

2005 PACKAGE B

PERSONAL INCOME TAX FORMS AND INSTRUCTIONS



www.oregon.gov/DOR

Forms and Instructions

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

INDIVIDUAL INCOME TAX

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OREGON 2005 FULL-YEAR RESIDENT

PERSONAL INCOME TAX FORMS 40S AND 40 WITH INSTRUCTIONS

Services paid for with Oregon income taxes



Education **55%**
K-12 System, Community
Colleges, Higher Education

Human Services **23%**
Child Protective Services,
Medicaid, Senior Services

Public Safety **17%**
Police, Courts,
Jails, Prisons

Other Services **5%**
Forestry Services, Agriculture,
Public Transportation, Libraries

Percentages are projected for the 2005-07 biennium



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

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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	\$4,720
	65 or over	\$5,920
Married, joint return	Both under 65	\$9,459
	One 65 or over	\$10,459
Married, separate return	Both 65 or over	\$11,459
	Under 65	\$4,720
Head of household	65 or over	\$5,720
	Under 65	\$5,935
Qualifying widow(er)	65 or over	\$7,135
	Under 65	\$6,625
	65 or over	\$7,625

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.



Download the publication *Electronic Filing for Oregon* from our Web site, 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 2005, and
- You were single with no children as of December 31, 2005, and
- Someone else can claim you as a dependent, and
- In 2005, you worked only in Oregon, and
- Your income was only from wages and/or interest.

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New information

Sales tax deduction. Oregon does not allow sales tax as an itemized deduction. Any sales tax deducted on federal Schedule A must be subtracted from the itemized deductions you claim on your Oregon return. See page 28.

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$4,500 (\$2,250 married filing separately). See page 9 or 25.

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

Amended return. If you need to change (amend) your return after filing, you can now use Form 40 or Form 40S and the *Oregon Amended Schedule*. See page 7.

Filing extension. You can now use Form 40-EXT to get an automatic six-month extension to file your 2005 Oregon return. See page 5.

Important reminders

Credit card payments. The department accepts credit card payments for 2005 current-year taxes, 2006 estimated taxes, and any prior year tax balances due. See page 11.

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. If the bank rejects your direct deposit, we will issue you a paper check. See page 34.

Direct debit. Oregon does not allow electronic funds withdrawal (direct debit) from your checking or savings account to pay your Oregon tax. This option is available through the Internal Revenue Service to pay your federal tax, but is not available for Oregon tax. If you have any questions please call us.

Federal law. Oregon is tied to the federal definition of taxable income.* Oregon will automatically adopt any future federal law changes to the definition of taxable income. This tie is also retroactive to tax years 2003 and 2004. You may amend your 2003 and 2004 Oregon tax returns for any changes that result from the retroactive tie.

* *There is one exception to the federal tie. The domestic production activities deduction from the federal return is not allowed on the Oregon return. If you claimed this deduction on your federal return, you will have an addition on your Oregon tax return. See page 25.*

Note: When this publication was printed, federal changes were being considered that may affect the Oregon Earned Income Credit. Visit our Web site, or call us for updated information.

Blue or black ink. Please use blue or black ballpoint ink for easier reading and faster processing. Equipment used to scan documents cannot read gel ink or 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 2005 or if you are a nonresident alien, as defined by federal law.

- **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 2005. 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. If you are an Oregon resident and you meet **all** of the following conditions, you are considered a nonresident for tax purposes.

- 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 2005, and
- You spent less than 31 days in Oregon during 2005.

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

Oregon residents living abroad. Usually, 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? Download the publication *Married Persons Filing Separate Returns* from our Web site, 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, unemployment, taxable interest, ordinary dividends, 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, as defined by federal law, 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 2006 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 above), 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 below, 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 meet the requirements for special-case Oregon residents or Oregon residents living abroad, you may file Form 40N from the *Part-Year Resident and Nonresident* booklet. 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.

Need more information? Download the publication *Military Personnel Filing Information* from our Web site, or to order it, see page 40.

If you have been on active duty (Title 10) for 90 consecutive days or more at any time after September 11, 2001, you may qualify for special benefits. Please contact us. 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. If a return must be filed, please check the "deceased" box.

If you are filing a return and claiming a refund for someone who is now deceased and there is no court-appointed or certified personal representative, file Form 243, *Claim to Refund Due a Deceased Person*, with the return. This allows us to issue the refund check in your name. Download the form from our Web site or contact us to order it.

When should I file my return?

The filing deadline for calendar year 2005 is **April 17, 2006**. If you cannot pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty.

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?

Request an automatic six-month extension to file your return. Complete an Oregon extension form, Form 40-EXT, if:

- You are making a tax payment to Oregon and you cannot file your Oregon return by April 17, 2006, or
- You are filing an extension for Oregon only.

If you received a federal six-month extension and you are expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow you the same extension. Be sure to check the extension box (box 7b) on your Oregon return. Do not attach a copy of your federal extension to your Oregon return. Keep a copy of your federal extension with your records.

If you need to complete Form 40-EXT, download it from our Web site, or to order it, see page 40.

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 17, 2006, until the date of your payment. The 2006 interest rate is 7 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 11 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 2005 federal return and pay your 2005 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.**

Penalties

You will owe a 5 percent late-payment penalty on any 2005 tax not paid by April 17, 2006.

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 17, 2006, and
3. Pay the balance of tax due when you file your return 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 for 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 due date.

See the instructions for Form 40, line 50, on page 33.

2006 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2006 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 2006.

Do I need to make estimated payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2006 Oregon income tax return after credits and withholding must make estimated payments. You may also 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 of less than \$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 2006 return. You may want to increase the amount your employer withholds from your Oregon wages. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site, or contact us to order it.

When do I pay?

The due dates are April 17, 2006;* June 15, 2006; September 15, 2006; and January 16, 2007.

If paying with a check or money order, send your payment with Form 40-ESV, *Oregon Estimated Income Tax Payment Voucher*. Download the publication *Estimated Income Tax* from our Web site, or to order it, see page 40.

* Please send your 2006 estimated tax payment and Oregon Form 40-ESV in a different envelope from your 2005 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 form.

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 confidential information without your permission may be convicted of a Class C felony.

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

After the department begins processing full-year resident returns, allow:

- E-file return 7–12 business days
- Mail return (before April 1) 6–8 weeks
- Mail return (on or after April 1) 8–11 weeks

Your refund may be delayed if your return needs additional 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. Download a change of address form from our Web site or contact us to order it. Remember to file a change of address form with 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.

For more information, download the publication *Record-Keeping Requirements* from our Web site, or to order it, see page 40.

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

File an amended return. Use Form 40 or Form 40S to change (amend) your 2005 full-year resident return, and check the amended return box in the upper left corner of the form. You must also complete and attach the *Oregon Amended Schedule* to your 2005 amended return. Download the schedule and instructions from our Web site or to order it, see page 40.

Generally, you are allowed three years from the due date of the return to file an amended return to claim a refund. You will also use Form 40 or Form 40S and the *Oregon Amended Schedule* to amend a prior year return. To order prior year tax booklets or for assistance, please contact us.

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

If the IRS or another state makes changes that increase your Oregon taxable income, file an amended return to report and pay additional tax. If the changes reduce Oregon taxable income, you have two years from the date of the audit report to file an amended return 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.

Complete 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 to your Oregon Form 40. Do not attach any federal schedules. 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 filling out 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" in blue or black ink at the top of your return.

Name and address

Please type or clearly print your name, Social Security number, date of birth, address, and telephone number on your return. If the taxpayer died in 2005 or 2006, check the "deceased" box next to their name.

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 it 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. 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, "09/22/1976."

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 more 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 a person who qualifies you for head of household filing status next to box 4. Please enter only one name.

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 2005? 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 eyeglasses, 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. See instructions on page 32.

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

6d Children 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 2005, and
- Was eligible for "early intervention services" or received special education as defined by the State Board of Education (learning disabilities or communication disorders alone do not qualify), and
- Was considered to have a disability as of December 31, 2005, under the federal Individuals with Disabilities Education Act. 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.

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

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Disabled children only." 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, 2005. 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 Federal Form 8886. If you filed federal Form 8886, *Reportable Transaction Disclosure Statement*, check box 7c.

Form 40S 7d Dependent. If someone else such as your parents 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 on Form 40. Also, complete and attach Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*. Download the form from our Web site, or to order it, see page 40.

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

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

Form 40S line instructions

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

Amended return. If you are amending your 2005 return, check the amended return box in the upper left hand corner of Form 40S.

Do not fill in cents. You **must** round off cents to the nearest dollar. For example, \$99.49 becomes \$99 and \$99.50 becomes \$100.

8 **Income.** Fill in your income amounts in the appropriate boxes (8a, 8b, and 8c) and enter the total on line 8.

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; or Form 1040NR, line 20.

8c. Interest and dividends. Add 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 the amounts shown in boxes 8a, 8b, and 8c.

9 **2005 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 \$4,500. Don't fill in less than -0- or more than \$4,500 (\$2,250 if married filing separately).

1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 36; Form 1040EZ, line 10; or Form 1040NR, line 52. 1. _____

2. Enter \$4,500 (\$2,250 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 to your Oregon return. **Write "Calculate federal tax" in blue or black ink at the top of your return.** 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.**

Are you amending your 2005 return? See the *Oregon Amended Schedule* instructions for more information on your federal tax subtraction.

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. (See definition on the top of page 10.) 1. _____
2. Additional \$250. 2. 250
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction. 4. 800
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,770
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 40S, line 10; or Form 40, line 26. This is your standard deduction. 10. _____

Earned income is salaries, wages, tips, professional fees, or other amounts received as pay for work you actually perform, and any part of a scholarship or fellowship grant that you must include in your gross income.

12 Oregon taxable income. Caution: Is the amount \$100,000 or more? If yes, 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 1040, line 66a; Form 1040A, line 41a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5 percent (.05). Enter the result here and on Form 40S, line 15. 2. _____

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. Any unused credit cannot be refunded.

Note: When this publication was printed, federal changes were being considered that may affect the Oregon Earned Income Credit. Visit our Web site, or call us for updated information.

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.

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 43; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
\$ —	\$ 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 by the decimal on line 2. Enter the result here and on Form 40S, line 16. 3. _____

Note: Did you pay 2004 child care expenses in 2005? If so, you may be able to use that amount to increase your 2005 Oregon child and dependent care credit. For more information, please contact us.

Carryover. Your total 2005 child and dependent care credit can't be more than your 2005 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. These are identified by the numeric code shown in brackets. Enter the code on line 17a and the amount on line 17b. For example, if you are claiming a \$50 political contribution credit, enter "723" on line 17a and "\$50" on line 17b. If you are claiming two credits, enter the second code on line 17c and the amount on line 17d. Fill in the total "other credits" on line 17. If you are claiming more than two "other credits," attach a statement to your return that identifies them and the amounts. Please write "see statement" in the space provided on line 18 (total credits line).

- **Child and dependent care credit carryforward [code 704].** Fill in the carryover amount on line 17. See page 32.
- **Elderly or the disabled [code 709].** You get an Oregon credit only if you qualify for the federal credit. 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. 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. See page 32.
- **Political contribution [code 723].** You may qualify for a credit for political contributions. See page 31.
- **Residential energy [code 729].** You may qualify for a credit if you purchased certain energy-efficient items. See page 32.

20 Oregon income tax withheld. Fill in the total Oregon income 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.

mail your donation to the charity's address listed on our Web site. Please do not mail your donation to the Department of Revenue.

Charitable checkoffs

You can 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 Form 40S, lines 25–29. You may also donate to **one** of the charities listed under the instructions for Form 40S, line 30. Or, you can mail your donations to the addresses listed on our Web site.

Form 40S 25 **Oregon Nongame Wildlife.** Your donation will fund the protection of nongame wildlife and its habitat.
Form 40 55

Form 40S 26 **Child Abuse Prevention.** Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect.
Form 40 56

Form 40S 27 **Alzheimer's Disease Research.** Your donation will fund research of Alzheimer's and related dementias.
Form 40 57

Form 40S 28 **Stop Domestic and Sexual Violence.** Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence.
Form 40 58

Form 40S 29 **AIDS/HIV Research, Education, and Services.** Your donation will fund AIDS/HIV research, education, and services by the Living With HIV Fund.
Form 40 59

Form 40S 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 Form 40S, in box 30a; or on Form 40, in box 60a. **Enter only one code.** Check the box for the amount you want to donate and write it on Form 40S, line 30; or on Form 40, line 60. Or, you can mail your donations to the addresses listed on our Web site.
Form 40 60

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 and restore 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.

Oregon Lions Sight & Hearing Foundation [code 14]. Your donation will fund sight and hearing assistance, and provide diabetes awareness for Oregonians.

Shriners Hospitals for Children—Portland [code 15]. Your donation will help provide braces and artificial limbs for Oregon's children.

Special Olympics Oregon [code 16]. Your donation will help provide life-changing services to thousands of Oregonians with intellectual disabilities.

Susan G. Komen Breast Cancer Foundation, Oregon & SW Washington [code 17]. Your donation funds critical breast cancer research, education, screening and treatment.

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

33 Direct deposit. See page 34.

To finish your return, go to the signature block section on page 34.

Amended Return

OREGON

Individual Income Tax Return

FULL-YEAR RESIDENTS ONLY

Form
40S
SHORT FORM

For office use only

A K F P

Last name	First name and initial <input type="checkbox"/> Deceased	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 <input type="checkbox"/> Deceased	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

<p>Filing Status</p> <p>1 <input type="checkbox"/> Single</p> <p>2 <input type="checkbox"/> Married filing jointly</p> <p>3 <input type="checkbox"/> Married filing separately Spouse's name _____ Spouse's SSN _____</p> <p>4 <input type="checkbox"/> Head of household Person who qualifies you _____</p> <p>5 <input type="checkbox"/> Qualifying widow(er) with dependent child</p>	<p>Exemptions</p> <p>6a Yourself.....Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> 6a <input type="checkbox"/></p> <p>6b Spouse.....Regular <input type="checkbox"/> Severely disabled <input type="checkbox"/> b <input type="checkbox"/></p> <p>6c All dependents First names c <input type="checkbox"/></p> <p>6d Disabled children only First names d <input type="checkbox"/></p> <p style="text-align: right;">Total • 6e <input type="checkbox"/></p>
---	---

Check all that apply →	<p>7a <input type="checkbox"/> You were: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind</p> <p>Spouse was: <input type="checkbox"/> 65 or older <input type="checkbox"/> Blind</p>	<p>7b <input type="checkbox"/> You filed an extension</p>	<p>7c <input type="checkbox"/> You filed federal Form 8886</p>	<p>7d <input type="checkbox"/> Someone else can claim you as a dependent</p>
------------------------	---	---	--	--

	8 Wages (enter in box 8a) + unemployment (enter in box 8b) + interest and dividends (enter in box 8c)	Round to the nearest dollar	
	•8a <input type="text"/> .00 + •8b <input type="text"/> .00 + •8c <input type="text"/> .00 = TOTAL INCOME → • 8		<input type="text"/> .00
	9 2005 federal tax liability (\$0-\$4,500; see instructions for the correct amount) • 9		<input type="text"/> .00
	10 Standard deduction from the back of this form • 10		<input type="text"/> .00
	11 Add lines 9 and 10..... • 11		<input type="text"/> .00
	12 Oregon taxable income. Line 8 minus line 11. If line 11 is more than line 8, fill in -0- • 12		<input type="text"/> .00
	13 Tax. See pages 21 through 23 for tax tables or charts and enter tax here • 13		<input type="text"/> .00
	14 Exemption credit. Multiply your total exemptions on line 6e by \$154 • 14		<input type="text"/> .00
	15 Earned income credit. See instructions, page 10..... • 15		<input type="text"/> .00
	16 Child and dependent care credit. See instructions, page 10..... • 16		<input type="text"/> .00
	17 Other credits. •17a <input type="text"/> •17b \$ <input type="text"/> •17c <input type="text"/> •17d \$ <input type="text"/> • 17		<input type="text"/> .00
	18 Total credits. Add lines 14 through 17 • 18		<input type="text"/> .00
	19 Net income tax. Line 13 minus line 18. If line 18 is more than line 13, fill in -0-..... • 19		<input type="text"/> .00
	20 Oregon income tax withheld. Attach your Form(s) W-2 and 1099 • 20		<input type="text"/> .00
	21 Working family child care credit from WFC, line 18..... CREDIT AMOUNT → • 21		<input type="text"/> .00
	Number from WFC, line 5 •21a <input type="text"/> Amount from WFC, line 16 •21b \$ <input type="text"/>		
	22 Total payments. Add lines 20 and 21 • 22		<input type="text"/> .00
	23 Refund. If line 22 is more than line 19, you have a refund. Line 22 minus line 19..... REFUND → • 23		<input type="text"/> .00
	24 Tax to pay. If line 19 is more than line 22, you have tax to pay. Line 19 minus line 22..... TAX TO PAY → • 24		<input type="text"/> .00
	25 Oregon Nongame Wildlife <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 25		<input type="text"/> .00
	26 Child Abuse Prevention..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 26		<input type="text"/> .00
	27 Alzheimer's Disease Research <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 27		<input type="text"/> .00
	28 Stop Domestic & Sexual Violence... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 28		<input type="text"/> .00
	29 AIDS/HIV Education and Services... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 29		<input type="text"/> .00
	30 Other charity. Code •30a <input type="text"/> <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 30		<input type="text"/> .00
	31 Total. Add lines 25 through 30. Total can't be more than your refund on line 23..... • 31		<input type="text"/> .00
	32 NET REFUND. Line 23 minus line 31. This is your net refund..... NET REFUND → • 32		<input type="text"/> .00

DIRECT DEPOSIT 33 For direct deposit of your refund, see the instructions on page 34. • **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.

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

<p>SIGN HERE X Your signature _____ Date _____</p> <p>X Spouse's signature (if filing jointly, BOTH must sign) _____ Date _____</p>	<p>X Signature of preparer other than taxpayer _____ • License No. _____</p> <p>Address _____ Telephone No. _____</p>
--	---

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	\$1,770
Married filing jointly	3,545
Married filing separately	
<i>If spouse claims standard deduction</i>	1,770
<i>If spouse claims itemized deductions</i>	-0-
Head of household	2,855
Qualifying widow(er)	3,545

• **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 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—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 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	\$2,970
	2	4,170
Married filing jointly	1	4,545
	2	5,545
	3	6,545
	4	7,545
Married filing separately	1	2,770
	2	3,770
	3	4,770
	4	5,770
Head of household	1	4,055
	2	5,255
Qualifying widow(er)	1	4,545
	2	5,545

• **Standard deduction—Nonresident aliens.** The standard deduction for nonresident aliens, as defined by federal law, is -0-.

