissions, and other compensation to employees:			
a. Compensation of employees			
b. Guaranteed payments (see instructions)			
c. Total wages, salaries, guaranteed payments			%
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 receipts			
d. Total sales and other business receipts			%
4. Sales factor (same as line 3d)			%
5. Total percent (add items 1c, 2c, 3d, and 4, within column C)			%
6. Oregon apportionment percent. See instructions on page 1 to determine the Oregon apportionment percent.....			• _____ %

SCHEDULE AP-2 — COMPUTATION OF TAXABLE INCOME (see instructions)

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 (line 1 minus line 2 and line 3)	4	
5. Oregon apportionment percentage (from Schedule AP-1, line 6).....	5	× %
6. Income apportioned to Oregon (line 5 times line 4).....	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. Partnership income subject to Oregon tax. Total of lines 6, 7, and 8	9	



SCHEDULE AP INSTRUCTIONS FOR PARTNERSHIPS

SCHEDULE AP-1—Apportionment formula

For tax years beginning on or after May 1, 2003, the apportionment formula is 80 percent times the sales factor, plus 10 percent times both the payroll and property factors. See the line 6 instructions.

Taxpayers primarily engaged in utilities and telecommunications may elect to use the apportionment formula as provided in ORS 314.650 (1999 edition).

The numerators of the factors include the Oregon property, payroll, and sales from businesses taxable by Oregon. The denominators of the factors include all amounts from the business (both Oregon source and non-Oregon source).

Note: If you listed additions and subtractions on Form 65, those items are also subject to apportionment.

A negative amount is not accepted. Enter zero if the factor is less than zero.

Line 1. Property factor. (1) Value owned property at original cost. Show the average value during the taxable year of the 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 sub-rentals.

Enter business property within Oregon in column A. Enter all owned or rented business property in column B of Schedule AP-1. See Oregon Revised Statute (ORS) 314.655 and administrative rules.

Line 2. Payroll factor. Guaranteed payments representing compensation for services to a partnership are considered remuneration paid to employees for personal services.

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; or
- The guaranteed payment represents compensation that would have been subject to Oregon unemployment insurance if paid to an employee.

See ORS 314.660 and administrative rules.

Line 3. 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 business is not taxable in the state of the purchaser. See ORS 314.665(3) for exceptions.

See ORS 314.620 and Public Law 86-272 to determine if a partnership 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 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.

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.

Line 6. Oregon apportionment percentage.

Oregon standard apportionment method. Business income is apportioned to Oregon by a multiplier equal to 80 percent of the sales factor, plus 10 percent of the property factor, plus 10 percent of the payroll factor. See ORS 314.650. Use the following worksheet:

Oregon Standard Apportionment Method:

1. Multiply the property factor from Schedule AP-1, line 1c, column C, by 0.10 1. _____
2. Multiply the payroll factor from Schedule AP-1, line 2c, column C, by 0.10 2. _____
3. Multiply the sales factor from Schedule AP-1, line 3d, column C, by .80 3. _____
4. Oregon apportionment percentage. Add lines 1, 2, and 3 and round to four decimal places (ex: 34.21224% should be 34.2122%). Enter on Schedule AP-1, line 6. 4. _____

Alternative apportionment method for utilities and telecommunication partnerships. 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). Use the following worksheet:

Alternative Apportionment Method:

1. Total percent from line 5, Schedule AP-1 1. _____
2. Enter the number of factors on lines 1c, 2c, 3d, and 4 of Schedule AP-1 with a positive total in column B 2. _____
3. Divide line 1 by line 2 and round to four decimal places (ex: 12.34558% should be 12.3456%). Enter on Schedule AP-1, line 6 3. _____

Schedule AP-2—Taxable income computation

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 operations;
- 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 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 1. Add the income (loss) from the federal Schedule K, lines 1 through 11. Enter the result on line 1. Note: Guaranteed payments paid to a nonresident partner of a partnership that has business activity in Oregon are treated as a distributive share of partnership income, Oregon Administrative Rule (OAR) 150-316.124(2). Guaranteed payments are subject to the allocation and apportionment provisions of ORS 314.605 to 314.675.

Line 2. Subtract the net nonbusiness income included in line 1. Attach a schedule listing the source and amount on the nonbusiness income.

Line 3. Subtract gains from prior year installment sales included in line 1. OAR 150-314.615-G requires the apportionment of installment sales using the same apportionment factor that was used in the year of sale. Attach a schedule listing the installment sales gain. See instructions for line 8.

Line 7. Add all of the nonbusiness income that is allocated entirely to Oregon. Attach a schedule listing the source and amount of the nonbusiness income allocated to Oregon.

Line 8. Multiply the installment gains subtracted on line 3 by the apportionment factor used in the year of the sale. Enter the result. Attach a schedule showing the apportionment factor used in the year of the sale.

2004 OREGON

Elderly Rental Assistance Program Form 90R and Instructions




File your claim by
July 1, 2005

Before you mail Form 90R, check your ERA claim to make sure you:

- Fill in your date of birth on the front of your claim form.
- Complete the income section on the front of your claim.
- Complete the rent schedule and the household assets list on the back of your claim.
- Sign your claim.

If you have a disability and need special accommodations, see page 16 for numbers to call and places to get help.

We cannot process your claim without the information in the above checklist.

Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

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Elderly Rental Assistance (ERA) Program

Elderly Rental Assistance is for low-income people who rent their home and are age 58 or older. The property you rent must be subject to property tax. If the property you rent is exempt from property tax you are not eligible for ERA unless the property owner makes a “payment in lieu of tax” (PILOT). You must file Form 90R to receive assistance. **Form 90R is on pages 11-14** of this booklet. ERA is based on your income, assets, and the amount of rent, fuel, and utilities you paid. Be sure to keep your rent receipts with your records. We may request them.

Important information

ERA filing deadline. The deadline for filing an ERA claim (Form 90R) is July 1. If you file Form 90R after July 1, 2005, your claim will be processed the following year, and if you qualify, your ERA payment will be issued in November 2006.

Payment issue date. The payment issue date is November 2005 for claims received by July 1, 2005. Do not contact the department to find out how to calculate your payment. We will not know the assistance amount until November 2005.

Courtesy letter. You may receive a courtesy letter explaining a proposed change to your ERA claim. If you receive a courtesy letter and you disagree, it is important that you respond quickly. Otherwise we may not have time to process the additional information you provide about your claim before the November 2005 mailing.

If you choose not to respond to the courtesy letter, you will still have formal appeal rights after the department issues a formal notice and/or a check in November 2005.

If you appeal the formal notice within the allowable period and it is determined that you are entitled to additional assistance, you will not receive the additional payment until November 2006.

Single or married and living apart

You qualify for ERA if **all** the following are true:

- You were age 58 or older on December 31, 2004, **and**
- Your household income was under \$10,000, **and**
- You paid more than 20 percent of your household income for rent, fuel, and utilities (see “Special instructions” on page 3), **and**
- The value of your household assets is \$25,000 or less (if you are age 65 or older, there is no limit on the value of household assets), **and**
- You rented an Oregon residence that was subject to property tax or PILOT, **and**
- You lived in Oregon on December 31, 2004, **and**
- You didn’t own your residence on December 31, 2004 (if you live in a manufactured home, see page 4).

Married and living together

You qualify for ERA if **all** the following are true:

- You **or** your spouse were age 58 or older on December 31, 2004, **and**
- You and your spouse’s total household income was less than \$10,000, **and**
- You paid more than 20 percent of your total household income for rent, fuel, and utilities (see “Special instructions” on page 3), **and**
- The total value of both spouses’ household assets is \$25,000 or less (if either spouse is age 65 or older, there is no limit on the value of your household assets), **and**
- You rented an Oregon residence that was subject to property tax or PILOT, **and**
- You lived in Oregon on December 31, 2004, **and**
- You didn’t own your residence on December 31, 2004 (if you live in a manufactured home, see page 4).

Household income includes all taxable and nontaxable income. See page 5.

Fuel and utilities includes the amount you paid during the year for lights, water, garbage, sewer, and heating. Do not include food expenses or the amount you paid for telephone, cable television, or Internet access.

Household assets include real and personal property described on page 7. See the list on the back of Form 90R.

When do I file Form 90R?

Claim Year	File By	Accepted Until
2004	July 1, 2005	July 1, 2008
2003	—	July 1, 2007
2002	—	July 1, 2006
2001	—	July 1, 2005

Where do I send Form 90R?

Mail your Form 90R to:

ERA CLAIMS
PO Box 14700
Salem OR 97309-0930

When will I get my assistance check?