If you owe, make your check or money order payable to the Oregon Department of Revenue . Write your daytime telephone number and “2005 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

Amended Return
2005 **OREGON** **Form 40**
INDIVIDUAL INCOME TAX RETURN
Full-Year Residents Only
For office use only
 Fiscal year ending **K F P Q R**

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	Total
6b Spouse.....Regular Severely disabled	b
6c All dependents First names		c
6d Disabled children only First names		d
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 filed federal Form 8886
7d You filed an Oregon Form 24

8 Federal adjusted gross income. Federal Form 1040, line 37; 1040A, line 21; 1040EZ, line 4; or 1040NR, line 35. See instructions, page 24 **8** **Round to the nearest dollar** **.00**

ADDITIONS

9 Interest and dividends on state and local government bonds outside of Oregon **9** **.00**

10 Other additions. Identify: •10a •10b \$
 •10c •10d \$ •10e •10f \$ **10** **.00**

11 Total additions. Add lines 9 and 10 **11** **.00**

12 Income after additions. Add lines 8 and 11 **12** **.00**

SUBTRACTIONS

13 2005 federal tax liability (**\$0-\$4,500; 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, page 25. 17a % 17b % **17** **.00**

18 Other subtractions. Identify: •18a •18b \$
 •18c •18d \$ •18e •18f \$ **18** **.00**

19 Total subtractions. Add lines 13 through 18 **19** **.00**

20 Income after subtractions. Line 12 minus line 19 **20** **.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 federal 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 **23** **.00**

24 **State income tax or sales tax claimed as an itemized deduction** **24** **.00**

25 Net Oregon itemized deductions. Line 23 minus line 24 **25** **.00**

OR

26 Standard deduction from page 28 **26** **.00**

27 Total deductions. **Line 25 or line 26, whichever is larger** **27** **.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 instructions, page 29. Enter tax here **29** **.00**
 Check if tax is from: • Form FIA-40 or • Worksheet FCG

30 Interest on certain installment sales **30** **.00**

31 Total tax. Add lines 29 and 30 **OREGON TAX** **31** **.00**

32 Total tax from front of form, line 31.....32		<input type="text"/>	<input type="text"/>	.00
CREDITS	33 Exemption credit. Multiply your total exemptions on line 6e by \$154 • 33	<input type="text"/>	<input type="text"/>	.00
	34 Earned income credit. See instructions, page 30..... • 34	<input type="text"/>	<input type="text"/>	.00
	35 Retirement income credit. See instructions, page 30..... • 35	<input type="text"/>	<input type="text"/>	.00
	36 Child and dependent care credit. See instructions, page 30..... • 36	<input type="text"/>	<input type="text"/>	.00
	37 Credit for the elderly or the disabled. See instructions, page 31..... • 37	<input type="text"/>	<input type="text"/>	.00
	38 Political contribution credit. See limits, page 31 • 38	<input type="text"/>	<input type="text"/>	.00
	39 Credit for income taxes paid to another state. State: •39a <input type="text"/> Attach proof • 39	<input type="text"/>	<input type="text"/>	.00
	40 Other credits. Identify: •40a <input type="text"/> •40b \$ <input type="text"/> •40c <input type="text"/> •40d \$ <input type="text"/> •40e <input type="text"/> •40f \$ <input type="text"/> • 40	<input type="text"/>	<input type="text"/>	.00
	41 Total credits. Add lines 33 through 40 • 41	<input type="text"/>	<input type="text"/>	.00
	42 Net income tax. Line 32 minus line 41. If line 41 is more than line 32, fill in -0- • 42	<input type="text"/>	<input type="text"/>	.00

ADD TOGETHER

PAYMENTS, PENALTY, AND INTEREST Attach Schedule WFC if you claim this credit	43 Oregon income tax withheld. Attach Form(s) W-2 and 1099 • 43	<input type="text"/>	<input type="text"/>	.00
	44 Estimated tax payments for 2005. Include payments made with your extension • 44	<input type="text"/>	<input type="text"/>	.00
	45 Working family child care credit from WFC, line 18..... CREDIT AMOUNT → Number from WFC, line 5 •45a <input type="text"/> Amount from WFC, line 16 •45b \$ <input type="text"/>	<input type="text"/>	<input type="text"/>	.00
	46 Total payments. Add lines 43, 44, and 45 • 46	<input type="text"/>	<input type="text"/>	.00
	47 Overpayment. If line 42 is less than line 46, you overpaid. Line 46 minus line 42.... OVERPAYMENT → • 47	<input type="text"/>	<input type="text"/>	.00
	48 Tax to pay. If line 42 is more than line 46, you have tax to pay. Line 42 minus line 46.... TAX TO PAY → • 48	<input type="text"/>	<input type="text"/>	.00
	49 Penalty and interest for filing or paying late. See instructions, page 33..... 49	<input type="text"/>	<input type="text"/>	.00
	50 Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/> • 50 Exception # from Form 10, line 1 •50a <input type="text"/>	<input type="text"/>	<input type="text"/>	.00
	51 Total penalty and interest due. Add lines 49 and 50..... • 51	<input type="text"/>	<input type="text"/>	.00
	52 Amount you owe. Line 48 plus line 51 AMOUNT YOU OWE → • 52	<input type="text"/>	<input type="text"/>	.00
	53 Refund. Is line 47 more than line 51? If so, line 47 minus line 51 REFUND → • 53	<input type="text"/>	<input type="text"/>	.00

ADD TOGETHER

CHARITABLE CHECKOFFS PAGE 12 I want to donate part of my tax refund to the following fund(s)	55 Oregon Nongame Wildlife <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 55	<input type="text"/>	<input type="text"/>	.00
	56 Child Abuse Prevention <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 56	<input type="text"/>	<input type="text"/>	.00
	57 Alzheimer's Disease Research <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 57	<input type="text"/>	<input type="text"/>	.00
	58 Stop Domestic & Sexual Violence... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 58	<input type="text"/>	<input type="text"/>	.00
	59 AIDS/HIV Education and Services ... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 59	<input type="text"/>	<input type="text"/>	.00
	60 Other charity. Code •60a <input type="text"/> <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other \$ • 60	<input type="text"/>	<input type="text"/>	.00
	61 Total. Add lines 54 through 60. Total can't be more than your refund on line 53..... • 61	<input type="text"/>	<input type="text"/>	.00
62 NET REFUND. Line 53 minus line 61. This is your net refund..... NET REFUND → • 62	<input type="text"/>	<input type="text"/>	.00	

These will reduce your refund

DIRECT DEPOSIT	63 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	• License No.
X		X	
Spouse's signature (if filing jointly, BOTH must sign)	Date	Address	Telephone No.
X			

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

If you owe, make your check or money order payable to the **Oregon Department of Revenue**. Write your daytime telephone number and **"2005 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
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2005 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:				If income from Form 40S, line 12; or Form 40, line 28 is:				If income from Form 40S, line 12; or Form 40, line 28 is:				If income from Form 40S, line 12; or Form 40, line 28 is:																																																									
At least:		But less than:		At least:		But less than:		At least:		But less than:		At least:		But less than:																																																							
S		J		S		J		S		J		S		J																																																							
Your tax is:				Your tax is:				Your tax is:				Your tax is:																																																									
\$ 0				\$ 4,000				\$ 9,000				\$ 14,000																																																									
0 - 20	20 - 50	0	0	4,000 - 4,100	4,100 - 4,200	4,200 - 4,300	4,300 - 4,400	4,400 - 4,500	4,500 - 4,600	4,600 - 4,700	4,700 - 4,800	4,800 - 4,900	4,900 - 5,000	9,000 - 9,100	9,100 - 9,200	9,200 - 9,300	9,300 - 9,400	9,400 - 9,500	9,500 - 9,600	9,600 - 9,700	9,700 - 9,800	9,800 - 9,900	9,900 - 10,000	14,000 - 14,100	14,100 - 14,200	14,200 - 14,300	14,300 - 14,400	14,400 - 14,500	14,500 - 14,600	14,600 - 14,700	14,700 - 14,800	14,800 - 14,900	14,900 - 15,000																																				
				231	203	238	208	245	213	252	218	259	223	266	228	273	233	280	238	287	243	294	248	629	528	638	535	647	542	656	549	665	556	674	563	683	570	692	577	701	584	710	591	1,079	893	1,088	902	1,097	911	1,106	920	1,115	929	1,124	938	1,133	947	1,142	956	1,151	965	1,160	974						
\$ 50				\$ 5,000				\$ 10,000				\$ 15,000																																																									
50 - 100	100 - 200	200 - 300	300 - 400	400 - 500	500 - 600	600 - 700	700 - 800	800 - 900	900 - 1,000	5,000 - 5,100	5,100 - 5,200	5,200 - 5,300	5,300 - 5,400	5,400 - 5,500	5,500 - 5,600	5,600 - 5,700	5,700 - 5,800	5,800 - 5,900	5,900 - 6,000	10,000 - 10,100	10,100 - 10,200	10,200 - 10,300	10,300 - 10,400	10,400 - 10,500	10,500 - 10,600	10,600 - 10,700	10,700 - 10,800	10,800 - 10,900	10,900 - 11,000	15,000 - 15,100	15,100 - 15,200	15,200 - 15,300	15,300 - 15,400	15,400 - 15,500	15,500 - 15,600	15,600 - 15,700	15,700 - 15,800	15,800 - 15,900	15,900 - 16,000																														
4	8	13	18	23	28	33	38	43	48	301	253	308	258	315	263	322	269	329	276	336	283	343	290	350	297	357	304	364	311	719	598	728	605	737	612	746	619	755	626	764	633	773	640	782	647	791	654	800	661	1,169	983	1,178	992	1,187	1,001	1,196	1,010	1,205	1,019	1,214	1,028	1,223	1,037	1,232	1,046	1,241	1,055	1,250	1,064
\$ 1,000				\$ 6,000				\$ 11,000				\$ 16,000																																																									
1,000 - 1,100	1,100 - 1,200	1,200 - 1,300	1,300 - 1,400	1,400 - 1,500	1,500 - 1,600	1,600 - 1,700	1,700 - 1,800	1,800 - 1,900	1,900 - 2,000	6,000 - 6,100	6,100 - 6,200	6,200 - 6,300	6,300 - 6,400	6,400 - 6,500	6,500 - 6,600	6,600 - 6,700	6,700 - 6,800	6,800 - 6,900	6,900 - 7,000	11,000 - 11,100	11,100 - 11,200	11,200 - 11,300	11,300 - 11,400	11,400 - 11,500	11,500 - 11,600	11,600 - 11,700	11,700 - 11,800	11,800 - 11,900	11,900 - 12,000	16,000 - 16,100	16,100 - 16,200	16,200 - 16,300	16,300 - 16,400	16,400 - 16,500	16,500 - 16,600	16,600 - 16,700	16,700 - 16,800	16,800 - 16,900	16,900 - 17,000																														
53	58	63	68	73	78	83	88	93	98	371	318	378	325	385	332	392	339	399	346	406	353	413	360	422	367	431	374	440	381	809	668	818	675	827	682	836	689	845	696	854	703	863	710	872	717	881	724	890	731	1,259	1,073	1,268	1,082	1,277	1,091	1,286	1,100	1,295	1,109	1,304	1,118	1,313	1,127	1,322	1,136	1,331	1,145	1,340	1,154
\$ 2,000				\$ 7,000				\$ 12,000				\$ 17,000																																																									
2,000 - 2,100	2,100 - 2,200	2,200 - 2,300	2,300 - 2,400	2,400 - 2,500	2,500 - 2,600	2,600 - 2,700	2,700 - 2,800	2,800 - 2,900	2,900 - 3,000	7,000 - 7,100	7,100 - 7,200	7,200 - 7,300	7,300 - 7,400	7,400 - 7,500	7,500 - 7,600	7,600 - 7,700	7,700 - 7,800	7,800 - 7,900	7,900 - 8,000	12,000 - 12,100	12,100 - 12,200	12,200 - 12,300	12,300 - 12,400	12,400 - 12,500	12,500 - 12,600	12,600 - 12,700	12,700 - 12,800	12,800 - 12,900	12,900 - 13,000	17,000 - 17,100	17,100 - 17,200	17,200 - 17,300	17,300 - 17,400	17,400 - 17,500	17,500 - 17,600	17,600 - 17,700	17,700 - 17,800	17,800 - 17,900	17,900 - 18,000																														
103	108	113	118	123	128	133	138	143	148	449	388	458	395	467	402	476	409	485	416	494	423	503	430	512	437	521	444	530	451	899	738	908	745	917	752	926	759	935	766	944	773	953	780	962	787	971	794	980	801	1,349	1,163	1,358	1,172	1,367	1,181	1,376	1,190	1,385	1,199	1,394	1,208	1,403	1,217	1,412	1,226	1,421	1,235	1,430	1,244
\$ 3,000				\$ 8,000				\$ 13,000				\$ 18,000																																																									
3,000 - 3,100	3,100 - 3,200	3,200 - 3,300	3,300 - 3,400	3,400 - 3,500	3,500 - 3,600	3,600 - 3,700	3,700 - 3,800	3,800 - 3,900	3,900 - 4,000	8,000 - 8,100	8,100 - 8,200	8,200 - 8,300	8,300 - 8,400	8,400 - 8,500	8,500 - 8,600	8,600 - 8,700	8,700 - 8,800	8,800 - 8,900	8,900 - 9,000	13,000 - 13,100	13,100 - 13,200	13,200 - 13,300	13,300 - 13,400	13,400 - 13,500	13,500 - 13,600	13,600 - 13,700	13,700 - 13,800	13,800 - 13,900	13,900 - 14,000	18,000 - 18,100	18,100 - 18,200	18,200 - 18,300	18,300 - 18,400	18,400 - 18,500	18,500 - 18,600	18,600 - 18,700	18,700 - 18,800	18,800 - 18,900	18,900 - 19,000																														
161	158	175	182	189	196	203	210	217	224	539	458	548	465	557	472	566	479	575	486	584	493	593	500	602	507	611	514	620	521	989	808	998	815	1,007	822	1,016	830	1,025	839	1,034	848	1,043	857	1,052	866	1,061	875	1,070	884	1,439	1,253	1,448	1,262	1,457	1,271	1,466	1,280	1,475	1,289	1,484	1,298	1,493	1,307	1,502	1,316	1,511	1,325	1,520	1,334

2005 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	1,529	1,343	24,000 – 24,100	1,979	1,793	29,000 – 29,100	2,429	2,243	34,000 – 34,100	2,879	2,693	19,100 – 19,200	1,538	1,352	24,100 – 24,200	1,988	1,802	29,100 – 29,200	2,438	2,252	34,100 – 34,200	2,888	2,702
19,200 – 19,300	1,547	1,361	24,200 – 24,300	1,997	1,811	29,200 – 29,300	2,447	2,261	34,200 – 34,300	2,897	2,711	19,300 – 19,400	1,556	1,370	24,300 – 24,400	2,006	1,820	29,300 – 29,400	2,456	2,270	34,300 – 34,400	2,906	2,720
19,400 – 19,500	1,565	1,379	24,400 – 24,500	2,015	1,829	29,400 – 29,500	2,465	2,279	34,400 – 34,500	2,915	2,729	19,500 – 19,600	1,574	1,388	24,500 – 24,600	2,024	1,838	29,500 – 29,600	2,474	2,288	34,500 – 34,600	2,924	2,738
19,600 – 19,700	1,583	1,397	24,600 – 24,700	2,033	1,847	29,600 – 29,700	2,483	2,297	34,600 – 34,700	2,933	2,747	19,700 – 19,800	1,592	1,406	24,700 – 24,800	2,042	1,856	29,700 – 29,800	2,492	2,306	34,700 – 34,800	2,942	2,756
19,800 – 19,900	1,601	1,415	24,800 – 24,900	2,051	1,865	29,800 – 29,900	2,501	2,315	34,800 – 34,900	2,951	2,765	19,900 – 20,000	1,610	1,424	24,900 – 25,000	2,060	1,874	29,900 – 30,000	2,510	2,324	34,900 – 35,000	2,960	2,774
\$ 20,000				\$ 25,000				\$ 30,000				\$ 35,000											
20,000 – 20,100	1,619	1,433	25,000 – 25,100	2,069	1,883	30,000 – 30,100	2,519	2,333	35,000 – 35,100	2,969	2,783	20,100 – 20,200	1,628	1,442	25,100 – 25,200	2,078	1,892	30,100 – 30,200	2,528	2,342	35,100 – 35,200	2,978	2,792
20,200 – 20,300	1,637	1,451	25,200 – 25,300	2,087	1,901	30,200 – 30,300	2,537	2,351	35,200 – 35,300	2,987	2,801	20,300 – 20,400	1,646	1,460	25,300 – 25,400	2,096	1,910	30,300 – 30,400	2,546	2,360	35,300 – 35,400	2,996	2,810
20,400 – 20,500	1,655	1,469	25,400 – 25,500	2,105	1,919	30,400 – 30,500	2,555	2,369	35,400 – 35,500	3,005	2,819	20,500 – 20,600	1,664	1,478	25,500 – 25,600	2,114	1,928	30,500 – 30,600	2,564	2,378	35,500 – 35,600	3,014	2,828
20,600 – 20,700	1,673	1,487	25,600 – 25,700	2,123	1,937	30,600 – 30,700	2,573	2,387	35,600 – 35,700	3,023	2,837	20,700 – 20,800	1,682	1,496	25,700 – 25,800	2,132	1,946	30,700 – 30,800	2,582	2,396	35,700 – 35,800	3,032	2,846
20,800 – 20,900	1,691	1,505	25,800 – 25,900	2,141	1,955	30,800 – 30,900	2,591	2,405	35,800 – 35,900	3,041	2,855	20,900 – 21,000	1,700	1,514	25,900 – 26,000	2,150	1,964	30,900 – 31,000	2,600	2,414	35,900 – 36,000	3,050	2,864
\$ 21,000				\$ 26,000				\$ 31,000				\$ 36,000											
21,000 – 21,100	1,709	1,523	26,000 – 26,100	2,159	1,973	31,000 – 31,100	2,609	2,423	36,000 – 36,100	3,059	2,873	21,100 – 21,200	1,718	1,532	26,100 – 26,200	2,168	1,982	31,100 – 31,200	2,618	2,432	36,100 – 36,200	3,068	2,882
21,200 – 21,300	1,727	1,541	26,200 – 26,300	2,177	1,991	31,200 – 31,300	2,627	2,441	36,200 – 36,300	3,077	2,891	21,300 – 21,400	1,736	1,550	26,300 – 26,400	2,186	2,000	31,300 – 31,400	2,636	2,450	36,300 – 36,400	3,086	2,900
21,400 – 21,500	1,745	1,559	26,400 – 26,500	2,195	2,009	31,400 – 31,500	2,645	2,459	36,400 – 36,500	3,095	2,909	21,500 – 21,600	1,754	1,568	26,500 – 26,600	2,204	2,018	31,500 – 31,600	2,654	2,468	36,500 – 36,600	3,104	2,918
21,600 – 21,700	1,763	1,577	26,600 – 26,700	2,213	2,027	31,600 – 31,700	2,663	2,477	36,600 – 36,700	3,113	2,927	21,700 – 21,800	1,772	1,586	26,700 – 26,800	2,222	2,036	31,700 – 31,800	2,672	2,486	36,700 – 36,800	3,122	2,936
21,800 – 21,900	1,781	1,595	26,800 – 26,900	2,231	2,045	31,800 – 31,900	2,681	2,495	36,800 – 36,900	3,131	2,945	21,900 – 22,000	1,790	1,604	26,900 – 27,000	2,240	2,054	31,900 – 32,000	2,690	2,504	36,900 – 37,000	3,140	2,954
\$ 22,000				\$ 27,000				\$ 32,000				\$ 37,000											
22,000 – 22,100	1,799	1,613	27,000 – 27,100	2,249	2,063	32,000 – 32,100	2,699	2,513	37,000 – 37,100	3,149	2,963	22,100 – 22,200	1,808	1,622	27,100 – 27,200	2,258	2,072	32,100 – 32,200	2,708	2,522	37,100 – 37,200	3,158	2,972
22,200 – 22,300	1,817	1,631	27,200 – 27,300	2,267	2,081	32,200 – 32,300	2,717	2,531	37,200 – 37,300	3,167	2,981	22,300 – 22,400	1,826	1,640	27,300 – 27,400	2,276	2,090	32,300 – 32,400	2,726	2,540	37,300 – 37,400	3,176	2,990
22,400 – 22,500	1,835	1,649	27,400 – 27,500	2,285	2,099	32,400 – 32,500	2,735	2,549	37,400 – 37,500	3,185	2,999	22,500 – 22,600	1,844	1,658	27,500 – 27,600	2,294	2,108	32,500 – 32,600	2,744	2,558	37,500 – 37,600	3,194	3,008
22,600 – 22,700	1,853	1,667	27,600 – 27,700	2,303	2,117	32,600 – 32,700	2,753	2,567	37,600 – 37,700	3,203	3,017	22,700 – 22,800	1,862	1,676	27,700 – 27,800	2,312	2,126	32,700 – 32,800	2,762	2,576	37,700 – 37,800	3,212	3,026
22,800 – 22,900	1,871	1,685	27,800 – 27,900	2,321	2,135	32,800 – 32,900	2,771	2,585	37,800 – 37,900	3,221	3,035	22,900 – 23,000	1,880	1,694	27,900 – 28,000	2,330	2,144	32,900 – 33,000	2,780	2,594	37,900 – 38,000	3,230	3,044
\$ 23,000				\$ 28,000				\$ 33,000				\$ 38,000											
23,000 – 23,100	1,889	1,703	28,000 – 28,100	2,339	2,153	33,000 – 33,100	2,789	2,603	38,000 – 38,100	3,239	3,053	23,100 – 23,200	1,898	1,712	28,100 – 28,200	2,348	2,162	33,100 – 33,200	2,798	2,612	38,100 – 38,200	3,248	3,062
23,200 – 23,300	1,907	1,721	28,200 – 28,300	2,357	2,171	33,200 – 33,300	2,807	2,621	38,200 – 38,300	3,257	3,071	23,300 – 23,400	1,916	1,730	28,300 – 28,400	2,366	2,180	33,300 – 33,400	2,816	2,630	38,300 – 38,400	3,266	3,080
23,400 – 23,500	1,925	1,739	28,400 – 28,500	2,375	2,189	33,400 – 33,500	2,825	2,639	38,400 – 38,500	3,275	3,089	23,500 – 23,600	1,934	1,748	28,500 – 28,600	2,384	2,198	33,500 – 33,600	2,834	2,648	38,500 – 38,600	3,284	3,098
23,600 – 23,700	1,943	1,757	28,600 – 28,700	2,393	2,207	33,600 – 33,700	2,843	2,657	38,600 – 38,700	3,293	3,107	23,700 – 23,800	1,952	1,766	28,700 – 28,800	2,402	2,216	33,700 – 33,800	2,852	2,666	38,700 – 38,800	3,302	3,116
23,800 – 23,900	1,961	1,775	28,800 – 28,900	2,411	2,225	33,800 – 33,900	2,861	2,675	38,800 – 38,900	3,311	3,125	23,900 – 24,000	1,970	1,784	28,900 – 29,000	2,420	2,234	33,900 – 34,000	2,870	2,684	38,900 – 39,000	3,320	3,134

2005 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
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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:					
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:					
\$ 39,000				\$ 42,000				\$ 45,000				\$ 48,000			
39,000 – 39,100	3,329	3,143	42,000 – 42,100	3,599	3,413	45,000 – 45,100	3,869	3,683	48,000 – 48,100	4,139	3,953				
39,100 – 39,200	3,338	3,152	42,100 – 42,200	3,608	3,422	45,100 – 45,200	3,878	3,692	48,100 – 48,200	4,148	3,962				
39,200 – 39,300	3,347	3,161	42,200 – 42,300	3,617	3,431	45,200 – 45,300	3,887	3,701	48,200 – 48,300	4,157	3,971				
39,300 – 39,400	3,356	3,170	42,300 – 42,400	3,626	3,440	45,300 – 45,400	3,896	3,710	48,300 – 48,400	4,166	3,980				
39,400 – 39,500	3,365	3,179	42,400 – 42,500	3,635	3,449	45,400 – 45,500	3,905	3,719	48,400 – 48,500	4,175	3,989				
39,500 – 39,600	3,374	3,188	42,500 – 42,600	3,644	3,458	45,500 – 45,600	3,914	3,728	48,500 – 48,600	4,184	3,998				
39,600 – 39,700	3,383	3,197	42,600 – 42,700	3,653	3,467	45,600 – 45,700	3,923	3,737	48,600 – 48,700	4,193	4,007				
39,700 – 39,800	3,392	3,206	42,700 – 42,800	3,662	3,476	45,700 – 45,800	3,932	3,746	48,700 – 48,800	4,202	4,016				
39,800 – 39,900	3,401	3,215	42,800 – 42,900	3,671	3,485	45,800 – 45,900	3,941	3,755	48,800 – 48,900	4,211	4,025				
39,900 – 40,000	3,410	3,224	42,900 – 43,000	3,680	3,494	45,900 – 46,000	3,950	3,764	48,900 – 49,000	4,220	4,034				
\$ 40,000				\$ 43,000				\$ 46,000				\$ 49,000			
40,000 – 40,100	3,419	3,233	43,000 – 43,100	3,689	3,503	46,000 – 46,100	3,959	3,773	49,000 – 49,100	4,229	4,043				
40,100 – 40,200	3,428	3,242	43,100 – 43,200	3,698	3,512	46,100 – 46,200	3,968	3,782	49,100 – 49,200	4,238	4,052				
40,200 – 40,300	3,437	3,251	43,200 – 43,300	3,707	3,521	46,200 – 46,300	3,977	3,791	49,200 – 49,300	4,247	4,061				
40,300 – 40,400	3,446	3,260	43,300 – 43,400	3,716	3,530	46,300 – 46,400	3,986	3,800	49,300 – 49,400	4,256	4,070				
40,400 – 40,500	3,455	3,269	43,400 – 43,500	3,725	3,539	46,400 – 46,500	3,995	3,809	49,400 – 49,500	4,265	4,079				
40,500 – 40,600	3,464	3,278	43,500 – 43,600	3,734	3,548	46,500 – 46,600	4,004	3,818	49,500 – 49,600	4,274	4,088				
40,600 – 40,700	3,473	3,287	43,600 – 43,700	3,743	3,557	46,600 – 46,700	4,013	3,827	49,600 – 49,700	4,283	4,097				
40,700 – 40,800	3,482	3,296	43,700 – 43,800	3,752	3,566	46,700 – 46,800	4,022	3,836	49,700 – 49,800	4,292	4,106				
40,800 – 40,900	3,491	3,305	43,800 – 43,900	3,761	3,575	46,800 – 46,900	4,031	3,845	49,800 – 49,900	4,301	4,115				
40,900 – 41,000	3,500	3,314	43,900 – 44,000	3,770	3,584	46,900 – 47,000	4,040	3,854	49,900 – 50,001	4,310	4,124				
\$ 41,000				\$ 44,000				\$ 47,000							
41,000 – 41,100	3,509	3,323	44,000 – 44,100	3,779	3,593	47,000 – 47,100	4,049	3,863							
41,100 – 41,200	3,518	3,332	44,100 – 44,200	3,788	3,602	47,100 – 47,200	4,058	3,872							
41,200 – 41,300	3,527	3,341	44,200 – 44,300	3,797	3,611	47,200 – 47,300	4,067	3,881							
41,300 – 41,400	3,536	3,350	44,300 – 44,400	3,806	3,620	47,300 – 47,400	4,076	3,890							
41,400 – 41,500	3,545	3,359	44,400 – 44,500	3,815	3,629	47,400 – 47,500	4,085	3,899							
41,500 – 41,600	3,554	3,368	44,500 – 44,600	3,824	3,638	47,500 – 47,600	4,094	3,908							
41,600 – 41,700	3,563	3,377	44,600 – 44,700	3,833	3,647	47,600 – 47,700	4,103	3,917							
41,700 – 41,800	3,572	3,386	44,700 – 44,800	3,842	3,656	47,700 – 47,800	4,112	3,926							
41,800 – 41,900	3,581	3,395	44,800 – 44,900	3,851	3,665	47,800 – 47,900	4,121	3,935							
41,900 – 42,000	3,590	3,404	44,900 – 45,000	3,860	3,674	47,900 – 48,000	4,130	3,944							

2005 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\$4,314 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\$4,128 plus 9% of excess
over \$50,000

Form 40 line instructions

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

Amended return. If you are amending your 2005 return, check the amended return box in the upper left corner of Form 40.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$99.49 becomes \$99, and \$99.50 becomes \$100.

8 Federal adjusted gross income. Enter your federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; or Form 1040NR, line 35. You must attach a copy (front and back) of your federal return to your Oregon Form 40. This helps us verify your income and process your return faster.

Additions

Generally, additions are items not taxed by the federal government but taxed by Oregon. 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** 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, or the Virgin Islands).

10 Other additions. You may need to report one or more other additions explained here. Please identify the addition(s) using the numeric code shown in brackets. Enter the code on line 10a and the amount on line 10b. For example, if you are reporting a \$200 addition for claim of right, enter 103 on line 10a and \$200 on line 10b. If you are reporting two additions, enter the second numeric code on line 10c and the amount on line 10d. Fill in the total amount of "other additions" on line 10. If you are claiming more than three "other additions," attach a statement to your return that identifies the other additions and the amounts. Please write "see statement" in the space provided on line 11 (total additions line).

• **Federal deduction for long-term care insurance premiums [code 104].** 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. Download the publication *Long-Term Care Insurance Premiums Tax Credit* from our Web site or contact us to order it.

- **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 Oregon.
- **Federal income tax refunds [code 109].** Did you get a federal tax refund in 2005 because you filed an amended federal return for a prior year or were audited? If so, you must add the amount of 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 105].** 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.
- **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. For more information, please contact us.
- The following additions apply to only a few people and are not explained in this booklet. For more information, please contact us.
 - Basis adjustments [code 101].
 - Depletion in excess of property basis.
 - Depreciation difference for Oregon.
 - Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes.
 - Claim of right income repayments [code 103].
 - Disposition of inherited Oregon farmland or forestland [code 106].

- Domestic production activities deduction [code 102].
- Fiduciary adjustments [code 100].
 - Accumulation distribution from a trust.
 - Federal estate tax on income in respect of a decedent.
 - Fiduciary adjustments from Oregon estates and trusts.
- Individual Development Account [code 113].
- Non-Oregon source net operating loss [code 116].
- Non-qualified withdrawal from an Oregon 529 College Savings Network account [code 117].
- Oregon partnership or S corporation modifications [code 119].
- Passive activity losses [code 120].
- Itemized or business deduction addback for Oregon credits [code 104].
 - Child Care Fund contributions.
 - Oregon Cultural Trust.
- 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 **2005 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 \$4,500. Don't fill in less than -0- or more than \$4,500 (\$2,250 if married filing separately).

- | | |
|---|----------|
| 1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 36; Form 1040EZ, line 10; or Form 1040NR, line 52. | 1. _____ |
| 2. Enter your tax on qualified retirement plans, Form 1040, line 60; or Form 1040NR, line 55; any recapture taxes you included on the dotted line of Form 1040, line 63; or Form 1040NR, line 58; and the amount on Form 1040NR, line 53. | 2. _____ |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Enter \$4,500 (\$2,250 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.

Are you amending your 2005 return? See the *Oregon Amended Schedule* instructions for more information on your federal tax subtraction.

Did you pay additional federal tax in 2005 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 be more than \$4,500 (\$2,250 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.

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. Download the publication *Interest and Dividends on U.S. Bonds and Notes* from our Web site or contact us to order it.
- 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 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 2005 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 the percentage on line 17a. If you have two federal pensions, write the second percentage on line 17b and enter your total subtraction amount 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, 2005. She worked a total of 403 months, of which 244 months were worked before October 1, 1991. In 2005, she received taxable federal pension income of \$35,000. Using the formula above, her allowable subtraction is:

$$\frac{244}{403} \times \$35,000 = \$21,175$$

She can subtract 60.5 percent (244 ÷ 403), or \$21,175 (\$35,000 × .605), of her taxable federal pension. She will continue to subtract 60.5 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) using the numeric code shown in brackets. Enter the numeric code on line 18a and enter the amount on line 18b. For example, if you are claiming a \$100 Oregon Lottery subtraction, enter 322 on line 18a and enter \$100 on line 18b. If you are claiming two subtractions, enter the second numeric code on line 18c and enter the amount on line 18d. Fill in the total amount of other subtractions on line 18. If you are claiming more than three other subtractions, attach a statement to your return that identifies the other sub-

tractions and the amounts. Please write “see statement” in the space provided on line 19 (total subtractions line). Do not use this line to subtract federal pension. See line 17. If you need more information about any of these subtractions, visit our Web site or contact us.

- **American Indian [code 300].** Are you an enrolled member of a federally recognized American Indian 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 from sources within federally recognized Indian country in Oregon, and
 - You live in federally recognized Indian country in Oregon when the income is earned.

You must attach a completed copy of your *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe* to your return. Download the schedule from our Web site or contact us to order it.

- **Depreciation difference for Oregon [code 304].** Are you depreciating property with a different basis for federal and Oregon purposes? If so, you may have a depreciation difference for Oregon. Download the *Oregon Depreciation Schedule* from our Web site or to order it, 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 more information, please contact us.

- **Federal tax from a prior year [code 309].** Did you pay additional federal income tax in 2005 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 \$4,500 (\$2,250 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 -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 40, line 18. | 5. _____ |

- **Military active duty pay [code 319].** If you included U.S. military active duty pay in your federal taxable income, you may qualify for a subtraction on your Oregon return.

You can subtract all active duty pay earned outside 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.

Example: Barry enlisted in the Army in 1999. From January until August 15, 2005, 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.

Oregon National Guard active duty pay subtraction.

The following questions will help you determine if you can claim this subtraction.

- Were you a member of the Oregon National Guard in any year since 2001?
- Did you serve on active duty as a member of the Oregon National Guard in Oregon?
- Did you serve as a member of the Oregon National Guard under U.S. Code Title 32 and were then called to active duty status and served under U.S. Code Title 10?

If you answered yes to all of the above questions, you can subtract all of the Oregon National Guard active duty pay you earned while you served under Title 10 in Oregon. This subtraction is available for tax years starting on or after January 1, 2001. You may amend your prior year tax returns to claim this subtraction. You must amend your 2001 tax return by July 1, 2006 to claim a refund.

If you are an enrolled member of a federally recognized American Indian 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, please contact us.

- **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 up to \$2,000 (\$1,000 if married filing separately) of contributions made to an Oregon 529 College Savings Network account in 2005. If you contribute more than \$2,000, you may carry forward the remaining contribution not subtracted over the next four years. Keep a copy of your account statement with your tax records. For more information, visit www.oregon529network.com. Or, call their tax information line at 503-378-2882.

- **Oregon Lottery [code 322].** Although Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket, the federal government does. Oregon Lottery includes Powerball tickets you purchased in Oregon.

You may subtract from Oregon income the following winnings included in your federal 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 2005. 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. Cheryl can subtract the \$200 she won on the scratch-off ticket.

Example 2: David won two prizes in 2005. He won \$1,000 from an Oregon Lottery scratch-off ticket 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 on the scratch-off ticket, because the prize was more than \$600 and is fully taxable to Oregon.

Do **not** subtract any other type of winnings such as 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 contributions that were taxed in another state. Once your subtractions equal contributions previously taxed, all other payments are taxable.

- **Tuition and fees deduction [code 308].** 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 subtract the federal tuition and fees deduction on your Oregon return. For 2005, 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. For more information, visit our Web site or contact us.
 - Artist’s charitable contribution [code 301].
 - Basis adjustments [code 304].
 - Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes.
 - Claim of right income repayments [code 302].
 - Construction worker and logger commuting expenses [code 303].
 - Federal gain previously taxed by Oregon [code 306].
 - Federal tax credits [code 308].
 - Fiduciary adjustments from Oregon estates and trusts [code 310].
 - Film production labor rebate [code 336].
 - Foreign tax [code 311].
 - Hurricane Katrina Housing [code 337].
 - Individual Development Account [code 314].
 - Land donation to educational institutions [code 316].
 - Local government bond interest [code 317].
 - Net operating loss [code 321].
 - Oregon partnership or S corporation modifications [code 323].
 - Passive activity losses [code 326].
 - Public Safety Memorial Fund award [code 329].
 - Railroad Retirement Board benefits: Tier 2, windfall/vested dual, supplemental, and railroad unemployment benefits [code 330].
 - Scholarship awards used for housing expenses [code 333].

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, both spouses must itemize deductions if one spouse itemizes. If your spouse itemizes, your standard deduction is -0-.

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 only. 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, 2005? 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 for Oregon only. Keep your Schedule A with your tax records.

24 State income tax or sales tax claimed as an itemized deduction. Fill in the amount of Oregon state income tax or any state and local sales tax you claimed as an itemized deduction on federal Schedule A, line 5. Do not include local or county income 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 2005 net tax liability, or the other state’s 2005 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 was more than \$145,950 (\$72,975 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. Download the publication *Itemized Deductions Limit* from our Web site or to order it, see page 40.

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

Single.....	\$1,770
Married filing jointly.....	3,545
Married filing separately	
<i>If spouse claims standard deduction.....</i>	1,770
<i>If spouse claims itemized deductions.....</i>	-0-
Head of household.....	2,855
Qualifying widow(er).....	3,545

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 on page 29 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?

If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$2,970
	2	4,170
Married filing jointly	1	4,545
	2	5,545
	3	6,545
	4	7,545
Married filing separately	1	2,770
	2	3,770
	3	4,770
	4	5,770
Head of household	1	4,055
	2	5,255
Qualifying widow(er)	1	4,545
	2	5,545

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 qualify 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, as defined by federal law, 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. Go 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 entered.

Example 1: A single Oregon taxpayer has taxable income of \$19,500. The taxpayer will use column S on page 22. The tax is \$1,574.

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
		25,500
Multiply by 9%	×	.09
		2,295
Then add	+	4,128
Their Oregon tax is		<u>\$ 6,423</u>

Tax from farm income averaging or farm asset capital gain method. 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 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 other Oregon income. Download the form from our Web site or to order it, see page 40. Enter the tax amount from Form FIA-40, line 22, on Form 40, line 29. **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.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and other Oregon income. Download the worksheet from our Web site or contact us to order it. Enter the tax amount from Worksheet FCG, line 7, on Form 40, line 29. **Check the box labeled “Worksheet FCG.”** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

30 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 for the federal amount. The interest rate is 0.417 percent per month (5 percent per year) for 2005. For more information, please contact us.

Credits

Generally, credits cannot be more than your Oregon tax liability. 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.

34 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 figure your credit:

1. Enter your federal earned income credit from Form 1040, line 66a; Form 1040A, line 41a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5 percent (.05). Enter the result here and on Form 40, line 34. 2. _____

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

Note: When this publication was printed, federal changes were being considered that may affect the Oregon Earned Income Credit. Visit our Web site or call us for updated information.

35 Retirement income credit. If you were age 62 or older on December 31, 2005, and receiving retirement income, you may qualify for a retirement income 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 (including 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 26. 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 2005 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 below. 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 percent (.09). Enter the result here and on Form 40, line 35. 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 any amount that is more than your tax liability over to next year. You may claim this credit or the credit for the elderly or the disabled, line 37, **but not both**.

36 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.

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 43; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
—	\$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 by the decimal on line 2. Enter here and on Form 40, line 36. 3. _____

Did you pay 2004 child care expenses in 2005? If so, you may be able to use that amount to increase your 2005 Oregon child and dependent care credit. For more information, please contact us.

Carryover. Your total 2005 child and dependent care credit can't be more than your 2005 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 page 32.

37 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 Form 1040, Schedule R or federal Form 1040A, Schedule 3, even if you cannot use the federal credit.

Multiply the amount on federal Form 1040, 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 35, **but not both.**

38 Political contribution credit. Fill in your total political contributions, up to \$100 on a joint return, \$50 on all others. Your contribution(s) of money must have been made during 2005 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.

Download the publication *Political Contributions Tax Credit* from our Web site or contact us to order it.

39 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 39. Please identify the other state on Form 40, line 39a.

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 2005 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 14–17 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 2005 tax claimed as an itemized deduction, or
- The other state's 2005 net tax liability.

If the credit is based on a tax liability paid in two different tax years, you may be required to restore the deduction to Oregon income in two different tax years. For more information, please contact us.

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

40 Other credits. You may qualify for other credits listed on page 32. Please identify the credit(s) using the numeric code shown in brackets. Enter the numeric code on line 40a and the amount on line 40b. For example, if you are claiming a \$45 residential energy credit, enter 729 on line 40a and \$45 on line 40b. If you are claiming two credits, enter the second numeric

code on line 40c and the amount on line 40d. Fill in the total amount of “other credits” on line 40. If you are claiming more than three other credits, attach a statement to your return that identifies the other credits and the amounts. Please write “see statement” in the space provided on line 41 (total credits line).

- **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 prior year carryover plus your current year’s credit can’t be more than your Oregon tax liability, line 42. 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 2005, 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 2005 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. For more information, please contact us.
- **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 2005.

The credit for single and joint filers is the **smaller** of 15 percent of the premiums paid or \$500. For married filing separate filers, the combined credits on the spouses’ returns cannot be more than the credit they would have been allowed on a joint return.

Any federal benefit due to a federal deduction for the premiums must be reported as an Oregon addition. See page 24.

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

Download the publication *Long-Term Care Insurance Premiums Tax Credit* from our Web site or contact us to order it.

- **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.

Get a disability certification form the first year you file for the credit from your county public health officer. 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 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 40 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. For more information, please contact us.

- **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 from an Oregon prefix.
- The following credits apply to only a few people and are not explained in this booklet. For more information, visit our Web site or contact us.
 - Advanced telecommunications facilities [code 701].
 - Bone marrow donation program [code 702].
 - Business energy [code 703].
 - Business tax credits from flow-through entity [code 736].
 - Child Care Fund contributions [code 705].
 - Claim of right income repayments [code 706].
 - Crop donation [code 708].
 - Dependent care assistance by employers [code 707].
 - Diesel engine replacement [code 734].
 - Electronic commerce zone investment [code 710].
 - Employer scholarship [code 711].
 - Farmworker housing [code 712].
 - Film production development contributions [code 737].
 - First Break Program [code 713].
 - Fish screening devices [code 714].
 - Low-income caregiver credit [code 718].

- Mutually taxed gain on the sale of residential property [code 720].
- 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

43 Oregon income tax withheld. Fill in the total Oregon tax withheld from your wages and other income 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 to the lower front of your return showing Oregon income tax withheld.

If you do not have a Form W-2 or 1099, you must provide other proof of your 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 2006 wages for Oregon. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site or contact us to order it.

44 Estimated tax payments for 2005. Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 15, 2005; June 15, 2005; September 15, 2005; and January 17, 2006. Include any payments you made with your Oregon extension. Also include any refund you applied to your 2005 estimated tax. If the department adjusted your applied refund, be sure to use the adjusted amount. If you need to verify your estimated payment amounts, please contact us.

45 Working family child care credit. This credit is available to low-income working families with **qualifying** child care expenses for a qualifying child under age 13 (or a child for whom you can claim the additional exemption credit for a child with a disability). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. To see if you qualify, go to page 36.