If you file Form 90R by July 1, 2005, your ERA check will be mailed in November 2005. If your Form 90R is filed **after** July 1, 2005, your ERA claim will not be processed this year and your check will not be issued until November 2006.

Fraudulent claims

Filing a fraudulent Form 90R is against the law. You could be charged with a class C felony. You could be fined up to \$100,000 and serve a jail sentence. You also would have to pay back twice the amount you received plus interest.

Special instructions

Single. If you were single on December 31, 2004, list only the rent, fuel, and utilities you actually paid.

Roommates. Each roommate can file for ERA. The amount of assistance is based on

the rent, fuel, utilities, household income, and assets of each person who files Form 90R. List the name(s) of the other renter(s) on the rent schedule and the rent, fuel, and utilities you **alone** actually paid.

Recently married. Did you marry during 2004? If so, you must file jointly. Include the rent, fuel, and utilities for places you rented both separately and together.

Married—living together. If you were married and living in the same residence or facility on December 31, 2004, you must file jointly. The assistance is based on the rent, fuel, utilities, household income, and assets of both spouses.

Married—living apart. If you were married and permanently living apart on December 31, 2004, you may file separately. List only the rent, fuel, and utilities you actually paid. File jointly if you are only temporarily living apart.

Deceased persons. You cannot file a Form 90R for a deceased person.

Clergy. Members of the clergy who live in housing provided by the church may be eligible for assistance. You qualify for ERA if you paid rent for the use of the housing, **and the property was subject to Oregon property tax.**

Your minister's rental allowance must be included in household income even if the allowance is excluded from federal adjusted gross income.

Apartment managers. Include only the rent you actually paid on the Form 90R rent schedule. Don't include the value of free rent provided by your employer.

Special living places

The amount of assistance may depend on the kind of housing you lived in. **Caution: If your residence is exempt from property taxes, you aren't eligible to file for ERA** unless the property owners make a payment in lieu of tax (PILOT). Contact your landlord if you don't know if your residence is subject to property tax or PILOT.

Partially exempt property. If your residence is partially exempt from property taxes, you are allowed to file an ERA claim based on the percentage of property that is subject to Oregon property taxes. For example, if the property you rent is 75 percent exempt from property taxes, you may file a claim based on 25 percent of the rent you actually paid.

Manufactured homes. You are allowed to file a claim based on the rent you actually paid for your manufactured home, your land, or both.

If you owned both the manufactured home and the land on December 31, 2004 you don't qualify for ERA.

Low-income housing. You can file for ERA only on the rent you actually paid. **Caution:** If your low-income housing is exempt from property taxes, you can't file for ERA unless the property owners make a "payment in lieu of tax" (PILOT).

Nursing home residents. If you lived in a nursing home, you may file for ERA. Nursing home payments include medical care and other expenses, not just rent. Generally, 20 percent of your total payment is considered rent, and 3 percent is considered fuel and utilities. You may claim a higher percentage if you can show it is correct.

If you lived in a nursing home on December 31, 2004, while your spouse rented a separate residence, each of you can file a separate Form 90R for assistance. You may file for assistance based on your nursing home rent. Show only your own household income on Form 90R. Your spouse will file a separate Form 90R. Check with the nursing home to make sure it is subject to property tax.

If you lived in a nursing home on December 31, 2004, but your spouse lived in a home you owned, you may file for assistance based on your nursing home rent. Show only your own household income on Form 90R. Your spouse does not qualify for ERA.

Retirement/rest home or center. Generally, 60 percent of your total payment is considered rent, and 10 percent is considered fuel and

utilities. You may claim a higher percentage if you can show it is correct.

Group homes. Generally, 60 percent of your total payment is considered rent, and 10 percent is considered fuel and utilities. **Caution:** If your group home is exempt from property taxes, you can't file for ERA.

Boarders. Generally, 60 percent of your room and board payment is considered rent, and 10 percent is considered fuel and utilities. You may claim a higher percentage if you can show it is correct.

Renting from relatives. If you pay rent to a relative for the right to occupy property owned by your relative, you may qualify for ERA. You must have a signed rental agreement and the relative you pay rent to must report the rental income on his or her tax return. Keep a copy of the signed agreement along with your rent receipts with your records. We may request them.

Licensed trailers. If you lived in a licensed travel trailer not on the county property tax rolls, and you rented the land, you may file a claim based on the rent you actually paid for the land only.

You don't qualify for ERA if you lived in:

- Cooperative housing, or
- A nonprofit home for the elderly, or
- A condominium, a house, or an apartment you owned.

If you lived in one of the above types of housing, you're a homeowner, not a renter.

Form 90R instructions

Name and address section

Clearly print or type your name, address, Social Security number, and date of birth on Form 90R.

Important — If your address changes between the time you file and November 2005, please notify the Department of Revenue. See page 16 for numbers to call.

Social Security number. The request for your Social Security number(s) is authorized by Section 405, Title 42, of the United States Code. We will use this information only to establish your identity for tax purposes.

Date of birth. You or your spouse must be age 58 or older as of December 31, 2004, to qualify for ERA. **You must enter your date of birth and your spouse's date of birth at the top of Form 90R or your claim may be denied.**

Household income

Household income includes taxable and nontaxable income of both spouses living in the same household. It doesn't include your spouse's income if you were permanently living apart at the end of the year. It doesn't include income of your children, roommates, or any other person living with you, other than your spouse.

Use Form 90R lines 1–19 to figure your household income. Some of the household income items come from your federal tax return, if you filed an income tax return, and other items come from your personal records.

See pages 8 through 10 for a household income checklist.

Nonresidents and part-year residents who lived in Oregon on December 31, 2004. Include all taxable and nontaxable income for the **entire** year. Include income from Oregon sources and income from sources outside of Oregon.

Line instructions

Instructions are for lines not fully explained on the form.

Note: Do not fill in cents. You must round off cents to the nearest dollar. For example, \$12.49 becomes \$12 and \$233.50 becomes \$234.

Work and investment income

For each of the following, fill in the total amount received during the year.

1. Wages, salaries, and other pay for work. Fill in your wages, salaries, commissions, tips, barter income, fees, and other pay for work.

2. Interest and dividends. Fill in your total taxable and nontaxable interest and dividends. Don't include "return of capital" dividends or insurance policy "return of premium" dividends.

3. Business net income. Fill in your net profit. Net profit is the combined income and losses on all your business schedules. This includes business partnerships and S corporations. Did you have a net business loss? If so, you can subtract up to \$1,000 of the loss in figuring household income. For lines 3, 4, and 6, see note on page 6. Net operating loss carryovers and carrybacks can't be used to reduce household income.

4. Farm net income. Fill in your net farm profit. Net farm profit is the combined income and losses on all your farm schedules. This includes farm partnerships and S corporations. If you had a net farm loss, you can subtract up to \$1,000 of the loss in figuring household income. For lines 3, 4, and 6, see note on page 6. Net operating loss carryovers and carrybacks can't be used to reduce household income.

5. Total gain on property sales. Fill in your total gain from any property sales: stocks, bonds, land, or other property. If you had a net loss, you can subtract up to \$1,000 in figuring household income. Don't include any gain you deferred or excluded from the sale of your house. Did you sell property you placed into service after December 31, 1980 and before January 1, 1985? If so, you may need to refigure your gain for Oregon. Did you take the federal investment tax credit? If so, you may have a difference between Oregon basis and federal basis. You will need to refigure your gain or loss for the assets, using the Oregon basis. See page 16 for telephone numbers to call for help.

6. Rental net income. Fill in your rental net income. Rental net income is the combined

income or losses from all your rentals. This includes rental partnerships and S corporations. If you had a net loss, you can subtract up to \$1,000 in figuring household income. For lines 3, 4, and 6, see note below.

Note for lines 3, 4, and 6:

Does the combined total of your depreciation, depletion, and amortization deductions from all businesses exceed \$5,000? If so, you must refigure these items, limiting your total deduction to \$5,000.

Example: Jackson has a business that had gross income of \$22,000 in 2004. He had a \$10,000 depreciation deduction and other business expenses of \$15,000. Jackson figures his \$3,000 business loss for federal purposes as follows:

Business gross income.....	\$22,000	
Less		
Depreciation	\$10,000	
Other business expenses.....	+15,000	(25,000)
Federal business loss.....		\$(3,000)

Jackson figures his business income for ERA purposes as follows:

Business gross income.....	\$22,000	
Less		
Depreciation limited to \$5,000 ...	\$5,000	
Other business expenses.....	+15,000	(20,000)
ERA business income		\$ 2,000

7. Other income from your federal return. Fill in any other taxable income you received in 2004 that is on your federal return. This includes:

- Alimony received, Form 1040, line 11.
- Awards, bonuses, prizes, gambling winnings, lottery winnings (including Oregon lottery winnings), and other income from federal Form 1040, line 21. Identify the other income.