49 Penalty and interest. Your return is due by April 17, 2006, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your payment after April 17 (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 17, 2006, include interest on any unpaid tax.

An interest period is each full month starting with the day after the due date. For example, April 18 to May 17 is a full month and interest period.

The 2006 interest rate is 7 percent per year (0.583 percent per month).

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

$$\text{Tax} \times .000192 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 11 percent per year.

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

50 Interest on estimated tax underpayment. For 2005, you will have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment due date.

You do not have an underpayment if:

- You owe less than \$1,000 tax on your 2005 tax return after credits and Oregon tax withheld, or
- You did not have an underpayment for any 2005 estimated tax period.

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

On Form 40, line 50, fill in the amount of interest due from Form 10 and check the box. If you meet an exception, enter the exception number on line 50a. Attach Form 10 to the back of your return.

52 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 "2005 Oregon Form 40" on your check.
- Please use blue or black ballpoint ink. Do not use gel or red ink.
- 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 payment. See page 11.

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. For more information, please contact us.

Special instructions. Do you owe interest on line 50 and have an overpayment on line 47? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 47 from line 50 and enter the result on line 52.

Charitable donations. If you do not have a refund but want to contribute to a charity listed on lines 55–60, mail your donation to the charity’s address listed on our Web site. Please do not mail your donation to the Department of Revenue.

To finish your return, go to the signature block section on this page.

- 53 Refund.** You must have a refund on line 53 to use lines 54–63.
- 54 Estimated tax.** If you have a refund, you may apply part or all of it to your 2006 Oregon estimated income tax. Fill in the amount you want to apply. Do not fill in more than the amount on line 53.

Charitable checkoffs

You may choose to donate all or part of your refund to the charities listed on page 12. Donations will reduce your refund. You may donate to any or all of the charities on Form 40, lines 55–59. You also may donate to **one** of the charities listed under the instructions for Form 40, line 60 on page 12. Or, you can mail your donations to the addresses listed on our Web site.

For a list of the charities, go to page 12.

- 62 Net refund.** You must reduce your refund by any amounts applied to 2006 estimated tax (line 54) and donations on lines 55–60. **The department cannot issue a refund if your return is filed more than three years after the due date of the return.**

Direct deposit

Form 40 63 Direct deposit. If you want us to deposit your refund directly into your bank account instead of mailing you a check, follow these instructions:

1. **Contact your bank** to make sure your deposit will be accepted and to get your routing and account numbers.

2. **Check the appropriate box, 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 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 preparing 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 in Salem, at 503-378-4034 for licensed tax consultants and licensed tax preparers.
- State Board of Accountancy in Salem, at 503-378-4181 for public accountants and certified public accountants.

License number. 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 certain 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 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, or 1040NR 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:
 - *Oregon Amended Schedule.*
 - *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 corner.

Do not attach extension requests, or any federal schedules. We receive some federal information from the IRS. We may ask 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 after this amount of time.

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. See page 40 for numbers to call.

To avoid processing delays, remember to:

Type or clearly print your name, Social Security number, date of birth, address, and telephone 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.

Identify amounts on Form 40, lines 10, 18, and 40 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 your 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

Schedule WFC Relationship Codes

Son..... S
 Daughter..... D
 Stepson SS
 Stepdaughter..... SD
 Grandchild GC
 Niece NC
 Nephew NW
 Brother.....SB
 Sister.....SB
 Legally adopted child.....LA

Eligible foster child.....EF
 Parent..... P
 Grandparent GP
 Aunt A
 Uncle U
 Cousin..... CS
 Sister-in-lawSL
 Brother-in-lawBL
 None..... N
 Other..... O

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 \$6,900 of earned income, and
- You had \$2,700 or less 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 child, step child, grandchild, step grandchild, brother, sister, stepbrother, stepsister, nephew, niece, step nephew, step niece, eligible foster child, or adopted child who:
 - can be claimed as a dependent on your federal return, or

- could have been claimed as a dependent on your return except that, as the custodial parent, you released the exemption to the child's other parent under a decree of divorce or separate maintenance or written declaration such as federal Form 8332, and
- was under the age of 13, or
- was a child who qualifies for the additional exemption credit for a child with a disability, and
- did not provide more than one-half of their own support during the year, and
- Your child care provider was not the child's parent, guardian, or your relative, or step relative, under age 19.

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2005, to qualify.

If you qualify, complete Schedule WFC, *Oregon Working Family Child Care Credit*, on page 37. Attach this schedule to your return.

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 are related to you by blood, marriage, or adoption and live in your home. Household size can include your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on their tax return. People you are entitled to claim on your tax return who did not live with you in your home during 2005 cannot be included. 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 45a.

Example 1: Rusty and Deb are not married and are the parents of two children. They maintain separate households and have joint custody of both children. The children live more than half the year with Deb. Even though the children are Deb's qualifying children, she releases the dependent exemption for one child to Rusty. Both Rusty and Deb may claim the credit based on the child care expenses they paid. However, each needs to calculate household size separately. Deb's

household size is three (herself, one dependent child whose exemption she claims, 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 did not live with him more than one-half of the year 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 2005

Sched. WFC 6–9 **Provider's full name, complete address, and phone number.** Enter the child care provider's information in the space provided on Schedule WFC. If you have more providers than there is space for on the form, please attach a separate sheet with the required information.

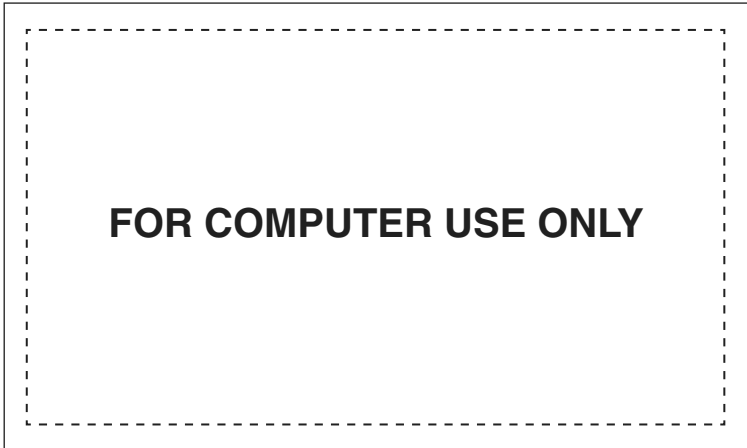
Provider's SSN/FEIN/ITIN. You must include your provider's Social Security number, federal employer identification number (FEIN), or individual taxpayer identification number (ITIN).

Schedule WFC	Oregon Working Family Child Care Credit for Form 40 and Form 40S Filers	2005
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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 2005, including exemptions released to you by your child's other parent, or who are not related by blood, marriage, or adoption 4
5. Household size. Line 3 minus line 4..... 5



Qualifying Child Care Expenses Paid in 2005. Enter the following information for each child care provider you paid in 2005.

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
6. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No.		Amount Paid to Provider
	<input style="width: 100%;" type="text"/> 6	\$ <input style="width: 100%;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
7. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No.		Amount Paid to Provider
	<input style="width: 100%;" type="text"/> 7	\$ <input style="width: 100%;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
8. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No.		Amount Paid to Provider
	<input style="width: 100%;" type="text"/> 8	\$ <input style="width: 100%;" type="text"/>

9. Total qualifying child care expenses paid in 2005. Add amounts on lines 6 through 8 and enter the result here 9 \$

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. Total qualifying child care expenses. Add amounts on lines 10 through 13 and enter the result here..... 14				\$ <input style="width: 100%;" type="text"/>

Computation of Credit

15. Enter your federal adjusted gross income (Form 40S, line 8; or Form 40, line 8) 15
16. Enter the total qualifying child care expenses paid in 2005 from line 9 above 16
17. 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..... 17 x .
18. Multiply the amount on line 16 by the decimal amount on line 17. Enter the result here and on Form 40S, line 21; or Form 40, line 45. This is your working family child care credit 18

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

Working Family Child Care Credit—2005 Tables

Table 1, household size = 1		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$19,150	.40
\$19,150	20,100	.36
20,100	21,050	.32
21,050	22,000	.24
22,000	22,950	.16
22,950	23,950	.08
23,950	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$25,650	.40
\$25,650	26,950	.36
26,950	28,250	.32
28,250	29,500	.24
29,500	30,800	.16
30,800	32,100	.08
32,100	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$32,200	.40
\$32,200	33,800	.36
33,800	35,400	.32
35,400	37,000	.24
37,000	38,600	.16
38,600	40,250	.08
40,250	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$38,700	.40
\$38,700	40,650	.36
40,650	42,550	.32
42,550	44,500	.24
44,500	46,450	.16
46,450	48,400	.08
48,400	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$45,200	.40
\$45,200	47,500	.36
47,500	49,750	.32
49,750	52,000	.24
52,000	54,250	.16
54,250	56,550	.08
56,550	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$51,750	.40
\$51,750	54,350	.36
54,350	56,900	.32
56,900	59,500	.24
59,500	62,100	.16
62,100	64,700	.08
64,700	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$58,250	.40
\$58,250	61,150	.36
61,150	64,100	.32
64,100	67,000	.24
67,000	69,900	.16
69,900	72,850	.08
72,850	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC, line 15 is: at least:	but less than:	Enter this decimal amount on Schedule WFC, line 17:
—	\$64,800	.40
\$64,800	68,000	.36
68,000	71,250	.32
71,250	74,500	.24
74,500	77,750	.16
77,750	81,000	.08
81,000	—	.00

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

Child/provider relationship. Identify the relationship of the provider to the child using the relationship codes on page 35. If there is no relationship between the provider and the child, enter “N” for “none.”

Amount paid to provider. Qualifying child care expenses are those paid for your qualifying child for the primary purpose for you (and your spouse, if married) to work or attend school. You can claim this credit even if you pay your expenses with pre-tax dollars from an employer benefit plan such as a cafeteria plan or flexible spending arrangement. You must pay for the child care during 2005 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 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. He contributes \$4,000 pre-tax each year to a flexible spending arrangement (FSA) plan. Jeff’s employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff also paid \$1,000 with after-tax dollars. 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 qualifying child who attends a local academy. He pays \$750 per month for his child’s kindergarten and child care. Of that total, \$500 is the contract price for child care, and \$250 is 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 qualifying children. Of the \$600 per month, the state pays \$450, and Cate has a co-pay of \$150. Cate can only claim the amount she actually paid (\$150 per month).

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

- Canceled checks or money order stubs,
- Duplicate checks along with bank statements, and/or

- Signed receipts from the child care provider.

The department can ask for proof when your tax return is being processed 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 for care.*

Qualifying child information

Sched. WFC 10–14

Enter the full name of each qualifying child, the child’s Social Security number, date of

birth, and relationship to you using the codes shown on page 35.

Enter the portion of expenses you listed in the child care provider section that apply to each child. The amounts shown on line 9 and line 14 should always be the same.

Example 6: Bill paid two child care providers \$5,000 during the year for his two qualifying children, Joe and Lane. 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 15

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 15.

Sched. WFC 16

Enter the total qualifying expenses from Schedule WFC, line 9, on Schedule WFC, line 16, and Form 40S, line 21b; or Form 40, line 45b.

Sched. WFC 17

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

For example, if your household size is three, use Table 3 to find the percentage you need to apply to your qualifying expenses. Enter that percentage on Schedule WFC, line 17.

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
- Oregon Amended Schedule 150-101-061
- 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, FIA-40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents* 150-101-161

Publications

- 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



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from an Oregon prefix..... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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 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



OREGON 2005 PART-YEAR RESIDENT NONRESIDENT

PERSONAL INCOME TAX FORMS 40N AND 40P WITH INSTRUCTIONS

Services paid for with Oregon income taxes



Education **55%**
K-12 System, Community
Colleges, Higher Education

Human Services **23%**
Child Protective Services,
Medicaid, Senior Services

Public Safety **17%**
Police, Courts,
Jails, Prisons

Other Services **5%**
Forestry Services, Agriculture,
Public Transportation, Libraries

Percentages are projected for the 2005-07 biennium



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

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of Revenue

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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. Download the publication *Electronic Filing for Oregon* from our Web site or to order it, see page 40.



New information

Sales tax deduction. Oregon does not allow sales tax as an itemized deduction. Any sales tax deducted on federal Schedule A must be subtracted from the itemized deductions you claim on your Oregon return. See page 24.

Federal law. Oregon is tied to the federal definition of taxable income.* Oregon will automatically adopt any future federal law changes to the definition of taxable income. This tie is also retroactive to tax years 2003 and 2004. You may amend your 2003 and 2004 Oregon tax returns for any changes that result from the retroactive tie.

* There is one exception to the federal tie. The domestic production activities deduction from the federal return is not

allowed on the Oregon return. If you claimed this deduction on your federal return, you will have an addition on your Oregon tax return. See page 20.

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$4,500 (\$2,250 married filing separately). See page 25.

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

Filing extension. You can now use Form 40-EXT to obtain an automatic six-month extension of time to file your 2005 Oregon return. See page 13.

Important reminders

Credit card payments. The department accepts credit card payments for 2005 current year tax balances due, 2006 estimated taxes, and any prior year tax. See page 31.

Direct debit. Oregon does not allow electronic funds withdrawal (direct debit) from your checking or savings account to pay your Oregon tax. The Internal Revenue Service allows direct debit payment as an

option to pay your federal tax, but this method is not available to pay your Oregon tax. If you have any questions, please call us.

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. If the bank rejects your direct deposit, we will issue you a paper check. See page 33.

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

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	\$1,770
	65 or over	\$2,970
Married, joint return	Both under 65	\$3,545
	One 65 or over	\$4,545
	Both 65 or over	\$5,545
Married, separate return <i>If spouse claims standard deduction</i>	Under 65	\$1,770
	65 or over	\$2,770
<i>If spouse itemizes deductions</i>	Any	\$0
Head of household	Under 65	\$2,855
	65 or over	\$4,055
Qualifying widow(er)	Under 65	\$3,545
	65 or over	\$4,545

* 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:

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

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 138 days in Oregon and 92 days from her home in Idaho. She received 14 days vacation pay, eight 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	(14)
Sick days	(8)
Holidays	(8)
Total days worked everywhere	230

$$\frac{\text{Days actually worked in Oregon (138)}}{\text{Days actually worked everywhere (230)}} \times \frac{\$50,000}{\text{(Total wages)}} = \$30,000$$

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—income (losses).
- Unemployment compensation received because of an Oregon job.
- Severance pay received because of an Oregon job.
- Oregon farm income (losses).
- Oregon estate and trust income (losses).
- Sale of Oregon property income (losses).
- 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. Download the publication *Amtrak Act (Interstate Transportation Wages)* from our Web site 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, nonresident, or 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 2005 or if you are a nonresident alien, as defined by federal law.

- **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 2005. 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. If you are an Oregon resident and you meet **all** of the following conditions, you are considered a nonresident for tax purposes.

- 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 2005, and
- You spent less than 31 days in Oregon during 2005.

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,

Instructions continued on page 13

Amended Return
2005 **OREGON** Form **40N**
INDIVIDUAL INCOME TAX RETURN
FOR NONRESIDENTS

For office use only
 Oregon resident: From mm / dd / yyyy To mm / dd / yyyy Fiscal year ending K F P Q R

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 Total
 6b Spouse.....Regular Severely disabled b
 6c All dependents First names c
 6d **Disabled** First names d
 children only **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 filed federal Form 8886
 7d You filed an Oregon Form 24

		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 28 and 32.....	22	.00		.00
	23 Education deductions from federal Form 1040, lines 23, 33, and 34	23	.00		.00
	24 Moving expenses from federal Form 1040, line 26	24	.00		.00
	25 Deduction for self-employment tax from federal Form 1040, line 27	25	.00		.00
	26 Self-employed health insurance deduction from federal Form 1040, line 29	26	.00		.00
	27 Alimony paid from federal Form 1040, line 31a.....	27	.00		.00
	28 Other adjustments to income. Identify: 28a <input type="checkbox"/> 28b <input type="checkbox"/>	28	.00		.00
	29 Total adjustments to income. Add lines 22 through 28	• 29a	.00	• 29b	.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	
32 Federal election on interest and dividends of a minor child		• 32	.00		.00
33 Other additions. •33a <input type="checkbox"/> •33b \$ <input type="checkbox"/> •33c <input type="checkbox"/> •33d \$ <input type="checkbox"/>		• 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, or 1040NR. 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
--	--

		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. •38c <input type="text"/> •38d \$ <input type="text"/> •38e <input type="text"/> •38f \$ <input type="text"/> •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 <input type="text"/> %				
DEDUCTIONS AND MODIFICATIONS					
41	Itemized deductions from federal Schedule A, line 28	• 41	.00	} EITHER, NOT BOTH	
42	State income tax or sales tax claimed as itemized deduction	• 42	.00		
43	Net Oregon itemized deductions. Line 41 minus line 42	• 43	.00		
44	Standard deduction from page 24	• 44	.00		
45	2005 federal tax liability (\$0–\$4,500 ; see instructions for the correct amount) ...	• 45	.00		
46	Other deductions and modifications. Identify: 46a <input type="text"/> 46b <input type="text"/>	• 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. See pages 26 and 27 for instructions. Enter tax here	• 51	.00		
Check if tax is from: <input type="checkbox"/> Form FIA-40N or <input type="checkbox"/> Worksheet FCG					
52	Interest on certain installment sales.....	• 52	.00		
53	Total tax. Add lines 51 and 52			OREGON TAX → • 53	.00
CREDITS					
54	Exemption credit. Line 6e × \$154 × Oregon percentage from line 40	• 54	.00	} ADD TOGETHER	
55	Earned income credit. See instructions, page 27.....	• 55	.00		
56	Child and dependent care credit. See instructions, page 28.....	• 56	.00		
57	Credit for income taxes paid to another state. State: •57a <input type="text"/> Attach proof • 57	• 57	.00		
58	Other credits. •58a <input type="text"/> •58b \$ <input type="text"/> •58c <input type="text"/> •58d \$ <input type="text"/>	• 58	.00		
59	Total credits. Add lines 54 through 58	• 59			.00
60	Net income tax. Line 53 minus line 59. If line 59 is more than line 53, fill in -0-.....	• 60			.00
PAYMENTS, PENALTY, AND INTEREST					
61	Oregon income tax withheld from income. Attach Forms W-2 and 1099	• 61	.00	} ADD TOGETHER	
62	Estimated tax payments for 2005 and payments made with your extension	• 62	.00		
63	Working family child care credit from WFC-N/P, line 21... CREDIT AMOUNT →	• 63	.00		
Attach Schedule WFC-N/P if you claim this credit					
64	Total payments. Add lines 61, 62, and 63	• 64			.00
65	Overpayment. Is line 60 less than line 64? If so, line 64 minus line 60	OVERPAYMENT → • 65			.00
66	Tax to pay. Is line 60 more than line 64? If so, line 60 minus line 64.....	TAX TO PAY → • 66			.00
67	Penalty and interest for filing or paying late. See instructions, page 30.....	67	.00	} ADD TOGETHER	
68	Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	• 68	.00		
Exception # from Form 10, line 1 •68a <input type="text"/>					
69	Total penalty and interest due. Add lines 67 and 68.....	• 69			.00
70	Amount you owe. Line 66 plus line 69	AMOUNT YOU OWE → • 70			.00
71	Refund. Is line 65 more than line 69? If so, line 65 minus line 69	REFUND → • 71			.00
72	Estimated tax. Fill in the part of line 71 you want applied to 2006 estimated tax....	• 72	.00	} These will reduce your refund	
73	Oregon Nongame Wildlife \$1 \$5 \$10..... Other \$	• 73	.00		
74	Child Abuse Prevention..... \$1 \$5 \$10..... Other \$	• 74	.00		
75	Alzheimer's Disease Research \$1 \$5 \$10..... Other \$	• 75	.00		
76	Stop Domestic & Sexual Violence... \$1 \$5 \$10..... Other \$	• 76	.00		
77	AIDS/HIV Education and Services ... \$1 \$5 \$10..... Other \$	• 77	.00		
78	Other charity. Code •78a <input type="text"/> \$1 \$5 \$10..... Other \$	• 78	.00		
79	Total. Add lines 72 through 78. Total can't be more than your refund on line 71	• 79			.00
80	NET REFUND. Line 71 minus line 79. This is your net refund.....	NET REFUND → • 80			.00
DIRECT DEPOSIT					
81	For direct deposit of your refund, see the instructions on page 33. • 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 X	Date	Signature of preparer other than taxpayer X	• License No.
Spouse's signature (if filing jointly, BOTH must sign) X	Date	Address	Telephone No.

Amended Return OREGON Individual Income Tax Return Form 40P FOR PART-YEAR RESIDENTS 2005

For office use only K F P Q R

Oregon resident: From mm dd yyyy To mm dd yyyy Fiscal year ending 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 6b Spouse.....Regular Severely disabled 6c All dependents First names c 6d Disabled children only d 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 filed federal Form 8886 7d You filed an Oregon Form 24

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

Attach a copy of your federal Form 1040, 1040A, 1040EZ, or 1040NR. 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

		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. •38c <input type="checkbox"/> •38d \$ <input type="checkbox"/> •38e <input type="checkbox"/> •38f \$ <input type="checkbox"/> •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 <input type="checkbox"/> %			
	41 Amount from line 39a (federal amount).....			41 <input type="checkbox"/> .00
DEDUCTIONS AND MODIFICATIONS	42 Itemized deductions from federal Schedule A, line 28.....	42	.00	} EITHER, NOT BOTH
	43 State income tax or sales tax claimed as itemized deduction.....	43	.00	
	44 Net Oregon itemized deductions. Line 42 minus line 43.....	44	.00	
	45 Standard deduction from page 24.....	45	.00	
	46 2005 federal tax liability (\$0–\$4,500; see instructions for the correct amount) ...	46	.00	
	47 Other deductions and modifications. Identify: 47a <input type="checkbox"/> 47b <input type="checkbox"/>	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, pages 26–27)..... 50 <input type="checkbox"/>		.00	
	51 Oregon income tax. Line 50 × Oregon percentage from line 40.....	51		.00
	Check if tax is from: • <input type="checkbox"/> Form FIA-40P or • <input type="checkbox"/> Worksheet FCG			
	52 Interest on certain installment sales.....	52		.00
	53 Total tax. Add lines 51 and 52.....			OREGON TAX → • 53 <input type="checkbox"/> .00
CREDITS	54 Exemption credit. Line 6e × \$154 × Oregon percentage from line 40.....	54	.00	} ADD TOGETHER
	55 Earned income credit. See instructions, page 27.....	55	.00	
	56 Child and dependent care credit. See instructions, page 28.....	56	.00	
	57 Credit for income taxes paid to another state. State: •57a <input type="checkbox"/> Attach proof • 57	57	.00	
	58 Other credits. •58a <input type="checkbox"/> •58b \$ <input type="checkbox"/> •58c <input type="checkbox"/> •58d \$ <input type="checkbox"/>	58	.00	
	59 Total credits. Add lines 54 through 58.....	• 59		.00
	60 Net income tax. Line 53 minus line 59. If line 59 is more than line 53, fill in -0.....	• 60		.00
PAYMENTS, PENALTY, AND INTEREST	61 Oregon income tax withheld from income. Attach Forms W-2 and 1099	61	.00	} ADD TOGETHER
	62 Estimated tax payments for 2005 and payments made with your extension.....	62	.00	
	63 Working family child care credit from WFC-N/P, line 21... CREDIT AMOUNT →	63	.00	
	Number from WFC-N/P, line 5 •63a <input type="checkbox"/> Amount from WFC-N/P, line 18 •63b \$ <input type="checkbox"/>			
	64 Total payments. Add lines 61, 62, and 63.....	• 64		.00
	65 Overpayment. Is line 60 less than line 64? If so, line 64 minus line 60.....	OVERPAYMENT →		• 65 <input type="checkbox"/> .00
	66 Tax to pay. Is line 60 more than line 64? If so, line 60 minus line 64.....	TAX TO PAY →		• 66 <input type="checkbox"/> .00
	67 Penalty and interest for filing or paying late. See instructions, page 30.....	67	.00	} ADD TOGETHER
	68 Interest on estimated tax underpayment. Attach Form 10 and check box → <input type="checkbox"/>	68	.00	
	Exception # from Form 10, line 1 •68a <input type="checkbox"/>			
	69 Total penalty and interest due. Add lines 67 and 68.....	• 69		.00
	70 Amount you owe. Line 66 plus line 69.....	AMOUNT YOU OWE →		• 70 <input type="checkbox"/> .00
	71 Refund. Is line 65 more than line 69? If so, line 65 minus line 69.....	REFUND →		• 71 <input type="checkbox"/> .00
	72 Estimated tax. Fill in the part of line 71 you want applied to 2006 estimated tax....	72	.00	} These will reduce your refund
	73 Oregon Nongame Wildlife..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	73	.00	
	74 Child Abuse Prevention..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	74	.00	
	75 Alzheimer's Disease Research..... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	75	.00	
	76 Stop Domestic & Sexual Violence... <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	76	.00	
	77 AIDS/HIV Education and Services .. <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	77	.00	
	78 Other charity. Code •78a <input type="checkbox"/> <input type="checkbox"/> \$1 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10.... <input type="checkbox"/> Other \$.....	78	.00	
	79 Total. Add lines 72 through 78. Total can't be more than your refund on line 71.....	• 79		.00
	80 NET REFUND. Line 71 minus line 79. This is your net refund.....	NET REFUND →		• 80 <input type="checkbox"/> .00
DIRECT DEPOSIT	81 For direct deposit of your refund, see the instructions on page 33.			• Type of Account: <input type="checkbox"/> Checking or <input type="checkbox"/> Savings
	• Routing No. <input type="checkbox"/>			• Account No. <input type="checkbox"/>

CHARITABLE CHECKOFFS PAGE 31
I want to donate part of my tax refund to the following fund(s).

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 <input checked="" type="checkbox"/>	Date	Signature of preparer other than taxpayer <input checked="" type="checkbox"/>	License No.
Spouse's signature (if filing jointly, BOTH must sign) <input checked="" type="checkbox"/>	Date	Address _____	Telephone No. _____

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? Download the publication *Married Persons Filing Separate Returns* from our Web site 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 page 4. File Form 40 from the *Full-Year Resident* tax booklet if you don't meet the listed requirements.

Need more information? Download the publication *Military Personnel Filing Information* from our Web site 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. If a return must be filed, please check the "deceased" box.

If you are filing a return and claiming a refund for someone who is now deceased and there is no court-appointed or certified personal representative, 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. Download the form from our Web site or contact us to order it.

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 this page, 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 and libraries in Oregon and southwest Washington. To order Forms 40 and 40S and instructions, see page 40.

When should I file my return?

The filing deadline for calendar year 2005 is **April 17, 2006**. If you cannot pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty.

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?

Request an extension of time to file your return. Complete an Oregon extension form, Form 40-EXT, **if:**

- You are making a tax payment to Oregon and you cannot file your Oregon return by April 17, 2006, or
- You are filing an extension for Oregon only.

If you received a federal extension **and** you are expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow you the same extension. Be sure to check the extension box (box 7b) on your Oregon return when you file. Do not attach a copy of your federal extension to your Oregon return. Keep a copy of your federal extension with your records.

If you need to complete Form 40-EXT, download the form from our Web site or to order it, see page 40.

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 17, 2006, until the date of your pay-

ment. The 2006 interest rate is 7 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 11 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 2005 federal return and pay your 2005 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.**

Penalties

You will owe a 5 percent late-payment penalty on any 2005 tax not paid by April 17, 2006.

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 a penalty. For line 67 instructions, see page 30.

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 due date.

For line 68 instructions, see page 30.

2006 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2006 Oregon individual income tax return.

Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to decide if you need to make estimated tax payments for 2006.

Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2006 Oregon income tax return after credits and withholding must make estimated payments. You may also 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 of less than \$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 2006 return. You may want to increase the amount your employer withholds from your Oregon wages. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site or contact us to order it.

When do I pay?

The due dates are April 17, 2006;* June 15, 2006; September 15, 2006; and January 16, 2007.

If paying with a check or money order, send your payment with Form 40-ESV, *Oregon Estimated Income Tax Payment Voucher*. Download the publication from our Web site or to order it, see page 40.

* Please send your 2006 estimated tax payment and Oregon Form 40-ESV in a separate envelope from your 2005 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 contact us to order them.

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 confidential information without your permission 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 7–12 business days
- Mail return (before April 1) 6–8 weeks
- Mail return (on or after April 1) 8–11 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 file your return, let us know your new address. Download a change of address

form from our Web site or contact us. Remember to file a change of address form with 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.
- All original 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.

Download the publication *Record-Keeping Requirements* from our Web site or to order it, see page 40.

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

File an amended return. Use Form 40N or Form 40P to change (amend) your 2005 return, and check the amended return box in the upper left hand corner of the form. You must also complete and attach the *Oregon Amended Schedule* to your 2005 amended return. Download the schedule from our Web site or to order it, see page 40.

Generally, you are allowed three years from the due date of the return to file an amended return to claim a refund. If you need assistance, please contact us.

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

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

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 source 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 to your Oregon tax return. **Do not attach any federal schedules.** We may ask for copies of schedules or additional information later.

Step 3: Start the Oregon form

Residency

Enter the dates you were an Oregon resident during 2005. For example, "01/01/2005 to 04/15/2005," or "03/01/2005 to 12/31/2005."

Fiscal year filers

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

Name and address

Please type or clearly print your name, Social Security number, date of birth, address, and telephone number on your return. If the taxpayer died in 2005 or 2006, check the "deceased" box next to their name.

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 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. **Write "ITIN applied for" on the top of your Oregon return** and file the return by April 17, 2006. 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, "09/22/1976."

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 a person who qualifies you for head of household filing status next to box 4. Please enter only one name.

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, use this formula to determine your percentage:

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

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

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

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

Download the publication *Married Persons Filing Separate Returns* from our Web site 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 2005? 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 eye-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. For more information, please contact us.

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 are on your federal return.

6d **Children 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 2005, **and**
- Was considered to have a disability as of December 31, 2005 under the federal Individuals with Disabilities Education Act, **and**
- Was eligible for "early intervention services," **or**
- Received special education as defined by a state board of education. 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.

Note: Learning disabilities or communication disorders alone don't qualify.

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

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

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Disabled children only." 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 blind on December 31, 2005. 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 **Federal Form 8886.** If you filed federal Form 8886, *Reportable Transaction Disclosure Statement*, check box 7c.

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 the form from our Web site or to order it, see page 40.

Step 4: Line instructions

The following instructions are for Form 40N or 40P, lines 8–81, if not fully explained on the form.

Amended return. If you are amending your 2005 return, check the amended return box in the upper left hand corner of Form 40N or Form 40P.

Do not fill in cents. You **must** round off cents to the nearest whole dollar. For example, \$99.49 becomes \$99 and \$99.50 becomes \$100.

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

Federal column instructions, lines 8–30

The first column is labeled "Federal column." For lines 8–30 of the federal column, fill in the same amounts you reported on your federal return.

Line 30a, "Income after adjustments," must match your 2005 federal adjusted gross income from federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; or Form 1040NR, line 35. If it does not match, please check that you transferred your federal figures correctly. If you need help, please contact us.

Oregon column instructions, lines 8–30

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:

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

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. Download the publication *Amtrak Act (Interstate Transportation Wages)* from our Web site 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 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 any dividend income included on your federal return 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 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 and capital gain distributions from Oregon sources. Add 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 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 you received while 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. If so, please contact us.

17 Pensions and annuities. In the Oregon column, report the amount of taxable pensions and annuities (including federal pensions) you received while 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 tests for special case Oregon resident or Oregon resident living abroad. 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 get a federal pension, you may qualify for a subtraction on line 38. See page 21. If you need help, please contact us.

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 the amount received during the part of the year you were an Oregon resident. Partners and S corporation shareholders may need more information. If so, please contact us.

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 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 all payments received from the Oregon Lottery in the Oregon column. 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 23.

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 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. The following instructions will 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. For the part of the year you were a nonresident, determine the amount of qualified educator expenses you paid while working in an Oregon elementary or secondary school. Add the qualified educator expenses you paid during the part of the year you were an Oregon resident. Enter the lesser of the result or the amount

deducted on your federal return, but no more than \$250 (no more than \$500 if you and your spouse are filing jointly and both of you were eligible educators).

- **Student loan interest deduction** from federal Form 1040, line 33; or Form 1040A, line 18.

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

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

Add 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 34; or Form 1040A, line 19.

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

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

Add 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.

Note: If you were not allowed a federal tuition and fees deduction because you claimed the federal credit, do not claim a deduction on line 23. You may be entitled to a subtraction on line 38. See page 23.

Add your educator expenses deduction, student loan interest deduction, and tuition and fees deduction. Enter the total on line 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, 2005, to begin work in Washington. She paid her moving expenses on June 30, 2005. 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 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 to your former spouse is taxable (for federal purposes). 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. Please identify the other adjustment(s) using the numeric code shown in brackets. For example, if for Oregon purposes you are claiming a \$500 health savings account deduction, enter 003 on line 28a and \$500 in the Oregon column of line 28. If you are claiming two adjustments, enter the second numeric code on line 28b and enter the total of both adjustments in the Oregon column of line 28. If you are claiming more than two "other adjustments," attach a statement to your return that identifies the adjustments.

- 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 25 [code 003].
- Penalty on early withdrawal of savings from federal Form 1040, line 30 [code 004].

- Any other adjustment to income reported on federal Form 1040, line 36 [code 005].
- Domestic production activities deduction from federal Form 1040, line 35 [code 006].

Did you claim a domestic production activities deduction on your federal return? If so, you will have an addition on your Oregon return. Oregon does not allow this deduction. See line 33 instructions below.

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 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 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 the amount subject to the special federal tax to Oregon income.

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 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 your child received while an Oregon resident from state and local governments other than Oregon.

33 Other additions. You may need to report one or more other additions explained here. Please identify the addition(s) using the numeric code shown in brackets. Enter the numeric code on line 33a and the amount on line 33b. For example, if you are reporting a \$1,000 addition for a depreciation difference for Oregon, enter 101 on line 33a and \$1,000 on line 33b. If you are reporting two additions, enter the second numeric code on line 33c and the amount on line 33d. If you are claiming more than two, attach a statement to your return that identifies the "other additions" and the dollar amounts. 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 to complete two depreciation 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 more information, please contact us.
 - Claim of right income repayments [code 103].
 - Disposition of inherited Oregon farmland or forestland [code 106].
 - Domestic production activities deduction (QPAI) [code 102].
 - Fiduciary adjustments [code 100].
 - Accumulation distribution from a trust.
 - Federal estate tax on income in respect of a decedent.
 - Fiduciary adjustments from Oregon estates and trusts.
 - Individual Development Account [code 113].
 - Lump-sum distributions from a qualified retirement plan [code 115].
 - Non-Oregon source net operating loss [code 116].
 - Non-qualified withdrawal from an Oregon 529 College Savings Network account [code 117].
 - Passive activity losses [code 120].
 - Itemized or business deduction addback for Oregon credits [code 104].
 - Child Care Fund contributions.
 - Long-term care insurance premiums.
 - Oregon Cultural Trust.
 - 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 in this section. Please identify the subtraction(s) using the numeric code shown in brackets. Enter the numeric code on line 38c and the amount on line 38d. For example, if you are claiming a \$2,000 military pay subtraction, enter 319 on line 38c and \$2,000 on line 38d. If you are claiming two subtractions, enter the second numeric code on line 38e and the amount on line 38f. If you are claiming more than two, attach a statement

to your return that identifies the “other subtractions” and the dollar amounts. Fill in the total amount of “other subtractions” on lines 38a and 38b.

- **Claim of right income repayments [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. For more information, please contact us.
- **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 2005 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 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 determine the percentage, it will remain the same year to year.

Example: Delaney began working for the U.S. Forest Service May 27, 1971, and retired January 7, 2005. She worked 244 months before October 1, 1991, and a total of 403 months. Delaney moved to Oregon May 31, 2005. She can subtract 60.5 percent ($244 \div 403$) of her taxable federal pension included in the Oregon column. She will continue to subtract 60.5 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. Enter the percentage here. 2. _____

Worksheet continued on next page

3. Multiply line 1 by line 2. Enter here and on Form 40N or Form 40P, line 38a. 3. _____

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 Form 40P, line 38b. 6. _____

To avoid processing delays or adjustments, double-check that your pension income is 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. Download the publication *Interest and Dividends on U.S. Bonds and Notes* from our Web site or contact us to order it.
- 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, enter the 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 interest 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 with an open statute of limitation.

Federal column. Nonresidents—you may subtract all of your military pay from the wages you reported in the federal column on line 8.

Full-year and part-year residents—you may subtract the following from the wages you reported in the federal column on line 8:

- All military pay received during the part of the year you were a nonresident, and
- All active duty pay earned outside Oregon during the part of the year you were a resident, and
- Up to \$3,000 active duty pay earned in Oregon during the part of the year you were a resident.

If you are a member of the Oregon National Guard, you may be eligible for an additional active duty pay subtraction. See below.

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—you may subtract the following from the wages you reported in the Oregon column on line 8:

- All active duty pay earned outside Oregon during the part of the year you were a resident, and
- Up to \$3,000 active duty pay earned in Oregon during the part of the year you were a resident.

You may be eligible for an additional active duty pay subtraction if you meet **all** of the following conditions:

- You were an Oregon resident during any part of 2001 through 2005, and
- You served as a member of the Oregon National Guard under U.S. Code Title 32, and
- You were called to active duty status under U.S. Code Title 10, and
- You were stationed in Oregon.

If you meet **all** the conditions above, you may subtract all active duty pay you earned while you served under U.S. Code Title 10 in Oregon. You may subtract the amount from both the federal and Oregon columns. This subtraction is available for tax

years starting on or after January 1, 2001. You may amend your prior year tax returns to claim this subtraction. The period to amend your 2001 tax return is extended to July 1, 2006.

Note: Your 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 2005, 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 to an Oregon 529 College Savings Network account from both columns.

• **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, but does not include winnings from tribal gaming centers 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 2005. 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. 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 2005. 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.

Note: Are you claiming gambling losses as an itemized deduction? If so, you may need to reduce your deduction for the losses. See instructions for Form 40N, line 46; or Form 40P, line 47, page 26. If you need help, please contact us.

• **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 308].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you weren't allowed to deduct tuition and fees 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 2005, 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 if you hadn't 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 the amount of qualified education expenses you paid while an Oregon resident. Enter the smaller of the results 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. For more information, go to our Web site or contact us. Make the subtraction in **both** the federal and Oregon columns if you included the related income in both columns.

— American Indian [code 300].

— Basis adjustments [code 304].

- Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes.

- Construction worker and logger commuting expenses [code 303].
- Domestic partner benefits [code 305].
- Federal gain previously taxed by Oregon [code 306].
- Federal tax credits [code 308].
- Fiduciary adjustments from Oregon estates and trusts [code 310].
- Film production labor rebate [code 336].
- Hurricane Katrina Housing [code 337].
- Individual Development Account [code 314].
- Land donation to educational institutions [code 316].
- Net operating loss [code 321].
- Passive activity losses [code 326].
- Previously taxed IRA conversions [code 327].
- Public Safety Memorial Fund award [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-.**

	Line 39b	Line 39a	Oregon percentage 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 only. Use your federal adjusted gross income to figure the Schedule A limitations. Keep 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 or sales tax claimed as an itemized deduction.** Fill in the amount of **Oregon** state income tax or any state and local sales tax you claimed as an itemized deduction on federal Schedule A, line 5. Do not include local or county income 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 2005 net tax liability or the other state's 2005 tax claimed as an itemized deduction, whichever is less. For line 57 instructions, see page 28.

Did you limit itemized deductions on your federal return because your adjusted gross income (AGI) was more than \$145,950 (\$72,975 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. Download the publication *Itemized Deductions Limit* from our Web site 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	\$1,770
Married filing jointly	3,545
Married filing separately	
<i>If spouse claims standard deduction</i>	1,770
<i>If spouse claims itemized deductions....</i>	-0-
Head of household	2,855
Qualifying widow(er)	3,545

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?

If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$ 2,970
	2	4,170
Married filing jointly	1	4,545
	2	5,545
	3	6,545
	4	7,545
Married filing separately	1	2,770
	2	3,770
	3	4,770
	4	5,770
Head of household	1	4,055
	2	5,255
Qualifying widow(er)	1	4,545
	2	5,545

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 on page 24; 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. (See definition below.) | 1. _____ |
| 2. Additional \$250. | 2. <u>250</u> |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Minimum standard deduction. | 4. <u>800</u> |
| 5. Enter the larger of line 3 or line 4. | 5. _____ |
| 6. Basic standard deduction for single. | 6. <u>1,770</u> |
| 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. _____ |

Earned income is salaries, wages, tips, professional fees, or other amounts received as pay for work you actually perform, and any part of a scholarship or fellowship grant that you must include in your gross income.

Standard deduction—Nonresident aliens. The standard deduction for nonresident aliens, as defined by federal law is -0-.



2005 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 \$4,500. Don't fill in less than -0- or more than \$4,500 (\$2,250 if married filing separately).