Don't include:

- Oregon income tax refunds.
- Federal income tax refunds.
- Unemployment benefits. Fill in the amount of your unemployment benefits on line 13.

Retirement income

For each of the following, fill in the total amount received during the year.

9. Social Security, supplemental security income (SSI), and railroad retirement. Fill in the **total** Social Security (taxable and non-taxable), SSI, and Railroad Retirement Board benefits you received in 2004. Include Medicare premiums for 2004. Don't include reimbursed medical expenses. Include any amounts you received in your name from Social Security for the benefit of a minor child.

10. Pensions and annuities. Fill in the total pension and annuity income you received in 2004. This will usually be the taxable portion of your pension. **Federal pensions:** Be sure to include your total pension income (both taxable and nontaxable). Don't include your contribution to the plan. You should have a statement, Form 1099R, from the payer that shows your contribution. Include lump-sum distributions and death benefits.

Other income

For each of the following, fill in the total amount received during the year:

12. Adult and Family Services (welfare). Fill in the total amount of welfare you received. Include aid to the blind and disabled and old age assistance. Also include Temporary Assistance for Needy Families. Do not include the Special Shelter Allowance. You should have received an Assistance Summary statement that shows the amount you received. Don't include:

- Amounts for food stamps or surplus foods.
- Payments for medical care, drugs, medical supplies, and services related to medical care for which you received no direct payment.
- In-home services approved by the Oregon Department of Human Services.
- Reimbursement of expenses from participating in work or training programs.

If you receive welfare benefits for your nursing home costs, include 23 percent of that payment as welfare income. Generally, 23 percent of the payment represents your rent plus utilities and fuel (see "Special living places" on page 3).

Don't include welfare payments to your nursing home for medical care, drugs, or medical supplies.

13. Unemployment benefits. Fill in your total unemployment benefits.

14. Veteran's and military benefits. Fill in your veteran's benefits, GI Bill benefits, family allowances, and educational allowances (taxable and nontaxable).

15. Family support, gifts, and grants. Add together all the gifts, grants, and scholarships you received. Include any amounts you received from your children and others to help pay your expenses. You can exclude up to \$500 from household income. Fill in the total in excess of \$500. This also includes gifts and grants from a foreign country. Don't include federal grants to improve your home.

Example: You received \$250 from your child, a \$600 gift, and a \$300 state grant during the year. You must include a total of \$650 in your household income:

Money received from child.....	\$ 250
Gift.....	\$ 600
Grant	<u>\$ 300</u>
Total received.....	\$ 1150
Less: exclusion amount	<u>- 500</u>
Include in household income	\$ 650

16. Other sources. Fill in amounts from any other sources of household income, including:

- Child support.
- Minister's rental allowance.
- Foreign earned income.
- Disability pay.
- Life insurance proceeds.
- Personal injury damages.
- Strike benefits.
- Workers' compensation.
- Accident and health insurance payments.
- Total inheritances. This includes anything that changed ownership because of death. It

may be cash or property. Figure the fair market value of property as the amount you'd get if the property had been sold on the date of death. Don't include property you received due to the death of your spouse.

19. Adjustments to income. Fill in the amount from Form 1040, line 35, or Form 1040A, line 20. If you filed Form 1040EZ or TeleFile Tax Record, fill in -0-.

21. Household assets. If you or your spouse are age 65 or older, the limitations do not apply.

Single or married—living apart. If you are under age 65, you must complete the household assets list on the back of your Form 90R. If the total value of your household assets is more than \$25,000 you do not qualify for ERA.

Married—living together. If **both** you and your spouse are under age 65, you must complete the household assets list on the back of your Form 90R. If the total value of both spouses' household assets is more than \$25,000 you do not qualify for ERA. Household assets include property you own together and separately.

Household assets include the fair market value as of December 31, 2004, of the following:

- **Real property**, such as a vacant lot, farm land, mobile home, or rental property.
- **Personal property**, such as money on hand, shares of stock, money owed to you by others, and funds on deposit. Don't include the value of retirement plans.
- **Personal property used in a trade or business** in which you are an owner. Examples are an automobile used in your business, your office equipment, inventory, and your percentage of partnership assets.

Note: Examples of items **not** to include as household assets: TV, VCR, personal computer, personal vehicle, furniture, wedding ring, bicycle. (This is not intended to be a complete list.)

Continued on page 15...

HOUSEHOLD INCOME CHECKLIST

Use this list to figure what must be included in total household income.

	Household Income			Household Income	
	Yes	No		Yes	No
Alimony and separate maintenance....	x		Disability income (entire amount).....	x	
Annuities and pensions (reduced by cost recovery).....	x		Dividends, taxable and nontaxable	x	
*Business income (reduced by expenses)	x		Credit union savings account “dividends” (interest).....	x	
Cafeteria plan benefits.....	x		Insurance policy “dividends” (return of premium).....	x	
*Capital loss carryover	x		Return of capital dividends	x	
*Capital losses (in year determined) ...	x		Stock dividends	x	
Child support.....	x		Tax-exempt dividends	x	
Child support included in welfare	x		Earned income credit, advanced.....	x	
Clergy’s rental or housing allowance, in excess of expenses claimed to determine federal AGI.....	x		*Estate and trust income (also see Inheritance)	x	
Compensation for services performed			*Farm income (reduced by expenses).....	x	
Back pay	x		Agricultural program payments.....	x	
Bonuses.....	x		Patronage dividends.....	x	
Clergy’s fees	x		Proceeds from sale of crops and livestock	x	
Commissions	x		Rents.....	x	
Director’s fees	x		Sale of services.....	x	
Fees in general (trustee, executor, jury duty)	x		Fellowships	x	
Lodging for convenience of employer.....	x		Foreign income excluded from federal AGI.....	x	
Meals for convenience of employer.....	x		Foster child care (reduced by expenses).....	x	
Salaries.....	x		Funeral expenses received	x	
Severance pay	x		Gains on sales (receipts less cost)	x	
Tips.....	x		Excluded gain for Oregon on sale of residence.....	x	
Wages	x		Gambling winnings (without reduction for losses)	x	
Deferred compensation			Gifts and grants (totaling more than \$500 in value).....	x	
Contributions made.....	x		Cash.....	x	
Payments received	x				
Depletion in excess of basis	x				
Depreciation, depletion, and amortization in excess of \$5,000.....	x				

*Losses limited to \$1,000.

	Household Income			Household Income	
	Yes	No		Yes	No
Gifts from nonspouse in the same household.....	x		Sick pay (employer sickness and injury pay)	x	
Gifts from spouse in the same household.....	x		Strike benefits	x	
Gifts other than cash (report at fair market value)	x		Unemployment compensation.....	x	
Payment of indebtedness by another person	x		Workers' compensation.....	x	
Grants and payments by foreign governments not included in federal adjusted gross income.....	x		Interest, taxable and nontaxable	x	
Grants by federal government for rehabilitation of home	x		Contracts	x	
Gratuities.....	x		Municipal bonds and other securities.....	x	
Hobby income	x		Savings accounts	x	
Honorariums.....	x		Tax-exempt interest.....	x	
Individual Retirement Arrange- ment (IRA)			U.S. Savings Bonds	x	
Conventional IRA			*Losses on sales (to extent used in determining adjusted gross income)	x	
Payments received	x		From sales of real or personal property (nonbusiness)	x	
Payments contributed	x		Lottery winnings.....	x	
Rollovers or conversions.....	x		Lump-sum distribution (less cost recovery)	x	
Roth IRA			Military and veteran's benefits (taxable and nontaxable)		
Payments received	x		Combat pay.....	x	
Payments contributed	x		Disability pensions.....	x	
Rollovers or conversions.....	x		Educational benefits (GI Bill)	x	
Inheritance.....	x		Family allowances.....	x	
From spouse who resided in the same household.....	x		Pensions.....	x	
Insurance proceeds			Net operating loss carryback and carryover.....	x	
Accident and health.....	x		*Partnership income (reduced by expenses)	x	
Disability payments.....	x		Parsonage (rental value) or housing allowance received by clergy in excess of expenses used in determining federal AGI.....	x	
Employee death benefits.....	x		Pensions and annuities (taxable and nontaxable) (reduced by cost recovered in the current year)	x	
Life insurance	x				
Personal injury damages (less attorney fees).....	x				
Property damage if included in federal income.....	x				
Reimbursement of medical expense	x				

*Losses limited to \$1,000.