- | | |
|--|----------|
| 1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 36; Form 1040EZ, line 10; or Form 1040NR, line 52. | 1. _____ |
|--|----------|

- | | |
|---|----------|
| 2. Enter your tax on qualified retirement plans, Form 1040, line 60; or Form 1040NR, line 55, the recapture taxes you included on the dotted line of Form 1040, line 63; or Form 1040NR, line 58; and the amount on Form 1040NR, line 53. | 2. _____ |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Enter \$4,500 (\$2,250 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. _____ |

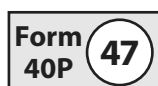
Caution: Don't include any of the following on line 2 above.

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

If you are 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 \$2,250.

Are you amending your 2005 return? If so, see the *Oregon Amended Schedule* instructions for more information on your federal tax subtraction.

Did you pay additional federal tax in 2005 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 using the numeric code shown in brackets. For example, if you are reporting a foreign tax deduction, enter 603 on Form 40N, line 46a; or Form 40P, line 47a. If you have more than one, enter the second numeric code on Form 40N, line 46b; or Form 40P, line 47b. If you have more than two, attach a statement to your return that identifies the deductions or modifications. 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 2005 because you were audited or 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 2005 because you were audited or 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 \$4,500 (\$2,250 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 2005? 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).

For more information, visit our Web site or contact us.

- **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, 2005? 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].** Download the publication *Artist's Charitable Contribution Subtraction* from our Web site or contact us to order it. 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. Download the publication *Artist's Charitable Contribution Subtraction* from our Web site or contact us to order it.

2005 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 \$2,650.....	5% of taxable income
Over \$2,650 but not over \$6,650	\$133 plus 7% of the excess over \$2,650
Over \$6,650.....	\$413 plus 9% of the excess over \$6,650

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 \$5,300.....	5% of taxable income
Over \$5,300 but not over \$13,300	\$265 plus 7% of the excess over \$5,300
Over \$13,300.....	\$825 plus 9% of the excess over \$13,300

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. Go to the tax rate charts on page 26. Fill in your tax amount on Form 40N, line 51; or Form 40P, line 50. Please double-check the tax you figured. **Form 40P filers only**—If you qualify to compute your Oregon tax using the farm income averaging method or the farm asset capital gain method, do not enter an amount on line 50. Please go to Form 40P, line 51 instructions.

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	- 13,300
	16,200
Multiply by 9%	× .09
	1,458
Then add	+ 825
Their Oregon tax is	\$2,283

Form
40N **51**

Form
40P **51**

Tax from farm income averaging method or farm asset capital gain method.

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. Download the form from our Web site or to order it, 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 51.
2. Check the box labeled "Form FIA-40N" or "Form FIA-40P."
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 where 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. Download the worksheet from our Web site or contact us to order it.

Nonresidents. Enter the tax amount from Worksheet FCG, line 7, on Form 40N, line 51. **Check the box labeled "Worksheet FCG."** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

Part-year residents. Enter the tax amount from Worksheet FCG, line 8, on Form 40P, line 51. **Check the box labeled "Worksheet FCG."** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

52 Interest on certain installment sales. Did you have installment sales that required you 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 2005 is 5 percent per year (0.417 percent per month).

Nonresidents. Use only those installment obligations from dispositions of Oregon property while you were a nonresident of Oregon.

Credits

Generally, credits cannot be more than your Oregon tax liability. 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. 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.

55 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 1040, line 66a; Form 1040A, line 41a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5% (.05). Enter the result here. 2. _____

3. Multiply line 2 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 55. 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.

56 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. 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 43; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
—	\$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 by the decimal 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 56. 4. _____

Did you pay 2004 child care expenses in 2005? If so, multiply your 2004 expenses that you paid in 2005 that are included in the computation of your federal credit by the decimal amount that applies to your 2004 federal taxable income.

Multiply this amount by the Oregon percentage from your 2004 return. Enter the result on Form 40N or Form 40P, line 56. If you need help, please contact us.

Carryforward. Your total 2005 child and dependent care credit can't be more than your 2005 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 page 29.

57 Credit for income taxes paid to another state.

If you paid 2005 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. Download the publication *Credit for Income Taxes Paid to Another State* from our Web site or to order it, see page 40.

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

- The other state's 2005 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 40N or Form 40P, line 57, and identify the other state on Form 40N or Form 40P, line 57a.

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 2005 net tax liability or the other state's 2005 tax claimed as an itemized deduction, whichever is less, on Form 40N, line 42; or Form 40P, line 43.

If the credit for income 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. For more information, please contact us.

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. For more information, please contact us.

58 Other credits. You may qualify for other credits explained below. Please identify the credit(s) using the numeric code shown in brackets. Enter the numeric code on line 58a and enter the amount on line 58b. For example, if you are claiming a \$50 political contribution credit, enter 723 on line 58a and enter \$50 on line 58b. If you are claiming two credits, enter the second numeric code on line 58c and enter the amount on line 58d. If you are claiming more than two, attach a statement to your return that identifies the "other credits" and the dollar amounts. Fill in the total amount of "other credits" on line 58.

• **Child and dependent care credit carry forward [code 704].** Fill in the amount of the carryover on Form 40N or Form 40P, line 58. 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 Form 1040, 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 2005 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.

Download the publication *Political Contributions Tax Credit* from our Web site or contact us to order it.

• **Retirement income [code 730].** If you were age 62 or older on December 31, 2005, 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.

Miscellaneous credits

• The following credits apply to only a few people. Some are prorated using your Oregon percentage and some are not. For more information, visit our Web site or contact us.

- Adoption expenses [code 700].*
- Advanced telecommunications facilities [code 701].*
- Bone marrow donation program [code 702].
- Business energy [code 703].
- Business tax credits from flow-through entity [code 736].
- Child Care Fund contributions [code 705].
- Claim of right income repayments [code 706].
- Crop donation [code 708].*
- Dependent care assistance by employers [code 707].
- Diesel engine replacement [code 734].*
- Electronic commerce zone investment [code 710].
- Employer scholarship [code 711].*
- Farmworker housing [code 712].*
- Film production development contributions [code 737].
- First Break Program [code 713].*
- Fish screening devices [code 714].*
- 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].
- Mutually taxed gain on the sale of residential property [code 720].
- 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

61 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 2006 wages for Oregon. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site or contact us to order it.

62 Estimated tax payments for 2005 and payments made with your extension. Fill in the total Oregon estimated tax payments you made before filing your 2005 Oregon return. Include any payments made with your Oregon extension. Also include any refund you applied to your 2005 estimated tax. If the department adjusted your applied refund, be sure to use the adjusted amount. If you need to verify your estimated payment amounts, please contact us.

63 Working family child care credit. This credit is available to low-income working families with **qualifying** child care expenses for a qualifying child under age 13 (or a child for whom you can claim the additional exemption credit for a child with a disability). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. To find out if you qualify, see page 35.

67 Penalty and interest for filing or paying late. Your return is due April 17, 2006, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your tax payment after April 17 (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 17, 2006, and

3. Pay the balance of tax due when you file your return 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 17, 2006, include interest on any unpaid tax. An interest period is each full month starting with the day after the due date. For example, April 18, 2006, through May 17, 2006, is an interest period. The 2006 interest rate is 7 percent per year (0.583 percent per month).

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

$$\text{Tax} \times .000192 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 11 percent per year.

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

68 Interest on estimated tax underpayment. For 2005, you will have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment due date.

You do not have an underpayment if:

- You owe less than \$1,000 tax on your 2005 tax return after credits, including your working family child care credit and Oregon tax withheld, or
- You did not have an underpayment for any 2005 estimated tax period.

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

On Form 40N or 40P, line 68, fill in the amount of interest due from Form 10 and check the box. If you meet an exception, enter the exception number on line 68a. Attach Form 10 to the back of your return.

70 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 "2005 Oregon Form 40N" or "2005 Oregon Form 40P" on your check.
- Please use **blue or black** ballpoint ink. Do not use gel ink or the color 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.

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

Children's Trust Fund of Oregon
1410 SW Morrison Street, Suite 501
Portland OR 97205

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

Layton Aging and Alzheimer's Disease Center
3181 SW Sam Jackson Park Road CR131
Portland OR 97239

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

OCADSV
380 SE Spokane Street, Suite 100
Portland OR 97202

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

The Research & Education Group
1650 NW Naito Parkway, Suite 185
Portland OR 97209-8428

78 Other charity. You may donate all or part of your refund to one of the following charities.

Enter the code of the charity on line 78a. **Enter only one code.** Check the box for the amount you want to donate and write it on line 78. Or, you can mail your donations to the addresses shown.

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

Habitat for Humanity of Oregon
3300 NW 185th, #214
Portland OR 97229

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

Oregon Head Start Association
221 B Street
Springfield OR 97477

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

American Diabetes Association
380 SE Spokane Street, Suite 110
Portland OR 97202

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

Oregon Coast Aquarium
2820 SE Ferry Slip Road
Newport OR 97365

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 and restore 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

Oregon Lions Sight & Hearing Foundation [code 14]. Your donation will fund sight and hearing assistance, and provide diabetes awareness for Oregonians.

Oregon Lions Sight & Hearing Foundation
1410 SW Morrison Street, Suite 760
Portland OR 97205

Shriners Hospitals for Children—Portland [code 15]. Your donation will help provide braces and artificial limbs for Oregon's children.

Shriners Hospitals for Children—Portland
3101 SW Sam Jackson Park Road
Portland OR 97239

Special Olympics Oregon [code 16]. Your donation will help provide life-changing services to thousands of Oregonians with intellectual disabilities.

Special Olympics Oregon
5901 SW Macadam, Suite 100
Portland OR 97239

Susan G. Komen Breast Cancer Foundation, Oregon & SW Washington [code 17]. Your donation funds critical breast cancer research, education, screening, and treatment.

Susan G. Komen Breast Cancer Foundation,
Oregon & SW Washington Affiliate
1400 SW 5th Avenue, Suite 530
Portland OR 97201

80 Net refund. You must **reduce your refund** by any amounts applied to 2006 estimated tax and donations on lines 73–78. **The department cannot issue a refund if your return is filed more than three years after the due date of the return.**

Direct deposit

81 If you want us to deposit your refund directly into your bank account instead of mailing you a check, follow the instructions below.

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, 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** 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 want 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 (Salem) for licensed tax consultants and licensed tax preparers.
- State Board of Accountancy at 503-378-4181 (Salem) 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, or 1040NR behind your Form 40N or Form 40P.

5. If applicable, place these items in the following order behind the federal form:

- Oregon Amended Schedule.
- Schedule WFC-N/P, Oregon Working Family Child Care Credit for Form 40N and Form 40P filers. See page 37.
- 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-40N, Oregon Farm Income Averaging for Nonresidents, or Form FIA-40P, Oregon Farm Income Averaging for Part-Year Residents.
- 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—2005 Form 40N” is printed at the top of the second page.

Do not attach extension requests, or any federal schedules. 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 “2005 Oregon Form 40N” or “2005 Oregon Form 40P” on your check. Be sure you also use the payment voucher, Form 40-V, 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. See page 40.

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 70 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 your 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

Schedule WFC Relationship Codes

Son..... S
 Daughter..... D
 Stepson SS
 Stepdaughter..... SD
 Grandchild GC
 Niece NC
 Nephew NW
 Brother.....SB
 Sister.....SB
 Legally adopted child.....LA

Eligible foster child.....EF
 Parent..... P
 Grandparent GP
 Aunt A
 Uncle U
 Cousin..... CS
 Sister-in-lawSL
 Brother-in-lawBL
 None..... N
 Other O

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 \$6,900 of earned income from Oregon sources, and
- You had \$2,700 or less 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 child, step child, grandchild, step grandchild, brother, sister, stepbrother, stepsister, nephew, niece, step nephew, step niece, eligible foster child, or adopted child who:
 - can be claimed as a dependent on your federal return, or

- could have been claimed on your return except, as the custodial parent, you released the exemption to the child's other parent under a decree of divorce or separate maintenance or written declaration such as federal Form 8332, and
- was under the age of 13, or
- was a child for whom you can claim the additional exemption credit for a child with a disability, and
- did not provide more than one-half of their own support during the year, and
- Your child care provider was not the child's parent or guardian, or your relative or step relative under age 19.

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2005, 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 37. Attach this schedule to your return.

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 are related to you by blood, marriage, or adoption and 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 2005. 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 63a.

Example 1: Rusty and Deb are not married and are the parents of two children. They maintain separate households and have joint custody of both children. The children live more than half the year with Deb. Even though they are Deb's qualifying children, 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. How-

ever, they must calculate household size separately. Deb's household size is three (herself, one dependent child whose exemption she claims, 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 did not live with him more than one-half of the year and is not included in his household size.

Example 2: Jay and Rena are married and 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 2005

Sched. WFC-N/P 6 - 9 **Provider's full name, address, and phone number.** 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 (FEIN), or individual taxpayer identification number (ITIN).

Child/provider relationship. Identify the relationship of the provider to the child using the relationship codes on page 34. If there is no relationship between the provider and the child, enter “N” for none.

Amount paid to provider. Qualifying child care expenses are those paid for your qualifying child primarily so that you (and your spouse, if married) can 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 2005 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 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. He contributes \$4,000 pre-tax each year to a flexible spending arrangement (FSA) plan. Jeff’s employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff also paid \$1,000 with after-tax dollars. 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 qualifying child who attends a local academy. He pays \$750 per month for his son’s kindergarten and child care. Of that total, \$500 is the contract price for child care, and \$250 for the child’s education. Lee can only claim \$500 per month as qualifying child care.

Example 5: Cate receives state assistance to pay her child care expenses. The child care provider charges Cate \$600 per month to care for her two qualifying children. Of the \$600 per month, the state pays \$450, and Cate has a co-pay of \$150. Cate can only claim the amount she actually paid (\$150 per month).

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

- Canceled checks or money order stubs, or
- Duplicate checks along with bank statements, and/or

- Signed receipts from the child care provider.

The department can ask for proof while processing 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 for the care.*

Qualifying child information

Sched. WFC-N/P 10 – 14

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 on page 34.

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 14 should always be the same.

Example 6: Bill paid two child care providers \$5,000 during the year for his two qualifying children, Joe and Lane. 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 15 – 17

You must know your federal and Oregon adjusted gross income (AGI) to compute this credit. Enter the larger of your federal AGI (Form 40N or Form 40P, line 30a) or your Oregon AGI (Form 40N or Form 40P, line 30b) on Schedule WFC-N/P, line 17.

Sched. WFC-N/P 18

Enter the total qualifying expenses from Schedule WFC-N/P, line 9, on Schedule WFC-N/P, line 18, and Form 40N or Form 40P, line 63b.

Sched. WFC-N/P 19

Use the table on the back of Schedule WFC-N/P (page 38) that matches your household size.

For example, if your household size is three, use Table 3 to find the percentage you should apply to your qualifying expenses. Enter that percentage on Schedule WFC-N/P, line 19.

Schedule Oregon Working Family Child Care Credit 2005

WFC-N/P for Form 40N and Form 40P Filers

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 2005, including exemptions released to you by your child's other parent, or who are not related by blood, marriage, or adoption 4
5. Household size. Line 3 minus line 4..... 5

FOR COMPUTER USE ONLY

Qualifying Child Care Expenses Paid in 2005. Enter the following information for each child care provider you paid in 2005.

6. Name _____	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
Address _____		(enter code)	
City, State, ZIP Code	Provider's Telephone No.		Amount Paid to Provider
	 6	\$ _____

7. Name _____	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
Address _____		(enter code)	
City, State, ZIP Code	Provider's Telephone No.		Amount Paid to Provider
	 7	\$ _____

8. Name _____	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
Address _____		(enter code)	
City, State, ZIP Code	Provider's Telephone No.		Amount Paid to Provider
	 8	\$ _____

9. Total qualifying child care expenses paid in 2005. Add amounts on lines 6 through 8 and enter the result here 9 \$

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. Total qualifying child care expenses. Add amounts on lines 10 through 13 and enter the result here..... 14				\$ _____

Computation of Credit

15. Enter your federal adjusted gross income (Form 40N or Form 40P, line 30a) 15
16. Enter your Oregon adjusted gross income (Form 40N or Form 40P, line 30b) 16
17. Enter the larger of line 15 or line 16 17
18. Enter the total qualifying child care expenses paid in 2005 from line 9 above 18
19. 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..... 19 x .
20. Multiply the amount on line 18 by the decimal amount on line 19 and enter here 20
21. Multiply line 20 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 63. This is your working family child care credit 21

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

Working Family Child Care Credit—2005 Tables

Table 1, household size = 1		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$19,150	.40
\$19,150	20,100	.36
20,100	21,050	.32
21,050	22,000	.24
22,000	22,950	.16
22,950	23,950	.08
23,950	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$25,650	.40
\$25,650	26,950	.36
26,950	28,250	.32
28,250	29,500	.24
29,500	30,800	.16
30,800	32,100	.08
32,100	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$32,200	.40
\$32,200	33,800	.36
33,800	35,400	.32
35,400	37,000	.24
37,000	38,600	.16
38,600	40,250	.08
40,250	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$38,700	.40
\$38,700	40,650	.36
40,650	42,550	.32
42,550	44,500	.24
44,500	46,450	.16
46,450	48,400	.08
48,400	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$45,200	.40
\$45,200	47,500	.36
47,500	49,750	.32
49,750	52,000	.24
52,000	54,250	.16
54,250	56,550	.08
56,550	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$51,750	.40
\$51,750	54,350	.36
54,350	56,900	.32
56,900	59,500	.24
59,500	62,100	.16
62,100	64,700	.08
64,700	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$58,250	.40
\$58,250	61,150	.36
61,150	64,100	.32
64,100	67,000	.24
67,000	69,900	.16
69,900	72,850	.08
72,850	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$64,800	.40
\$64,800	68,000	.36
68,000	71,250	.32
71,250	74,500	.24
74,500	77,750	.16
77,750	81,000	.08
81,000	—	.00

* If your household size is more than eight, 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	2005
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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 2005, including exemptions released to you by your child's other parent, or who are not related by blood, marriage, or adoption 4
5. Household size. Line 3 minus line 4..... 5

FOR COMPUTER USE ONLY

Qualifying Child Care Expenses Paid in 2005. Enter the following information for each child care provider you paid in 2005.

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
6. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No. _____		Amount Paid to Provider 6 \$ <input style="width: 100%;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
7. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No. _____		Amount Paid to Provider 7 \$ <input style="width: 100%;" type="text"/>

Provider's full name and complete address	Provider's SSN/FEIN/ITIN	Child/Provider Relationship	
8. Name _____ Address _____ City, State, ZIP Code _____	<input style="width: 100%;" type="text"/>	<input style="width: 40px;" type="text"/> (enter code)	
	Provider's Telephone No. _____		Amount Paid to Provider 8 \$ <input style="width: 100%;" type="text"/>

9. Total qualifying child care expenses paid in 2005. Add amounts on lines 6 through 8 and enter the result here 9 \$

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: 100%;" type="text"/>
11. _____				\$ <input style="width: 100%;" type="text"/>
12. _____				\$ <input style="width: 100%;" type="text"/>
13. _____				\$ <input style="width: 100%;" type="text"/>
14. Total qualifying child care expenses. Add amounts on lines 10 through 13 and enter the result here..... 14				\$ <input style="width: 100%;" type="text"/>

Computation of Credit

15. Enter your federal adjusted gross income (Form 40N or Form 40P, line 30a) 15
16. Enter your Oregon adjusted gross income (Form 40N or Form 40P, line 30b) 16
17. Enter the larger of line 15 or line 16 17
18. Enter the total qualifying child care expenses paid in 2005 from line 9 above 18
19. 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..... 19 x
20. Multiply the amount on line 18 by the decimal amount on line 19 and enter here 20
21. Multiply line 20 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 63. This is your working family child care credit 21

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

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
- Oregon Amended Schedule 150-101-061
- 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, FIA-40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents* 150-101-161

Publications

- 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

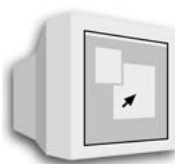
Send to: Forms, Oregon Department of Revenue
PO Box 14999, Salem OR 97309-0990

Please print

Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from an Oregon prefix..... **1-800-356-4222**

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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 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





Instructions for Amended Schedule

For Amending Oregon Individual Income Tax Returns

Use the amended schedule to calculate your additional refund or tax to pay on amended returns. Generally, you will use the same form and instructions you used to complete your original return to complete your amended return. Write “amended” in blue or black ink at the top of your amended Form 40S, Form 40, Form 40N, or Form 40P. Then use these instructions to complete the amended schedule.

Exceptions:

- Did you originally file Form 40S, but are changing to Form 40? If so, use Form 40 and instructions to complete your amended return.
- Are you changing your residency status (for example, from full-year resident to part-year resident)? If so, use the appropriate form for your corrected residency status.

Attach the amended schedule to your amended return.

Use Oregon Form 90R to file an amended return for an Elderly Rental Assistance (ERA) claim. You should:

- Request an ERA booklet for the year you are amending. To order a booklet, see page 3.
- 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. Your claim must be filed within three years from the due date of the return for the tax year when the loss occurred. The due date includes extensions.
- The Internal Revenue Service (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 and schedule 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 schedule 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?

Processing time for amended returns varies. If we receive your amended return and schedule 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 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.

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 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.

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 2006 for an audit adjustment on your 2005 income tax return. Amend your

2005 return but **do not** change the 2005 federal tax. Instead, subtract the additional 2005 federal tax on your 2006 return. See instructions in the 2006 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 2006 for amending your 2005 income tax return. Report the refund as an addition on your 2006 return. If you already filed your 2006 return, the year in which you received your refund, 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. If line 3 is greater than line 4, no adjustment is needed on your Oregon amended return. If line 4 is greater than line 3, enter the result of line 4 minus line 3 here and on your amended Form 40, as an addition (code 109); or on your amended Form 40N or Form 40P, as an other deduction and modification (code 601)..... 5. _____

How to fill out the amended schedule

Instructions are for lines not fully explained on the form.

Do not fill in cents. You **must** round off cents to the nearest dollar. For example, \$24.49 becomes \$24 and \$24.50 becomes \$25.

Tax

101. Amended net income tax. This is your amended tax after credits (not including the working family child care credit after 2003). If your credits are more than your tax, enter -0-.

Payments

102. Amended Oregon income tax withheld. If you are correcting the amount of state tax withheld from your wages, unemployment, or retirement you must attach a copy of any additional or corrected W-2 or 1099 forms.

103. Amended working family child care credit (tax years 2003 and later). If you are changing the amount of your working family child care credit, you must attach a copy of the corrected Schedule WFC or WFC-N/P.

104. Estimated tax payments. Fill in the amount of estimated tax payments credited to your original return.

105. Amount paid with original return and later. Fill in the amount of all **income tax** actually paid on your original Oregon return. Include payments made later or for any additional tax adjustments to your return. Don't include payments for:

- Penalty and interest, or
- Interest on the underpayment of estimated tax.

107. Income tax refunds received. Fill in the amount of any refund you received (or expect to receive) from your original Oregon return and any amended returns filed. Include refunds received from the working family child care credit 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.

Any refund due from your original return may be mailed separately. By law, the Oregon Department of Revenue cannot issue refunds or apply amounts less than \$1.

Refund or balance due

110. Amount of line 109 you want applied to your next year's estimated tax. If your refund on line 109 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.

111. Net refund. You must reduce your refund by any amounts applied to your estimated tax on line 110. If you would like your refund direct deposited, enter your account information on Form 40S, Form 40, Form 40N, or Form 40P. **Note:** Interest on underpayment of estimated tax for a prior year is not refundable. Do not include it as part of your refund.

113. Interest on additional tax to pay. 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 15, 2005	6%	.5000% (.005000)	.0164% (.000164)
January 16, 2005 to January 15, 2006	5%	.4167% (.004167)	.0137% (.000137)
January 16, 2006 to January 16, 2007	7%	.5833% (.005833)	.0192% (.000192)

Example: Dianna files an amended return for tax year 2001 on March 24, 2005. She pays additional tax of \$500 with her amended return. The following shows how she figures her interest:

Apr 16, 2002–Feb 15, 2003	= 10 mos.	x .006667	x \$500	= 33.34
Feb 16, 2003–Jan 15, 2004	= 11 mos.	x .005833	x \$500	= 32.08
Jan 16, 2004–Jan 15, 2005	= 12 mos.	x .005000	x \$500	= 30.00
Jan 16, 2005–Mar 15, 2005	= 2 mos.	x .004167	x \$500	= 4.17
Mar 16, 2005–Mar 24, 2005	= 9 days	x .000137	x \$500	= <u>.62</u>
Total interest due				<u><u>\$100.21</u></u>

Explanation of changes

Identify and provide a complete explanation of all amended items. Indicate the line number from the Form 40S, Form 40, Form 40N, or Form 40P for each change. If your filing status changed (for example, from single to head of household), explain why. Attach additional pages if you need more room to explain your changes.

Should I put my amended return together in a special order?

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

- Amended Form 40S, Form 40, Form 40N, or Form 40P.
- Staple Forms W-2 or 1099 to the front of your amended return if you are correcting income or Oregon withholding.
- Staple your check or money order and Form 40-V on top of your W-s and 1099 forms if you owe tax. For Form 40-V, see our Web site or contact us. See page 4.
- Place a copy of your Oregon amended schedule behind your amended return.
- If applicable, place these items in the following order behind your Oregon Amended Schedule:
 - A copy of your corrected federal return (1040A, 1040EZ, 1040P, or 1040N) and/or other state's amended return.
 - A copy of your federal and/or other state's audit report if your amended return is due to an audit.
 - Schedule WFC or WFC-N/P if you are correcting your working family credit.
 - Form FIA-40, FIA-40N, or FIA-40P.
- Staple all of the pages of your amended return together in the top left-hand corner.

Note: Do not attach a copy of your original Oregon return.

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
- Oregon Amended Schedule 150-101-061
- 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

Publications

- 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



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from Oregon prefix..... **1-800-356-4222**

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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 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

<h1 style="margin: 0;">OREGON AMENDED SCHEDULE</h1> <p style="margin: 0;">for Amending Individual Income Tax Returns</p> <p style="margin: 0;">TAX YEAR _____</p>	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.

Last name	First name and initial	Social Security number (SSN)
Spouse's last name, if different and joint return	Spouse's first name and initial, if joint return	Spouse's SSN if joint return
Current mailing address		
City	State	ZIP code
Telephone number ()		

Please read instructions

Round to the nearest dollar

101 Amended net income tax.....	• 101		.00
102 Amended Oregon income tax withheld	• 102	.00	
103 Amended working family child care credit (tax years 2003 and later)	• 103	.00	
104 Estimated tax payments	• 104	.00	
105 Amount paid with original return and later	• 105	.00	
106 Total payments (add lines 102–105)	• 106		.00
107 Income tax refunds received	• 107		.00
108 Net payments (line 106 minus line 107)	• 108		.00
109 Refund. If line 108 is more than line 101, you over paid. Line 108 minus line 101	• 109		.00
110 Amount of refund on line 109 you want applied to your 200 __ estimated tax.....	• 110		.00
111 NET REFUND. Line 109 minus line 110.....	• 111		.00
112 Additional tax to pay. If line 101 is more than line 108, you have tax to pay. Line 101 minus line 108.....	• 112		.00
113 Interest on additional tax to pay	113		.00
114 AMOUNT YOU OWE. Add lines 112 and 113. Pay in full with this return	114		.00

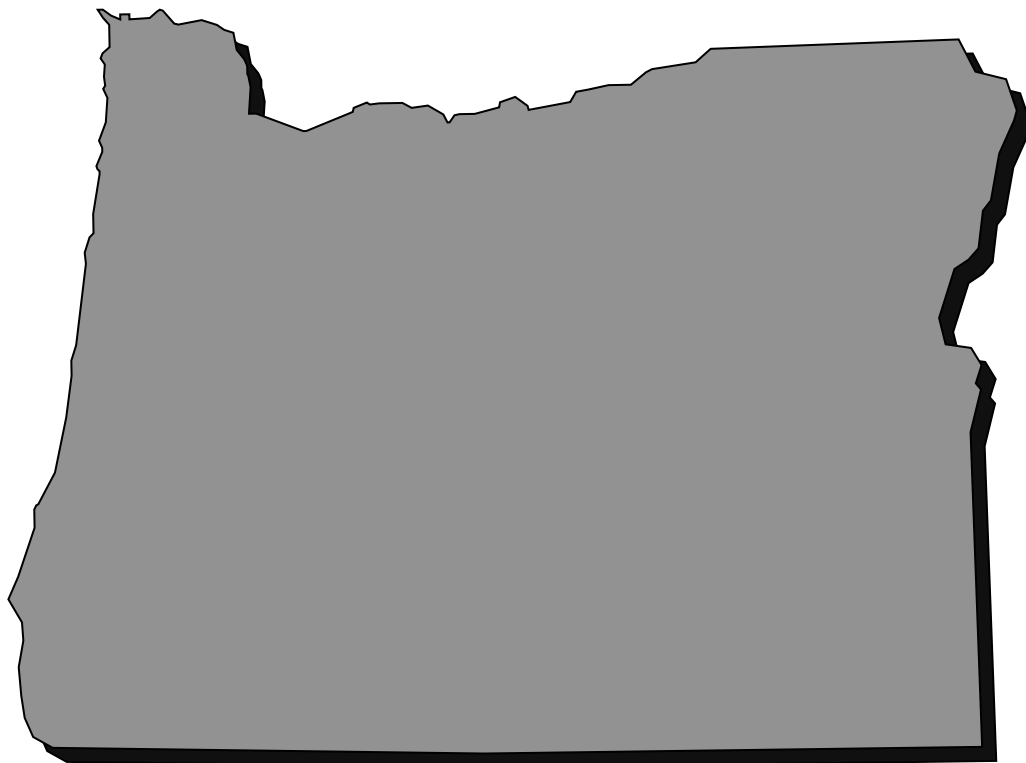
Explanation of adjustments made—Show the computations in detail. Additional space is available on the back if needed. Attach applicable schedules.

Amended returns may take six months or longer to process.

—Attach this schedule to your Oregon amended return—

OREGON

Application for Settlement Offer



955 Center Street NE
Salem OR 97301-2555
www.oregon.gov/DOR

General Information

Settlement offer policy statement

We will accept a settlement offer when the amount you owe cannot be collected in full and the amount you offer reflects collection potential. Your offer will be accepted or rejected based on our evaluation of your ability to pay and the costs of collection. The goal of a settlement offer is to achieve a settlement that is best for you and the department. Acceptance of an offer is intended to give you a fresh start. However, if you violate the terms of the offer, collection action can resume on the full amount you owe.

Introduction

Some taxpayers owe more taxes than they can ever pay. If you are in this situation, you can ask us to settle your tax debt for a lesser amount.

How do I file a settlement offer application?

Forms can be obtained by calling us or visiting any of our field offices. See page 5 for telephone numbers and addresses. To file an application, complete the entire form and return it to the address listed on the form. If you have been working with a department agent, your completed form should be sent to that agent.

Under what conditions will the department accept my offer?

The following conditions must be met:

- Your tax debt must be final. We may not act on liabilities that are at any stage of the appeals process.
- You must be able to show that you cannot dispose of assets or borrow against them to pay your tax debt.
- Your financial statement must show that you do not have enough monthly income to fully pay your tax debt.
- You must be in compliance with Oregon tax return filing requirements for all tax years and all tax programs.
- An amount equal to 5 percent of the total offer must be sent with the application. This nonrefundable payment must be in bankable funds (money order, cashier's check or cash). Cash payments should never be sent through the mail. In the event your offer is not approved, this payment will be applied to the amount you owe the department.

If you do not meet all of the above conditions, you do not qualify for a settlement offer. However, ORS 305.155 may allow the department to consider canceling all or part of your liability if, due to **exceptional**

circumstances, requiring full payment would cause an economic hardship.

How is my inability to pay in full determined?

We will look at property you own; past, present, and future earning potential; amounts you owe; your present life style; your ability to borrow; and any other factors that might be helpful in making a decision.

What happens after I file my application?

- **If your application is complete**, we usually will act on it within 30 days after receiving it. Incomplete and/or inaccurate applications can cause **delays or denial** of your offer.
- If collection action is already in progress, it will continue. This includes, but is not limited to, wage attachments, levies, and property seizures.
- You will receive a decision in writing.

What happens if my settlement offer is accepted?

- If we accept your settlement offer, the amount usually must be paid in full within 10 days. Payment must be in bankable funds (money orders, cashier's checks or cash).
- If you are unable to pay the entire amount within 10 days, you can ask for a payment plan. These plans are limited to six equal monthly payments. All payments must be made in bankable funds.
- When the full amount has been paid, we will issue satisfactions of all outstanding delinquent tax warrants.

What happens if my settlement offer is rejected?

- If we reject your settlement offer, we will tell you why in writing. We usually will mail you a letter within 30 days from the day we receive your application.
- There is no formal appeal process. However, you may file another application if you have additional information for us to consider.

After I have paid the settlement, am I done with this matter forever?

Most people are. However, if you fail to meet the terms and conditions of the agreement, we may resume collection action on the balance of your account.

Frequently Asked Questions

Do I need an accountant or an attorney to help me with the form?

You should be able to complete the form on your own. If you do need help, your assigned agent can answer your questions. However, if you choose to do so, you can ask for help from a tax representative.

Do I need to send any funds with my application?

Yes. Five percent of the offer amount must be sent with your application. This payment must be in the form of bankable funds (money order, cashier's check or cash). Cash should never be sent through the mail. Your payment will be applied to the amount you owe. This payment is not refundable. Please use the payment coupon found on page 5.

Who will review my application?

Your agent will review your application to see that it is complete and accurate. A review panel of department staff will approve or deny your offer.

Will collection activity stop during the process?

No. Collection action will continue until your offer is accepted.

If I have questions, who should I call?

You can call the revenue agent assigned to your case.

Is any other paperwork required other than the application form?

Yes, as indicated on the form itself. In certain cases, other documents may be required to help clarify entries on the form.

What if, after an offer is approved, my financial condition changes?

The terms of the offer will not be altered. However, if the change in your financial status is due to information you omitted or misstated on your application, you may be in default.

I know that I must file all returns for the next three years. I know that I also must stay current with any tax amounts I owe during this time. What if I file all my returns on time but I owe tax for one of the filing periods? Can I make payments on the amount due?

Any such tax amounts due must be paid in full within 90 days.

If my application is denied, can I submit another offer?

Yes. You may file another application, but we are unlikely to review a second application more favorably than the first unless your financial condition has worsened, or you are increasing the amount of your offer.

Can prior payments be part of my offer?

No. Prior payments will be credited toward what you owe. They will not be included as part of your offer. However, the 5 percent payment you send with your application is part of the total offer.

How long will it take to get a decision?

If your application is complete, we usually will act on it within 30 days from the day the application is received by the review panel.

When the process is complete, will liens recorded against my property be released?

Yes. When your application has been approved and the offer has been paid, your liens will be released.

Are there any expenses that may not be allowed in determining my disposable income?

Yes. We typically do not allow you to claim the following as necessary living expenses: tuition for public or private college expenses, voluntary retirement contributions, payments on unsecured debts such as credit card bills, cable television charges, and other similar expenses.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
 - Get up-to-date tax information
 - E-mail: **questions.dor@state.or.us**
- This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.*

Field offices

If you have additional questions, you should contact your revenue agent, or you can call us or visit us at any of our offices listed below. Forms and assistance are available at these offices. **Don't send your application 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

Telephone

- Salem** 503-378-4988
- Toll-free from Oregon prefix** 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
- Saturday, April 15 7:00 a.m.–4:00 p.m.
- Wait times may vary.*

Asistencia en español:

- Salem 503-945-8618
- Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

- Salem 503-945-8617
- Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. **Or write to:** Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.



SETTLEMENT OFFER PAYMENT COUPON

Payment must equal 5 percent of your settlement offer

FOR OFFICE USE ONLY

Date Received _____

Program Code	Year	Period	Liability

Business Identification Number

Social Security Number

First four letters of your last name

Enter BIN or SSN and Name

Enter Payment Amount

\$. 0 0

Last name		First name and initial	
Spouse's last name, if different and joint payment		Spouse's first name and initial (if joint payment)	
Current mailing address	State	ZIP code	Telephone number ()



FINANCIAL STATEMENT

DEPARTMENT USE ONLY	
Date Received	
Revenue Agent	

• Complete all sections, except shaded areas. •Write "N/A" (not applicable) in those areas that do not apply.

SECTION 1. PERSONAL INFORMATION

Your First Name	MI	Last Name	Your Social Security Number	Your Date of Birth
			- -	

Other Names or Aliases Ever Used

Spouse's First Name	MI	Last Name	Spouse's Social Security Number	Spouse's Date of Birth
			- -	

Spouse's Other Names or Aliases Ever Used

Your Drivers License Number	State	Spouse's Drivers License Number	State

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Your Current Address—Physical Site	City	State	ZIP Code	Telephone Number
				()

Your Mailing Address (if different from above)	City	State	ZIP Code

Previous Address (if at current address less than 2 years)	City	State	ZIP Code	Telephone Number
				()

Name of Your Tax Representative (CPA, attorney, enrolled agent)	FAX Number	Telephone Number
	()	()

Address of Your Tax Representative	City	State	ZIP Code

SECTION 2. EMPLOYMENT INFORMATION

Your Employer or Business Name	Business Telephone Number
	()

Address	City	State	ZIP Code

How long employed: ____ Year(s) ____ Month(s) Occupation: _____ Wage Earner Sole Proprietor Partner

Paid: Weekly Bi-weekly Monthly Semi-monthly Number of allowances claimed on Form W-4: _____

Spouse's Employer or Business Name	Business Telephone Number
	()

Address	City	State	ZIP Code

How long employed: ____ Year(s) ____ Month(s) Occupation: _____ Wage Earner Sole Proprietor Partner

Paid: Weekly Bi-weekly Monthly Semi-monthly Number of allowances claimed on Form W-4: _____

SECTION 2. (continued) EMPLOYMENT INFORMATION

If self-employed: Responsible Owner(s), Partner(s), Officer(s), Major shareholder(s), etc. Identify the major responsibilities of each by circling the codes that apply. 1 = Files Returns; 2 = Pays Taxes; 3 = Prefers Creditors; 4 = Hires/Fires

Name and Title	Effective Date	Home Address	Home Telephone No.	Social Security No.	Responsibility code
					1 2 3 4
					1 2 3 4
					1 2 3 4

SECTION 3. GENERAL FINANCIAL INFORMATION (Personal and Business)

Bank Accounts. Include IRA and retirement plans certificates of deposit, etc. For all accounts, attach copies of your last three bank statements. Attach additional pages as needed.

Name of Institution	Address	Type	Date Opened	Account Number	Balance

TOTAL. Enter this amount on line 2, Section 4 (Asset and Liability Analysis) \$

Vehicles. Attach additional pages as needed.

Year, Make, Model, Licence Number	Lender/Lien Holder	Current Market Value	Current Payoff	Available Equity (can not be less than -0-)

TOTAL. Enter this amount on line 3, Section 4 (Asset and Liability Analysis) \$

Encumbered Personal Property. Include water craft, RVs, air craft, business equipment and/or machinery. Attach additional pages as needed.

Year, Make, Model, Licence Number	Lender/Lien Holder	Current Market Value	Current Payoff	Available Equity

TOTAL. Enter this amount on line 4, Section 4 (Asset and Liability Analysis) \$

Life Insurance. Attach additional pages as needed.

Name of Insurance Company	Agent's Name and Telephone Number	Policy Number	Type	Face Amount	Loan/Cash surrender Value

TOTAL. Enter this amount on line 5, Section 4 (Asset and Liability Analysis) \$

Securities. Include stocks, bonds, mutual funds, money market funds, securities, etc. Attach additional pages as needed.

Type	Where Located	Owner of Record	Quantity or Denomination	Current Value

TOTAL. Enter this amount on line 6, Section 4 (Asset and Liability Analysis) \$

SECTION 3. (continued) GENERAL FINANCIAL INFORMATION—Personal and Business

Other Financial Information. Please provide the following information relating to your financial conditions. If you check “Yes” in any box, provide dates, an explanation, and documentation. Attach additional pages as needed.

Court Proceedings..... No Yes _____

Repossessions No Yes _____

Anticipated Increase in Income No Yes _____

Bankruptcies/Receiverships No Yes _____

Recent Transfer of Assets No Yes _____

Beneficiary to Trust, Estate, Profit Sharing, etc. No Yes _____

Last Oregon Income Tax Return Filed..... Year: _____

Total Number of Exemptions Claimed _____

Adjusted Gross Income From Return \$ _____

List any vehicles, equipment, or property sold, given away, or repossessed during the past three years. Attach additional pages as needed.

Year, Make, Model of Vehicle, or Property Address	Who Took Possession	Value

SECTION 4. ASSETS AND LIABILITY ANALYSIS

Immediate Assets.