	Household Income			Household Income	
	Yes	No		Yes	No
Prizes and awards		x	Medicare payments of medical expenses.....		x
Railroad Retirement Board benefits (see Social Security and Railroad Retirement Board benefits)		x	Medicare premiums deducted from Social Security		x
Refunds			Old-age benefits		x
Earned income credit.....		x	Supplemental Security income		x
Federal tax.....		x	Survivor benefits		x
Property tax.....		x	Stipends (excess over \$500)		x
Oregon income tax.....		x	Strike benefits		x
Other states' income tax (if included in federal AGI)		x	Support from parents who don't live in your household		x
Reimbursements (in excess of expenses incurred)		x	Trust income.....		x
For moving expense.....		x	Unemployment compensation.....		x
For travel		x	Wages		x
Rental allowances paid to ministers and not included in federal adjusted gross income		x	Welfare benefits		x
*Rental and royalty income (reduced by expenses)		x	Aid to blind and disabled		x
Residence sales (see gains on sales).....		x	Aid to dependent children.....		x
Retirement benefits (see pensions, Social Security and Railroad Retirement Board benefits)			Child care payments		x
Sales (see gains on sales and losses on sales)			Child support included in welfare		x
Scholarships (excess over \$500)		x	Direct payments to nursing home		x
Sick pay.....		x	Food stamps (or cash payments in lieu of food stamps).....		x
Social Security and Railroad Retirement Board Benefits (taxable and nontaxable)		x	Fuel assistance		x
Children's benefits paid to parent		x	In-home services approved by the Department of Human Services		x
Children's benefits paid to your child		x	Medical payments to doctors		x
Disability pension		x	Old-age assistance.....		x
			Payments for medical care, drugs, medical supplies, and services for which no direct payment is received.....		x
			Reimbursements of expenses paid or incurred by participants in work or training programs		x
			Special shelter allowance		x
			Surplus food.....		x
			Women, Infants, and Children program (WIC)		x

*Losses limited to \$1,000.

10/Household income checklist

FORM
90R
OREGON ELDERLY RENTAL ASSISTANCE 2004

For department use only		
Date received		
You must fill in your date of birth in order to receive assistance.		

Remember to write in your Social Security number and your date of birth	Last name		First name and initial		Enter your Social Security No. (SSN) - -		Date of birth (mm/dd/yyyy)		
	Spouse's last name if different		Spouse's first name and initial		Enter spouse's Social Security No. - -		Date of birth (mm/dd/yyyy)		
	Current mailing address						For department use only		
	City		State	ZIP code	Telephone number ()		1	2	3

WORK AND INVESTMENT INCOME—Totals for the entire year

1	Wages, salaries, and other pay for work.....	1		.00
2	Interest and dividends (total taxable and nontaxable)	2		.00
3	Business net income (loss limited to \$1,000)	3		.00
4	Farm net income (loss limited to \$1,000).....	4		.00
5	Total gain on property sales (loss limited to \$1,000).....	5		.00
6	Rental net income (loss limited to \$1,000).....	6		.00
7	Other income from your federal return. Identify	7		.00
8	Add lines 1 through 7	8		.00

RETIREMENT INCOME—Totals for the entire year

9	Social Security, supplemental security income (SSI), railroad retirement (total for 2004)	9		.00
10	Pensions and annuities (see instructions)	10		.00
11	Add lines 9 and 10	11		.00

OTHER INCOME—Totals for the entire year

12	Adult and Family Services (welfare)	12		.00
13	Unemployment benefits	13		.00
14	Veteran's and military benefits	14		.00
15	Family support, gifts, and grants: Total received minus \$500	15		.00
16	Other sources: Identify	16		.00
17	Add lines 12 through 16	17		.00
18	Add lines 8, 11, and 17	18		.00
19	Adjustments to income from federal Form 1040, line 35 or federal Form 1040A, line 20	19		.00
20	YOUR TOTAL HOUSEHOLD INCOME. Line 18 minus line 19. If your household income is \$10,000 or more, STOP HERE! You don't qualify for elderly rental assistance	20		.00
21	YOUR TOTAL HOUSEHOLD ASSETS. Fill in your total household assets from the back of this form. (If you or your spouse are age 65 or older, the limitations do not apply. Fill in -0- on line 21.) If your household assets exceed \$25,000, STOP HERE! You don't qualify for elderly rental assistance	21		.00

QUALIFYING RENT

22	Total Oregon rent you paid during 2004 (from box 7 of rent schedule on the back).....	22		.00
23	Special Shelter Allowance (see page 15)	23		.00
24	Total fuel and utilities only (not telephone). Don't include rent! (see page 15)	24		.00
25	Check the box if you paid rent to a: <input type="checkbox"/> nursing home <input type="checkbox"/> retirement/rest home or center <input type="checkbox"/> group home			

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

I authorize the Department of Revenue to contact this preparer about the processing of this claim.

SIGN HERE	➔ Your signature _____ Date _____	Signature of preparer other than taxpayer _____ License No. _____
	➔ Spouse's signature (If filing jointly, BOTH must sign) _____	Address _____

Mail your completed 90R to: ERA CLAIMS, PO BOX 14700, SALEM OR 97309-0930

RENT SCHEDULE

List the places you rented in Oregon during 2004. Attach additional schedules if needed.

	Residence A	Residence B (if needed)
1. Your street address, city, state, ZIP code	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>
2. Full name of each roommate	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>
3. Landlord's name, street address, city, state, ZIP code, and telephone number	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div> <div style="border: 1px solid black; height: 20px;"></div>
4. 2004 rental period	From: <div style="border: 1px solid black; width: 100px; height: 15px;"></div> To: <div style="border: 1px solid black; width: 100px; height: 15px;"></div>	From: <div style="border: 1px solid black; width: 100px; height: 15px;"></div> To: <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
5. Rent you paid per month	..... 5A <div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">\$</div>	..... 5B <div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">\$</div>
6. Total rent you paid (per address)	..... 6A <div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">\$</div>	..... 6B <div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">\$</div>
7. TOTAL RENT PAID IN 2004. Add boxes 6A and 6B and enter the total here. Also enter this amount in box 22 on the front of this form	..... 7 <div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">\$</div>	

2004 HOUSEHOLD ASSETS LIST

Use Fair Market Value of your assets as of December 31, 2004. If you or your spouse are age 65 or older, this list is **not** required.

1. Real property (includes fair market value of mobile home)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
2. Personal property:		
A. Money on hand: Currency and bills of exchange or others (identify)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
B. Money on deposit:		
Checking and savings account	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
Certificates of deposit or others (identify)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
C. Funds on deposit:		
Funds accruing due to death of the insured where withdrawal is at your option (insurance)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
Funds accruing due to original maturity of a policy contract where withdrawal is at your option	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
D. Money owed to you: Personal or business notes receivable or others (identify)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
E. Shares of stock:		
Capital, common, and preferred	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
Shares in mutual funds and investment trusts or others (identify)	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
F. Assets or property used in a trade or business in which you or your spouse have an ownership interest .	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>
TOTAL HOUSEHOLD ASSETS. Fill in the total here and on line 21 on the front of this form	\$	<div style="border: 1px solid black; width: 100%; height: 15px;"></div>

Continued from page 7...

Qualifying rent

22. Total Oregon rent you paid during 2004.

Complete the rent schedule on the back of Form 90R.

Fill in the Oregon rent you paid during 2004. Include all Oregon rent you paid for each residence you rented in 2004. Rent doesn't include advance rent or deposits for keys, cleaning, or security. Keep your rent receipts with your records for at least three years from the due date of your claim or when you file it, whichever is later.

If the property you rented was partially exempt from property taxes, or you lived in a nursing home, retirement/rest home or center, group home, or pay room and board, only a portion of your payment is considered qualifying rent. See "Special living places" on page 3.

23. Special Shelter Allowance. Did you receive a Special Shelter Allowance (welfare)? If you did, the Assistance Summary statement you received will show the amount of your Special Shelter Allowance. Fill in the amount from the notice on this line. This allowance is an advance payment of your ERA claim so it will reduce the amount of assistance you receive.

24. Fuel and utilities. Include the amount you paid during 2004 for lights, water, garbage, sewer, and heating while living in Oregon. **Don't** include the amount you paid for telephone, cable television, or Internet access as utilities.

Lights (electricity)	\$ _____
Water and sewer	\$ _____
Garbage.....	\$ _____
Heating (gas, oil, wood, etc.) ..	\$ _____
Total.....	\$ _____

Enter the total on line 24. If the total of lines 22 and 24 is 20 percent or less of your total

household income on line 20, then you do not qualify for ERA.

If you lived in a nursing home, retirement/rest home or center, group home, or paid room and board, only a portion of your total payment is for fuel and utilities. See "Special living places" on page 3.

25. Nursing home, retirement/rest home or center, or group home. If you paid rent to a nursing home, retirement/rest home, or group home, check the box that applies. Generally, a nursing home provides medical care, but retirement/rest homes or centers and group homes don't.

ERA payment. The Oregon Department of Revenue will figure your assistance for you. Remember your assistance will be reduced by any Special Shelter Allowance you already received in 2004.

Sign and mail Form 90R

Before you mail Form 90R, check your claim.

Were you **or** your spouse age 58 or older on December 31, 2004? Did you fill in your date of birth and your spouse's date of birth at the top of Form 90R?

Did you sign and date Form 90R on the front? Both spouses must sign a joint claim.

- Did you complete the entire form?
- All income sections on the front of 90R?
 - The rent section on the back of 90R?
 - The household assets on the back of 90R? (Asset list required if you **and** your spouse were under age 65 on December 31, 2004.)

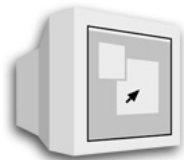
Be sure to complete the entire claim form. An incomplete claim could delay your assistance until next year.

Remember—you must file your Form 90R by July 1, 2005 so we can process and issue your payment in November 2005.

Taxpayer assistance

Internet

www.oregon.gov/DOR



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write us at 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Field offices

Get forms and assistance at these offices. **Don't send your claim form to these addresses.**

Bend	951 SW Simpson Avenue, Suite 100
Eugene	1600 Valley River Drive, Suite 310
Gresham	1550 NW Eastman Parkway, Suite 220
Medford	24 West 6th St
Newport	119 NE 4th St, Suite 4
North Bend	3030 Broadway
Pendleton	700 SE Emigrant Ave, Suite 310
Portland*	Federal Building Lobby, 1220 SW Third Ave
Portland	800 NE Oregon St, 5th floor
Salem	Revenue Building, 955 Center St NE, Room 135
Salem	4275 Commercial St SE, Suite 180
Tualatin	6405 SW Rosewood St, Suite A

*February 1–April 1: Monday, Wednesday, and Friday, 10:00 a.m.–3:00 p.m. April 4–April 15: Monday–Friday, 9:00 a.m.–4:00 p.m.

Telephone

Salem 503-378-4988

Toll-free within Oregon 1-800-356-4222

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 2004 personal income tax refund (beginning February 1).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
 Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.
 April 1–April 15, Monday–Friday.... 7:00 a.m.–9:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.





LOW-INCOME CAREGIVER CREDIT
For Home Care of a Low-income Person Age 60 or Older

Your Last Name	Your First Name and Initial	Your Social Security No. — —
Spouse's Last Name (if a joint return)	Spouse's First Name and Initial	Spouse's Social Security No. — —
Your Present Home Address (include city, state, and ZIP code)		

GENERAL INSTRUCTIONS

The person you care for must be certified by the Department of Human Services. To do this, fill in Part I of this form. Send it to: Seniors and People with Disabilities, Department of Human Services, 500 Summer St NE, E02, Salem OR 97301-1073. The form will be returned to you showing whether the person you care for is certified. If the person you care for is already certified, fill in Part II on the back of this form. **NOTE: To qualify for the credit, your household income must be less than \$17,500 and the person you care for must have household income of \$7,500 or less.**

PART I

The questions below are about the person you care for.

1. Name _____ Birth date _____ Social Security No. _____
2. Did the person stay in a nursing home, rehabilitation facility, or other long-term care facility during the year?
 YES NO If yes, list the dates _____
3. Did the person receive home care services from Oregon Project Independence during the year?
 YES NO If yes, list the dates _____
4. Did the person receive any medical assistance from Seniors and People with Disabilities during the year?
 YES NO If yes, list the dates _____
5. Check any of the seven conditions that existed, for the person you care for, during the year:
 - A. Problems with **communication**. These include severely limited vision, hearing, speaking, or ability to identify oneself to others.
 - B. Problems with **mobility**. These include having great difficulty in traveling inside or outside the home even with a cane, walker, or wheelchair.
 - C. Problems with **managing a household or nutrition**. These include having great difficulty in doing housekeeping, shopping, or following a special diet.
 - D. Problems with **maintaining personal independence or relationships**. These include great difficulty in handling changes, personal problems, and emotional situations. It also includes great difficulties with friends and living arrangements.
 - E. Problems with **managing money**. These include being unable to write checks, pay bills, or keep expenses within income.
 - F. Problems with **health**. These include several medical problems requiring regular visits from a doctor or nurse. It also includes being unable to take prescribed medicine.
 - G. Problems with **personal care tasks**. These include bathing, toileting, dressing, and feeding.
6. Based on the condition(s) you checked above, would the person you care for normally be placed in a nursing home?
 YES NO If yes, during which months did the condition(s) exist? _____

I certify that the above questions were answered truthfully to the best of my knowledge. _____
Taxpayer's Signature

For Official Department Use Only

CERTIFIED: <input type="checkbox"/> Total tax year 20 _____ <input type="checkbox"/> Partial tax year 20 _____	Reason: <input type="checkbox"/> Not Certified Authorized Signature <input checked="" type="checkbox"/>
Dates: _____	

PART II

HOUSEHOLD INCOME

List your household income and the household income of the person you care for in the space below. Household income is the taxable and nontaxable income of both spouses (living in the same household). See the Elderly Rental Assistance (ERA) Form 90R instructions for more information on household income.

NOTE: The support you provide for the person you care for is considered a gift. The amount you pay over \$500 must be included in their household income. Enter it on line 8.

TYPE OF INCOME	YOUR HOUSEHOLD INCOME	HOUSEHOLD INCOME OF PERSON YOU CARE FOR
1. Wages, salaries, and other pay for work	1. _____	1. _____
2. Interest, dividends (total taxable and nontaxable)	2. _____	2. _____
3. Business net income (loss limited to \$1,000)	3. _____	3. _____
4. Total gain on property sales (loss limited to \$1,000)	4. _____	4. _____
5. Social Security, SSI, and Railroad Retirement	5. _____	5. _____
6. Pensions, annuity (taxable and nontaxable)	6. _____	6. _____
7. Adult and Family Services (welfare)	7. _____	7. _____
8. Gifts and grants over \$500	8. _____	8. _____
9. Other (specify) _____	9. _____	9. _____
10. TOTAL HOUSEHOLD INCOME	10. _____	10. _____

If your household income is \$17,500 or more, **or** if the person you care for has household income of more than \$7,500, you are not eligible for the credit.

11. You may claim food, clothing, medical, and transportation expenses you pay or incur for the person you care for. The expenses must be paid or incurred during the period certified by the Seniors and People with Disabilities Division. Amounts you pay for lodging don't qualify. Subtract any reimbursement received from insurance or from the person you care for when you figure the costs you paid.

- A. Food (includes purchase and preparation) \$ _____
- B. Clothing (includes purchase, cleaning, and repairing) \$ _____
- C. Medical care (includes doctor fees, medicine, special equipment, etc.) \$ _____
- D. Transportation (includes transportation for medical and personal needs) \$ _____

- 12. Total expenses paid (add the amounts on lines A, B, C, and D) 12. _____
- 13. Multiply the amount on line 12 x .08 (8 percent) 13. _____
- 14. Maximum credit 14. **\$250** _____
- 15. Allowable credit (lesser of line 13 or line 14) 15. _____

2004 OREGON

Multiple Nonresident Instructions

Introduction

Throughout these instructions the term “members” will refer to partners of a partnership or LLP, shareholders of an S corporation, and members of an LLC. The term “entity” will mean a partnership, S corporation, LLP, or LLC.

Individual members of a partnership, S corporation, limited liability partnership (LLP), or limited liability company (LLC) having gross income above the threshold amount attributable to Oregon are required to file an individual income tax return.

Oregon Revised Statute (ORS) 314.760 allows certain nonresident members of the entities listed above that derive income from or do business in Oregon to elect to file a composite or multiple nonresident return. This composite return eliminates the need for each individual to file a separate return.

Filing requirements

Individual members must decide each year whether to join in a multiple nonresident filing. There is no requirement that an election be made prior to filing the multiple nonresident return. The election is considered made when the return is filed.

To be included in the multiple nonresident return, **all** the following conditions must be met:

- **The members must be individuals.** Members who are estates, trusts, partnerships, LLCs, LLPs, or S corporations **cannot** be included in the multiple nonresident return. Exception: Electing Small Business Trusts (ESBT) will be allowed to participate in a multiple nonresident filing.
- The individuals must be full-year nonresidents of Oregon; and
- The individuals must have no other Oregon source income. Exception: having an ownership interest in more than one entity will not prevent an individual from participating in a multiple nonresident filing. However, an individual must participate in multiple nonresident filings for **all** entities in which they have an interest, or participate in none.
- **The multiple nonresident return must be filed using the tax year of the majority of electing members.** If the majority of electing members file individual tax returns using a calendar year, the multiple nonresident return must also be filed using a calendar year. The members are deemed to have received their share of income from the entity on the last day of the entity’s tax year. Calendar

year members will include their share of the entity’s income on their calendar year returns. **Example:** An entity uses a March 31, 2004 fiscal year-end. The majority of electing members have a calendar year-end. The multiple nonresident return, Form 40N, must be filed for calendar year 2004 by April 15, 2005.

Filing a multiple nonresident return

Nonresident members must file an Oregon multiple nonresident tax return using Form 40N (Oregon Individual Income Tax return for nonresidents). **The word “multiple” must be written or stamped—in blue or black ink—at the top of Form 40N.**

Follow these instructions when completing the Oregon multiple nonresident tax return using Form 40N. Generally, only the following areas need to be completed on Form 40N:

1. The entity’s name, federal employer identification number (FEIN), and address in the name, Social Security number, and address section.
2. The net tax amount due (line 61).
3. Total estimated tax payments made (line 63).
4. Any overpayment to apply to 2005 estimated taxes (line 73).
5. Signature of an authorized representative of the entity at the bottom of page two.

A Schedule MNR or equivalent must be filed with the multiple nonresident return, Form 40N. Schedule MNR determines each nonresident member’s Oregon tax liability. ESBTs will use the tax rate chart for singles. Schedule MNR is included with these instructions. A computer-created schedule is acceptable if it contains the following information for each member who elects to participate in the filing of the multiple nonresident return:

- Social Security number, name, address, filing status, and ownership percentage.
- The share of federal net income of the entity.
- The share of Oregon net taxable income of the entity. (See “apportionable income,” “deductions,” and “credits” on pages 2 and 3.)
- Oregon tax from the applicable rate chart based on filing status.
- The allowable share of credit for income taxes paid to another state.
- Share of estimated tax payments.
- Share of underpayment interest.

Due date

The Oregon multiple nonresident tax return is due the 15th day of the fourth month after the close of the tax year of the majority of the electing members. If the majority of members file calendar year returns, the multiple nonresident return will also be a calendar year return. The fiscal year end of the entity does not affect the due date. For 2004 calendar year returns, the due date is April 15, 2005.

Extensions

If the entity is granted a federal extension to file its return, the federal extension is allowed for filing the Oregon multiple nonresident return. If the entity only needs an extension to file the Oregon return, complete Oregon's Form 40-EXT. If a payment to Oregon must be made at the time of either the federal or Oregon extension, use the Form 40-V payment voucher. Mail the completed payment voucher with your payment. When Form 40N is filed, check the extension box on line 7b. Do not attach a copy of the federal or Oregon extension form to Form 40N. Keep a copy of the extension for your records. Remember: An extension allows for more time to file, not more time to pay.

Estimated tax payments

The entity is required to make estimated tax payments on behalf of all individual members who would have had an individual estimated tax liability had they not elected to participate in a multiple nonresident return. The total estimated tax liability is calculated using the estimated liability of each electing individual. In the case of underpayment of estimated tax, the underpayment is deemed to be attributable to members with tax liabilities in excess of \$1,000.

Estimated tax payments on behalf of the electing members. Payments must be made in the entity's name as it will appear on the multiple nonresident return. Estimated tax payments made by the entity must be made on Form 40-V, *Oregon Income Tax Payment Voucher*.

Estimated tax payments with no election. If all members decide not to participate in filing a multiple nonresident return after making estimated tax payments, a refund of estimated tax may be obtained. To receive a refund, the entity must file an original return showing zero tax due and indicate that none of the members wish to participate in the election. The nonresident members must then file individually. If the members have not made adequate estimated tax payments on a separate basis, they will be subject to interest on underpayment of estimated tax.

Transferring estimated tax payments before the multiple nonresident return is filed. Payments made on behalf of members who intend to participate in a multiple nonresident filing cannot be transferred out of the entity's account to an individual estimated tax account. **Exception:** If a nonresident member becomes ineligible to participate in

the filing of a multiple nonresident return due to acquiring **other** Oregon source income, a transfer may be made. The nonqualifying member can receive credit for a portion of the estimated tax previously paid by the entity on behalf of the member. The member must supply a written request from the entity, prior to the filing of the multiple nonresident return. The written request must include:

- The name and employer identification number of the entity that made the estimated tax payment(s).
- The name and Social Security number of the member who has become ineligible.
- The specific dollar amount to transfer to the account of the member.
- A description of the Oregon source income that has resulted in the member no longer being eligible to participate in the election.

After the multiple nonresident return has been filed, no portion of the tax paid by the entity on behalf of the members will be transferable to the accounts of any member revoking a previous election. The entity may file an amended Form 40N multiple nonresident return to request a refund of any tax paid on behalf of a member(s) who revokes his or her previous election to participate in the multiple nonresident return. The amended return must show the tax liability as recomputed for the remaining members who elected to participate in the multiple nonresident return.

Apportionable income

If the entity has income that is part of a multistate business operation, the nonresident member will compute his or her share of Oregon net taxable income or loss from the entity by multiplying the entity's total apportioned Oregon taxable income or loss by the member's ownership percentage. See ORS 314.280 or 314.650 through 314.670. **Example:** A partnership will multiply the Oregon apportioned income by each partner's distributive share of partnership income. An S corporation will multiply the Oregon apportioned income by each shareholder's pro rata share of the S corporation's income.

Guaranteed payments

Guaranteed payments are treated as part of the partner's distributive share of the partnership business income. See Oregon Administrative Rule (OAR) 150-316.124(2).

Deductions

Individual deductions (itemized deductions or the standard deduction) are not allowed on multiple nonresident returns.

Oregon net taxable income of the entity means the federal net income of the entity as defined by the laws of the United States modified by ORS chapter 316. See ORS chapter 316 for those items that directly relate to the nonresident members' share of the entity's net income. Examples of the modifications allowed in ORS chapter 316

that relate to the entity's income include: any Oregon modification necessary for depreciation; depletion; gain or loss difference on the sale of depreciable property; U.S. government interest; and any modification for federal targeted jobs tax credit.

Credits

Credits normally allowed on the personal income tax return, such as the exemption credit, are not allowed on the multiple nonresident return. Credits directly attributable to the entity can be claimed on the multiple nonresident return.

The credit for income taxes paid to another state under ORS 316.131 is allowed on multiple nonresident returns for residents of California, Arizona, Virginia, and Indiana only. See OAR 150-316.082(2) for computation of the credit. A copy of the resident state's tax return for qualifying members should **not** be attached to the multiple nonresident return. However, a schedule identifying the members qualifying for the credit, their state of residence, and sufficient information to determine the amount of the credit allowed under ORS 316.131 must be attached to the multiple nonresident return.

Tax to pay

Payment of the amount due must accompany the Oregon multiple nonresident return. The entity must pay the total amount due on behalf of the nonresident members. The amount due must include the tax due plus any penalty or interest as required by Oregon law. As the designated agent, the entity is liable for any tax, penalty, and interest due, including interest on underpayment of estimated tax.

Penalty and interest

Penalty. Include a penalty payment if you:

- Pay your tax due after the original due date (even if you have an extension).
- File your return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax as of the due date, not including extensions (generally April 15).

If you file more than **three months late**, add an additional 20 percent penalty, for a total of 25 percent of the unpaid tax.

Interest. If you don't file your return or pay the tax due by the due date, interest is due on the unpaid tax.

The current interest rate is 5 percent per year or 0.4167 percent per month. Interest is figured daily (0.0137 percent per day) for periods of less than a month. A month, for example, is May 16 to June 15. Here's how to figure daily interest:

$$\text{Tax} \times 0.000137 \times \text{Number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Amending return for net operating loss

The entity may file an amended return to carry back Oregon net operating losses. Attach a schedule to the amended return naming the members and showing the year and calculation of the net operating loss.

Any refund will be paid to the entity regardless of any ownership changes or changes in the identity of the members participating in the multiple nonresident filing.

Revoking participation in a multiple nonresident filing

A member may revoke his or her participation in a multiple nonresident return by filing an Oregon individual income tax return. The return will be treated as an original return and the tax liability shown on the return, if any, will be subject to penalty and interest. If the revoking member has not made adequate estimated tax payments separately, he or she will be subject to interest on underpayment of estimated tax. The decision to revoke a previous election by one or more members has no effect on the election of the remaining members.

2004 Tax rate charts for MNR

S Tax Rate Chart

For persons filing
Single or Married filing separately

<i>If your taxable income is:</i>	<i>Your tax is:</i>
Not over \$2,600	5% of taxable income
Over \$2,600 but not over \$6,500	\$130 plus 7% of the excess over \$2,600
Over \$6,500	\$403 plus 9% of the excess over \$6,500

J Tax Rate Chart

For persons filing
Jointly, Head of household, or Qualifying
widow(er) with dependent child

<i>If your taxable income is:</i>	<i>Your tax is:</i>
Not over \$5,200	5% of taxable income
Over \$5,200 but not over \$13,000	\$260 plus 7% of the excess over \$5,200
Over \$13,000	\$806 plus 9% of the excess over \$13,000

Taxpayer assistance

Telephone: Salem **503-378-4988**
Toll-free within Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

Americans with Disabilities Act (ADA): This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Printed information (free). Tax booklets and other information are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site at www.oregon.gov/DOR, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Correspondence—Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

2004 Schedule MNR

**Oregon Department of Revenue
Multiple Nonresident Income Tax**

Name of Entity: _____ Year End: _____

Business Identification Number (BIN): _____ Federal Employer Identification Number (FEIN): _____

Social Security Number	Name and Address of Participating Members	Filing Status	Ownership Percentage	Share of Federal Income	Share of Oregon Income	Oregon Income Tax	Credit for Income Taxes Paid to Another State	Share of Estimated Tax Paid	Share of Underpayment Interest
Totals									

EXAMPLE FOR FILING A MULTIPLE NONRESIDENT RETURN

XYZ, Inc., a fictitious S corporation doing business in California and Oregon, has a fiscal year end of March 31, 2004. XYZ, Inc.'s Oregon nonresident shareholders elect to file a multiple nonresident return (MNR) by completing a 2004 Form 40N and Schedule MNR.

XYZ, Inc.'s total federal taxable income from Schedule K is \$400,000. Using property, payroll and sales apportionment factors, the Oregon apportionment percentage is determined to be 12.5 percent. Charitable contributions of \$8,000 are not an allowable deduction on the Oregon multiple nonresident return and must be added back to determine Oregon modified taxable income.

Oregon's modified taxable income and Oregon source income are computed as follows:

Federal taxable income	\$400,000
Add back: Charitable contributions	8,000
Oregon modified taxable income	<u>\$408,000</u>
Apportionment percentage, 12.5%	x 0.1250
Oregon source income	<u><u>\$51,000</u></u>

XYZ, Inc. has four equal shareholders. Shareholders "A" and "B" are full-year Oregon residents. Shareholders "C" and "D" are nonresidents. Neither "C" nor "D" have any other Oregon source income and elect to be participating members in a multiple nonresident return. "C" is single and "D" is married and files joint with her spouse. Oregon income tax is first computed on each individual member participating in the multiple nonresident return and then added together.

Member "C" — ¼ of \$51,000 = \$12,750	
Compute the tax using Oregon's tax rate chart for "single"	\$966.00
Member "D" — ¼ of \$51,000 = \$12,750	
Compute the tax using Oregon's tax rate chart for "married filing joint"	<u>\$789.00</u>
Total Oregon tax for multiple nonresident return	<u><u>\$1,755.00</u></u>

The credit for income taxes paid to another state and credits directly attributable to the entity are allowed. Credit for income taxes paid to another state will first be computed for each individual participating in the multiple nonresident return and then added together.

Members "C" and "D" are both California residents. California and Oregon will both tax "C" and "D's" Oregon sourced income. "C" and "D" are entitled to the credit for income taxes paid to another state on their nonresident Oregon returns. Using the instructions provided in OAR 150-316.082(2), the preparer determines each member's credit is:

Member "C"	\$966.00
Member "D"	<u>\$538.00</u>
Total credit for income taxes paid to another state (California)	<u><u>\$1,504.00</u></u>

Net tax after credits for XYZ, Inc.'s multiple nonresident return is computed as follows:

Oregon income tax	\$1,755.00
Less: Credit for income taxes paid to another state	<u>(1,504.00)</u>
Tax liability	<u><u>\$251.00</u></u>

Members "C" and "D" are both calendar year taxpayers. The Oregon MNR return filed for them by XYZ, Inc will be due April 15, 2005.



**TAX INFORMATION AUTHORIZATION
and
POWER OF ATTORNEY FOR REPRESENTATION**

FOR OFFICE USE ONLY
Date Received

• Please print. • Use only blue or black ink. • See full instructions on back of form.

Taxpayer Name		Identifying Number (SSN, ITIN, BIN, FEIN, etc.)	
Spouse's Name, if joint return		Spouse's Identifying Number (SSN, ITIN, etc.)	
Address	City	State	ZIP Code

Check only one:

Tax Information Authorization: This form allows the department to disclose your confidential tax information to your designee. You may designate a person, agency, firm, or organization.

Power of Attorney for Representation: (See qualification requirements on the back). Check if you want a person to "represent" you. This means the person may receive confidential information and may make decisions on your behalf. The person you designate **must** meet the ORS 305.230 qualifications listed on the back of this form.

• Title and **Oregon** license number of representative: _____

• List any specific additions or deletions to the acts otherwise authorized above: _____

For All tax years, or Specific tax years: _____,

I hereby appoint the following person as designee or authorized representative:

Name	Telephone Number ()	Fax Number ()
Mailing Address	City	State ZIP Code

The above named is authorized to receive my confidential tax information and/or represent me before the Oregon Department of Revenue for:

All tax matters, or

Specific tax matters. Enter tax program name(s) (see instructions): _____

Note: This authorization form automatically revokes and replaces all earlier tax authorizations and/or all earlier powers of attorney on file with the Oregon Department of Revenue for the **same** tax matters and years or periods covered by this form. If you **do not** want to revoke a prior authorization, initial here _____.

Attach a copy of any other tax information authorization or power of attorney you want to remain in effect.

SIGNATURE OF TAXPAYER(S)

I certify that as a corporate officer, partner, fiduciary, or other qualified person signing on behalf of the taxpayer(s), I have the authority to execute this form. The individual signing this form acknowledges notice of the following provision: Actions taken by an authorized representative are binding, even if the representative is not an attorney. Proceedings cannot later be declared legally defective because the representative was not an attorney. If a tax matter concerns a joint return, both spouses must sign if joint representation is requested. Taxpayers filing jointly may authorize separate representatives.

Signature X	Print Name	Date
Title (if applicable)	Daytime Telephone Number ()	
Spouse (if joint representation) X	Print Name	Date

150-800-005 (Rev. 10-04)

Qualifications for representation are on the back →

Please complete the following, if known (for routing purposes only):

Revenue Employee: _____
Division/Section: _____
Telephone/Fax: _____

Send to: Oregon Department of Revenue
955 Center St NE
Salem OR 97301-2555

If this tax information authorization or power of attorney form is not signed, it will be returned.

ADDITIONAL INFORMATION

This form is used for two purposes:

- **Tax Information Disclosure Authorization.** Allows the department to disclose your confidential tax information to whomever you designate. That person may inspect and/or receive information relating to your liability for taxes, interest, penalty, or other charges for the tax years and tax programs you have indicated. This person will **not** receive the original notices we send to you.
- **Power of Attorney for Representation.** This is your notice to the department that another person is authorized to represent you and act on your behalf. The person **must** meet the qualifications below. Unless you specify differently, this person will have full power to do all things you might do, with as much binding effect, including, but not limited to:
 - Providing information.
 - Preparing, signing, executing and filing reports and returns.
 - Inspecting reports or returns.
 - Executing statute of limitation extensions and closing agreements.

Programs administered by the department include: Personal Income Tax, Elderly Rental Assistance, Corporation Tax, Estate and Trust Income Tax, Inheritance Tax, Pay-

roll Withholding Tax, TriMet and Lane Transit Districts Self-Employment Tax, TriMet and Lane Transit Districts Payroll Tax, Timber Tax(es), State Lodging Tax, Cigarette and Tobacco Products Taxes, Property Tax(es), and Other Agency Accounts. List the specific tax program(s) that you are authorizing on the front of the form.

This power of attorney is effective on the date signed. Authorization terminates when the Oregon Department of Revenue receives written revocation notice or a new form is executed (unless the space provided on the front is initialed indicating that prior forms are still valid).

Unless the appointed representative has a fiduciary relationship to the taxpayer (i.e., personal representative, trustee, guardian, conservator), original notices of deficiency or assessment will be mailed to the taxpayer as required by law.

For corporations, "taxpayer" as used on this form, must be the corporation that is subject to Oregon tax. Fiscal years should be listed by year end date.

To designate a tax matters partner or shareholder under ORS 305.242 and OAR 150-305.230(1) and (2), include the name of your partnership or S corporation in the taxpayer name area.

QUALIFICATIONS TO REPRESENT TAXPAYER(S) BEFORE DEPARTMENT OF REVENUE

Under ORS 305.230, a person must meet certain qualifications in order to represent you. The following persons may represent you before the Oregon Department of Revenue in matters relating to:

1. All tax programs:

- An attorney (qualified to practice law in Oregon), or
- A certified public accountant (CPA), public accountant (PA) (qualified to practice public accountancy in Oregon), and their employees, or
- An IRS enrolled agent qualified to prepare tax returns in Oregon, or
- A designated employee of the taxpayer.

2. Income tax issues:

- All those listed in (1), plus
- A licensed tax consultant (LTC) or licensed tax preparer (LTP) (licensed by the Oregon State Board of Tax Practitioners), or
- The federal tax matters shareholder or another shareholder who is:
 - A shareholder in the S corporation during the tax year at issue, or
 - A shareholder in the S corporation when the designation is made.
- The federal tax matters partner or another partner who is:

- A general partner in the partnership during the tax year at issue, or
- A general partner in the partnership when the designation is made.

3. Ad valorem property tax issues:

- All those listed in (1), plus
- A licensed real estate broker or a principal real estate broker in Oregon, or
- A certified, licensed, or registered appraiser in Oregon.

Out-of-state tax practitioners do not meet the qualifications to represent you before the department under ORS 305.230. They are limited to only providing and receiving confidential information on your behalf. However, out-of-state CPAs and attorneys may contact their respective regulatory bodies in Oregon (Oregon Board of Accountancy or Oregon State Bar) for information on becoming qualified to practice in Oregon. If your out-of-state designee receives authorization to practice in Oregon, please attach proof.

Generally, declarations for representation in cases appealed beyond the Department of Revenue must be in writing to the Tax Court Magistrate. A person recognized by a Tax Court Magistrate will be recognized as your representative by the department.

CR**CLAIM OF RIGHT
INCOME REPAYMENTS**

ORS 315.068

For Tax Year

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- Use this worksheet to determine whether to take a subtraction or a credit for Oregon.

Worksheet CR, Claim of Right Income Repayments

1. Refigure your Oregon tax for the year of repayment, after deducting the amount you repaid from income	1	<input type="text"/>	<input type="text"/>
2. Enter your Oregon tax for the year of repayment, as shown on your return	2	<input type="text"/>	<input type="text"/>
3. Enter your net tax liability* from the earlier year, as shown on that return	3	<input type="text"/>	<input type="text"/>
4. Refigure your net tax liability* for the earlier year, without including in income the amount you repaid ...	4	<input type="text"/>	<input type="text"/>
5. Line 3 minus line 4. Enter result here (credit amount)	5	<input type="text"/>	<input type="text"/>
6. Line 2 minus line 5. Enter result here	6	<input type="text"/>	<input type="text"/>

INSTRUCTIONS

Oregon allows a credit or a subtraction if you repaid money during the year that you reported as taxable income in an earlier year. You must deduct the repayment or claim a credit on your federal return this year. Use the worksheet above to determine if it is to your advantage to claim a credit or a subtraction for the repayment.

- **If line 1 is equal to line 6, claim either a subtraction or a credit**, your tax benefit will be the same. See below for instructions to claim the subtraction or the credit.
- **If line 1 is less than line 6, claim the amount you repaid as a subtraction.** Show your repayment as an "Other subtraction" on your Oregon tax return only if you claim a credit on your federal return for your repayment. Identify the other subtraction line with code "302" and the dollar amount of your subtraction. For example, if your subtraction is \$1,450 enter "302-\$1,450."

If you claim your repayment as a deduction on your federal return, this deduction will flow through to

your Oregon return. No adjustment to your Oregon income is necessary.

- **If line 1 is more than line 6, claim the amount on line 5 as a credit.** Claim your repayment credit on the estimated tax payment line on your return. Write in code "706" and the dollar amount of your credit. For example, if your credit is \$520, enter "706-\$520." A claim of right credit is refundable. If your credit is more than your tax liability, it will be refunded to you. You may also choose to have your refund applied to your estimated tax for next year.

If you claim a credit for your repayment on your federal return, no adjustment to your Oregon income is necessary.

If you claim your repayment as a deduction on your federal return and as a credit for Oregon, you must include the amount of your federal deduction as an "Other addition" on your Oregon return. Identify the other addition line with code "103" and the dollar amount of your addition. For example, if your federal deduction is \$1,215, enter "103-\$1,215."

Corporations may file for relief of tax on repaid income. Refer to Oregon Form 20 instructions.

If you have questions or need more information, visit our Web site at www.oregon.gov/DOR. Or call 503-378-4988 (Salem) or (toll-free within Oregon) 1-800-356-4222.

* **Caution:** The net tax liability is the tax amount shown on your original return adjusted by any amended returns. Also reduce the tax liability by the state surplus refund (kicker), if applicable. Use the following kicker decimal amounts.

Tax year: 2000	Decimal Amount: .06016
1998	.0457
1996	.1437

Do not attach this form to your Oregon return. Keep it with your tax records.

FCG**FARM LIQUIDATION LONG-TERM
CAPITAL GAIN TAX RATE****2004**

ORS 316.045

A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent a substantially complete termination of a farming business you own.

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 horses, including providing riding lessons, training clinics, and schooling shows.
- Propagating, cultivating, maintaining, or harvesting aquatic species, birds, and other animal species.
- Growing and harvesting cultured Christmas trees or certain hardwood timber.
- On-site constructing and maintaining equipment and facilities used in farming activities.
- Preparing, storing, or disposing of products or by-products raised for human or animal use on land employed in farming activities.
- Any other agricultural activity, horticultural activity, animal husbandry, or any combination of these three.

Farming activities do not include growing and harvesting trees of a marketable species other than growing and harvesting cultured Christmas trees or certain hardwood timber.

You may not claim the special tax rate on a sale or exchange to a relative, as defined under Internal Revenue Code Section 267. A farm dwelling or farm homesite is not considered to be property used in the trade or business of farming.

Partnerships or S corporations. The sale of ownership interests in a farming corporation, partnership, or other entity qualify 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.

Worksheet FCG, Farm Capital Gain

Follow the steps in the worksheet below to determine your qualifying farm assets' net long-term capital gain (NLTCG). If you have a net loss from the sale or exchange from **all** assets during the year, you will not qualify for the reduced rate on the sale of farm assets.

The NLTCG eligible for the special tax rate is computed as follows:

A. Enter your NLTCG from farm assets.....	A	<input type="text"/>	<input type="text"/>
B. Enter the gain included in Form 40, line 8 (this is the gain shown on federal Form 1040, line 13); or from the Oregon column of Form 40N or Form 40P, line 14	B	<input type="text"/>	<input type="text"/>
C. Enter the smaller of A or B here and on line 2 below	C	<input type="text"/>	<input type="text"/>
<hr/>			
1. Oregon taxable income from Form 40, line 28; Form 40P, line 49; or Form 40N, line 50	1	<input type="text"/>	<input type="text"/>
2. Farm NLTCG from line C above.....	2	<input type="text"/>	<input type="text"/>
3. Modified taxable income. Subtract line 2 from line 1 (but not less than zero).....	3	<input type="text"/>	<input type="text"/>
4. Oregon tax on the amount on line 3. See tables or tax rate charts in the full year resident or part-year/nonresident income tax booklets.....	4	<input type="text"/>	<input type="text"/>
5. Enter the smaller of line 1 or 2 above	5	<input type="text"/>	<input type="text"/>
6. Multiply line 5 by 5% (.05)	6	<input type="text"/>	<input type="text"/>
7. Add lines 4 and 6. Enter the result here and on your Oregon return. Check the box on your Oregon return labeled "Worksheet FCG"	7	<input type="text"/>	<input type="text"/>
8. Form 40P filers only. Compute your Oregon income tax by multiplying line 7 by your Oregon percentage. Enter the result here and on your Form 40P. Check the box on your Form 40P labeled "Worksheet FCG"	8	<input type="text"/>	<input type="text"/>

Do not attach this form to your return. Keep it with your tax records.