1. Cash	
2. Bank Accounts / Balance (from Section 3)	
3. Vehicles / Available Equity (from Section 3)	
4. Encumbered Personal Property (from Section 3)	
5. Loan / Cash Surrender Value for Life Insurance (from Section 3)	
6. Securities (from Section 3)	
7. Safe Deposit Box Value of Contents from Section 3)	
8. Notes	
9. Accounts Receivable	
10. Judgements / Settlements Receivable	
11. Interest in Trusts	
12. Interest in Estates	
13. Partnership Interests	
14. Other Assts: Major Machinery / Equipment	
15. Other Assets: Business Inventory	
16. Other Assets: Collectibles / Guns / Jewelry / Coins / Gold / Silver, etc.	
17. Other Assets:	
18. Other Assets:	
19. Total	Immediate Assets \$

SECTION 4. (continued) ASSETS AND LIABILITY ANALYSIS

Real Property. (from Section 3)

Address or Location	Current Market Value	Mortgage Payoff Amount	Equity
20. A:			
21. B:			
22. C:			
23. Total			Equity \$
24. Total Assets—Sum of Immediate and Equity (Section 4, line 19 plus Section 4, line 23)			\$

Current Liabilities. Include judgements, notes, and other charge accounts. Do **not** include vehicle or home loans.

25. Lines of Credit (amount owed) (from Section 3)	
26. Taxes Owed to IRS (provide a copy of recent notices)	
27. Other Liabilities:	
28. Other Liabilities:	
29. Other Liabilities:	
30. Other Liabilities:	
31. Total Liabilities	\$

SECTION 5. MONTHLY INCOME AND EXPENSE ANALYSIS

Income. Attach copies of all income sources that contribute to household expenses.

	Gross	Net	Department use Only
32. Wages / Salaries / tips (yours)			
33. Pension (yours)			
34. Overtime / Bonuses / Commissions (yours)			
35. Wages / Salaries / tips (spouse's)			
36. Pension (spouse's)			
37. Overtime / Bonuses / Commissions (spouse's)			
38. Business Income (yours)			
39. Business Income (spouse's)			
40. Rental Income			
41. Interest / Dividends / Royalties (average monthly)			
42. Payments from Trusts / Partnerships / Entities			
43. Child Support			
44. Alimony			
45. Unemployment			
46. Disability			
47. Seller Carried Contracts / Sales			
48. Other Income:			
49. Other Income:			
50. Other Income:			
51. Total Income		\$	

SECTION 5. (continued) MONTHLY INCOME AND EXPENSE ANALYSIS

Personal Expenses (actually paid). (May be limited by federal standards.)

	Amount	Department use Only
52. Rent / Mortgage <small>If Renting—Name, Address, and Telephone Number of Landlord</small>		
53. Real Estate Taxes (Is this included in your mortgage payment? <input type="checkbox"/> No <input type="checkbox"/> Yes)		
54. Home Owners/Renters Insurance: () Association Fees: ()		
55. Utilities: Electric: () Phone: () Gas / Oil: () Water: () Garbage: () Sewer: ()		Subtotal: 52-55
56. Food/Clothing/Other Items: No. of People: () Their Ages: ()		
57. Auto Payments/Lease		
58. Auto Insurance		
59. Auto Maintenance / Fuel		Subtotal: 57-59
60. Life / Health Insurance (if not deducted from your paycheck)		
61. Medical Payments (not covered by insurance)		
62. Estimated Tax Payments (if not deducted from your paycheck)		
63. Court Ordered Payments (alimony, child support, restitution, not deducted from your paycheck)		
64. Garnishments (if not deducted from your paycheck)		
65. Delinquent Tax Payments (other than Oregon state taxes)		
66. Work Related Child Care Expenses		
67. Other Expenses (do not include unsecured debt)		
68. Total Personal Expenses	\$	

Business Expenses (actually paid).

	Amount	Department use Only
69. Materials Purchased		
70. Supplies		
71. Installment Payments		
72. Monthly Payments		
73. Rent		
74. Insurance		
75. Utilities: Electric: () Phone: () Gas / Oil: () Water: () Garbage: () Sewer: ()		
76. Net Wages and Salaries		
77. Current Taxes (payroll / business)		
78. Other: Specify: (do not include unsecured debt)		
79. Total Business Expenses	\$	

80. Net Disposable Income (line 51 minus line 68) \$

SECTION 6. SETTLEMENT OFFER FORMULA WORKSHEET

Include copies of proof of income.

1. Disposable income (from Section 5, line 80). (Can not be less than -0-	1	
2. Disposable income portion of offer. Multiply line 1 by 36.....	2	
3. Equity in assets (from Section 4, line 24). (Can not be less than 0-	3	
4. Equity portion of offer. Multiply line 3 by 75% (.75)	4	
5. Total settlement offer amount. Add lines 2 and 4.....	5	
6. Nonrefundable payment to be submitted with application. Multiply line 5 by 5% (.05).....	6	

How will the remainder of this settlement offer be paid?

Within 10 days In equal monthly installments not to exceed six months. Day of the month the installment payment will be due: _____

Is the sum offered in this settlement offer borrowed money?

Yes No

If yes, please give the name and address of lender and list of collateral, if any, pledged to secure the loan

Is the lender a member of your household or immediate family?

Yes No

SECTION 7. ADDITIONAL INFORMATION

Please provide any additional information not already included. Attach additional pages as needed.

SECTION 8. AUTHORIZATION TO DISCLOSE

Under penalties of perjury, I declare that this statement of assets, liabilities, and other information is true, correct, and complete. I (we) authorize the Oregon Department of Revenue to verify any information on this financial statement.

Your Signature	Date	Spouse's Signature	Date
X		X	

Name and Address of Nearest Relative

Relationship	Telephone Number
	()

Return your completed form to: **OREGON DEPARTMENT OF REVENUE
PO BOX 14725
SALEM OR 97309-5018**

Terms and Conditions

By making this offer, I understand and agree to the following conditions:

1. I voluntarily submit all payments made on this offer.
2. The Oregon Department of Revenue will apply payments made under the terms of this offer in the best interest of the state. This is in accordance with ORS 305.155 and OAR 150-305.155.
3. I agree to forego any right to appeal under the provisions of ORS 305.280(3).
4. I will file all returns and pay all required taxes for 3 years from the date the offered amount is paid in full. If I do not, the entire unpaid balance may be subject to collection. I agree to pay any liabilities arising during the 3-year period in full within 90 days.
5. Revenue will keep all payments, refunds and credits made, received or applied to my tax debt prior to approval of this offer. If I have a pay plan in effect I must continue to make the payments as agreed while this offer is pending. I understand that collection action will continue. Any payments will be applied to the amount I owe. They will not be considered part of this offer.
6. Revenue cannot collect more than the full amount of this offer.
7. Tax liens will be released when the payment terms of the agreement have been satisfied.
8. I understand that Revenue employees may contact third parties for verification purposes, and I authorize such contacts to be made.
9. If I fail to meet any of the terms and conditions of the offer Revenue may disregard the settlement offer. Collection action will be taken to collect the entire balance due, including additional interest that may have accrued on the liability.

Description of Tax Liabilities

Tax Type	Social Security Number or Business Identification Number	Years/Quarters
<input type="checkbox"/> Personal Income Tax		
<input type="checkbox"/> Business Tax		
<input type="checkbox"/> Other (specify): _____		

Taxpayer Declaration

I have read and agree to the above terms and conditions. Under penalties of perjury, I declare that I have examined this offer, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

**SIGN
HERE**

_____ Date
 Your signature

_____ Date
 Spouse's signature (if applying jointly, BOTH must sign even if only one had income)

Application Checklist

- | | |
|---|---|
| <input type="checkbox"/> Is your financial statement complete and did you (and your spouse) sign and date it? | <input type="checkbox"/> Did you include your 5 percent payment in bankable funds with the payment coupon? |
| <input type="checkbox"/> Did you (and your spouse) sign and date the terms and conditions document? | <input type="checkbox"/> Did you complete the Authorization to Represent form, if needed? |
| <input type="checkbox"/> Did you complete the description of tax liabilities? | <input type="checkbox"/> Did you make a copy to keep for your records? |



TAX INFORMATION AUTHORIZATION and POWER OF ATTORNEY FOR REPRESENTATION

FOR OFFICE USE ONLY	
Date Received	

• Please print. • Use only blue or black ink. • See additional information on the back.

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.

Representative's title and **Oregon** license number or relationship to taxpayer: _____

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): _____

SIGNATURE OF TAXPAYER(S)

- I acknowledge 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.
- Corporate officers, partners, fiduciaries, or other qualified persons signing on behalf of the taxpayer(s): By signing, I also certify that I have the authority to execute this form.
- 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. 11-05)

Qualifications for representation are on the back →

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.

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. This person will not receive original notices we send to you.
- **Power of Attorney for Representation.** 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, filing, and inspecting returns and reports, and executing statute of limitation extensions and closing agreements.

This form is effective on the date signed. Authorization terminates when the department 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. List fiscal years by year end date.

QUALIFICATIONS TO REPRESENT TAXPAYER(S) BEFORE DEPARTMENT OF REVENUE

Under ORS 305.230, a person must meet one of the following qualifications in order to represent you before the Department of Revenue.

1. For all tax programs:

- a. An adult immediate family member (spouse, parent, child, or sibling).
- b. An attorney qualified to practice law in Oregon.
- c. A certified public accountant (CPA) or public accountant (PA) qualified to practice public accountancy in Oregon, and their employees.
- d. An IRS enrolled agent (EA) qualified to prepare tax returns in Oregon.
- e. A designated employee of the taxpayer.
- f. An officer or employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group for that entity.
- g. An employee of a trust, receivership, guardianship, or estate for that entity.
- h. An individual outside the United States if representation takes place outside the United States.

2. For income tax issues:

- a. All those listed in (1), plus
- b. A licensed tax consultant (LTC) or licensed tax preparer (LTP) licensed by the Oregon State Board of Tax Practitioners.

3. For ad valorem property tax issues:

- a. All those listed in (1), plus
- b. A licensed real estate broker or a principal real estate broker in Oregon, or
- c. A certified, licensed, or registered appraiser in Oregon, or
- d. An authorized agent for designated utilities and

companies assessed by the department under ORS 308.505 through 308.665 and ORS 308.805 through 308.820.

4. For forestland and timber tax issues:

- a. All those listed in (1), (2), and (3)(b) and (c), plus
- b. A consulting forester.

Tax matters partners and S corporation shareholders. See OARs 150-305.242(2) and (5) and 150-305.230 for additional information. Include the partnership or S corporation name in the taxpayer name area.

An individual who prepares and either signs your tax return or who is not required to sign your tax return (by the instructions or by rule), may represent you **during an audit of that return. That individual may not represent you for any other purpose unless they meet one of the qualifications listed above.**

Out-of-state CPAs and attorneys may contact their respective regulatory body 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 to this form.

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.



CROP DONATION TAX CREDIT
ORS 315.154 and 315.156

Tax Year []

Fiscal Year Ending [] / [] / []

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.

Table with 5 columns: A. Description of Crops Donated, B. Date Donated, C. Quantity of Donation, D. Wholesale Market Price, E. Wholesale Value. Includes rows 1-6 and summary rows 7-9.

*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

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 *appar- ently 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:

Salem503-378-4988
 Toll-free from Oregon prefix 1-800-356-4222

Asistencia en español:

Salem503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem503-945-8617
 Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.



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.) 2

	Employee A	Employee B	Employee C
3. Potential credit based on cost (line 2 multiplied by 50 percent)..... 3			
4. Maximum credit per employee..... 4	\$2,500	\$2,500	\$2,500
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/DOR.

OREGON DEPRECIATION SCHEDULE

For Individuals, Partnerships, Corporations, and Fiduciaries

2005

• **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						(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 IRC Section 179 expense allowed by 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.

Addition or 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 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."

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 on or after January 1, 1981 and 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.

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.

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	<u>(2,500)</u> (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.



**EXEMPT INCOME SCHEDULE FOR
ENROLLED MEMBERS OF A FEDERALLY
RECOGNIZED AMERICAN INDIAN TRIBE**

FOR OFFICE USE ONLY
Date Received

Your last name as shown on your tax return		First name and middle initial as shown on your tax return		Your Social Security number	
Your street address (not a P.O. Box)			City	State	ZIP code
Your full name as shown on tribal enrollment				Your tribal enrollment number	
Indian tribe of which you are an enrolled member					
Your tribal headquarter's address					

If you are filing a joint return and your spouse's income meets the exempt income requirements, fill in the requested information below.

Spouse's last name as shown on your tax return		Spouse's first name and middle initial as shown on your tax return		Spouse's Social Security number	
Spouse's street address (not a P.O. Box)				Spouse's tribal enrollment number	
Spouse's full name as shown on tribal enrollment					
Indian tribe of which spouse is an enrolled member					
Spouse's tribal headquarter's address					

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.

YOUR EXEMPT INCOME INFORMATION

Employer's Name or Source of Exempt Income	Street Address Where You Worked if Wages, Unemployment, or Retirement Income	Street Address Where You Lived (Not a P.O. Box)	Income Type (wages, interest, gambling winnings, etc.)	Amount Qualifying as Exempt Income

SPOUSE'S EXEMPT INCOME INFORMATION (if filing a joint return and income meets requirements)

Employer's Name or Source of Exempt Income	Street Address Where You Worked if Wages, Unemployment, or Retirement Income	Street Address Where You Lived (Not a P.O. Box)	Income Type (wages, interest, gambling winnings, etc.)	Amount Qualifying as Exempt Income

Total of all income meeting the requirements above. Enter Code 300 and the exempt income amount on the "Other subtractions" line of your Oregon income tax return

150-101-049 (Rev. 12-05)

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

American Indian tax subtraction



December 2005

www.oregon.gov/DOR

[Subtraction code 300]

Are you an American Indian? If so, you may not have to pay Oregon income tax on your income. You may be able to subtract all or part of your income if **all** the following are true:

- You are an enrolled member of a federally recognized American Indian tribe, and
- Your income is derived from sources within federally recognized Indian country in Oregon, and
- You lived in federally recognized Indian country in Oregon at the time the income is earned.

“**Indian country**” is defined as any land within a current federal Indian reservation boundary and other lands held in trust by the United States government for a tribe.

For enrolled members of federally recognized American Indian tribes who live in and have income from Indian country in Oregon, income exempt from Oregon income tax includes:

- Wages earned for work performed in Indian country in Oregon.
- Income from business or real estate located in Indian country in Oregon.
- Retirement income if the contributions to the plan came from or were connected with services performed in Indian country.
- Unemployment compensation if the benefits were received as a result of work performed in Indian country.
- Interest, dividends, and capital gains from the sale of stocks and other intangibles, regardless of where the accounts are located.
- Gambling winnings from Indian gaming centers (casinos).
- Indian tribal disbursements from casino earnings.

Remember: You must live in and have income derived from sources within Indian country in Oregon **and** be an enrolled member of a federally recognized tribe to subtract the income listed above. You do not have to live in and have income from the same Indian country. But the areas where you live and have income from must both be “Indian country” to qualify for the subtraction.

To claim the subtraction, you must report your total income on both the federal and Oregon tax returns.

You must file a completed copy of the *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*, with your Oregon return. Go to our Web site to download the schedule or call us. You must include the following information on the schedule:

- The street address of the place you worked, and
- The street address of the place you lived, and
- The tribe you are enrolled with and your membership number.

You must use the street address of your residence on the schedule so we can verify that you live in Indian country. However, you may use your post office box address on your tax return.

If you meet **all** of the requirements, you may claim “exempt” on your Form W-4 for Oregon purposes only.

Only income derived from sources within Indian country in Oregon, by an enrolled tribal member while living in Indian country in Oregon, is eligible for the American Indian subtraction. Each member of a household with income must meet these qualifications in order to claim the subtraction of his or her income.

If you are an enrolled member of a federally recognized tribe and a member of the U.S. Armed Forces, stationed in Oregon, you may be entitled to an additional subtraction. For more information call the department.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Form
EF

**OREGON INDIVIDUAL
INCOME TAX DECLARATION
FOR ELECTRONIC FILING**

2005

**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				
City	State	ZIP code	Telephone number ()	

Part I — Tax Return Information (whole dollars only)

1 NET REFUND (Form 40, line 62; Form 40S, line 32; Form 40N, line 80; or Form 40P, line 80)	1	
2 Amount you owe (Form 40, line 52; Form 40S, line 24; Form 40N, line 70; or Form 40P, line 70)	2	

Part II — Direct Deposit of Refund (see instructions)

3 Routing number	<input type="text"/>	Caution: Have you verified your banking information? Entering incorrect information will cause a delay in your refund.
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 2005 Oregon income tax return (Form 40, line 62; Form 40S, line 32; Form 40N, line 80; or Form 40P, line 80). 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 2005 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 2005)*, 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 <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	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.

<p style="text-align: center;">FORM FIA-40 OREGON FARM INCOME AVERAGING 2005</p>	<p>For Office Use Only</p> <p>Date received</p>
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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 2005 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 2005 Tax Tables or Tax Rate Charts from Form 40 instructions, whichever applies, and enter here.....	4		

2002 Taxable Income

5 If you used FIA to figure your tax for 2002, 2003, or 2004, 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.....	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 2002 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions).....	8		

2003 Taxable Income

9 If you used FIA to figure your tax for 2003 or 2004, 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.....	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 2003 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions).....	12		

2004 Taxable Income

13 If you used FIA to figure your tax for 2004, see instructions. Otherwise, enter the taxable income from your 2004 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 2004 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		

Computation of 2005 Tax

18 2002 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 FIA-40, line 12; FIA-40N, line 12; or FIA-40P, line 11. If you did not use FIA in 2004 but did in 2003, enter the amount from 2003 FIA-40, line 16; FIA-40N, line 13; or FIA-40P, line 12. If you did not use FIA in 2004 or 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 or 31; Form 40S, line 16; Form 40N, line 52 or 53; or Form 40P, line 51 or 52.....	18		
19 2003 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 FIA-40, line 16; FIA-40N, line 13; or FIA-40P, line 12. If you did not use FIA in 2004 but did in 2003, enter the amount from 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 or 31; Form 40S, line 13; Form 40N or Form 40P, lines 51 or 52.....	19		
20 2004 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; Form 40N or 40P, lines 51 or 52.....	20		
21 Add lines 18, 19, and 20.....	21		
22 Line 17 minus line 21. Enter the result here and on Form 40, line 29.....	22		



INSTRUCTIONS FOR 2005 FORM FIA-40 Farm Income Averaging

You may elect to figure your 2005 tax by averaging, over the previous three years (base years), all or part of your 2005 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2002, 2003, and 2004. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. See Taxpayer Assistance on page 6 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, 2002 taxable income. If you used FIA-40 to figure your tax for 2004, enter on line 5 the amount from your 2004 FIA-40, line 11. If you used Schedule Z to figure your tax for 2004 on FIA-40, FIA-40N, or FIA-40P, enter on line 5 the amount from your 2004 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 2003 but not 2004, enter on line 5 the amount from your 2003 FIA-40, line 15. If you used Schedule Z to figure your tax for 2003 on FIA-40, FIA-40N, or FIA-40P, enter on line 5 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 did not for 2003 or 2004, enter on line 5 the amount from your 2002 FIA-40, line 13. If you used FIA-40N, enter the amount from your 2002 FIA-40N, line 9. If you used Form FIA-40P, enter the amount from your 2002 FIA-40P, line 6.

If your 2002 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.

2002 Taxable Income Worksheet

1. 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 \$ _____

- 2. 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..... \$ _____
- 3. 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..... \$ _____
- 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, 2003 taxable income. If you used FIA-40 to figure your tax for 2004, enter on line 9 the amount from your 2004 FIA-40, line 15. If you used Schedule Z to figure your tax for 2004 on FIA-40, FIA-40N, or FIA-40P, enter on line 9 the amount from your 2004 Schedule Z, Computation for Tax Year 2003. 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 2003 but not for 2004, enter on line 9 the amount from your 2003 FIA-40, line 3. If you used FIA-40N enter the amount from your 2003 FIA-40N, line 8. If you used FIA-40P enter the amount from your 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 9.

2003 Taxable Income Worksheet

- 6. 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..... \$ _____
- 7. 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 17a. Enter the result here..... \$ _____
- 8. 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..... \$ _____
- 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, 2004 taxable income. If you used FIA-40 to figure your tax for 2004, enter on line 13 the amount from your 2004 FIA-40, line 3. If you used FIA-40N enter the amount from your 2004 FIA-40N, line 8. If you used FIA-40P enter the amount from your 2004 FIA-40P, line 6.

If your 2004 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 13.

2004 Taxable Income Worksheet

- 11. Figure the taxable income from your 2004 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004.
Enter the result here..... \$ _____
- 12. If there is a loss on your 2004 federal Schedule D, line 21, add that loss (as a positive amount) and your 2004 capital loss carryover to tax year 2005. Subtract from that sum the amount of the loss on your 2004 federal Schedule D, line 17a. Enter the result here..... \$ _____
- 13. If you had an NOL for 2004, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2004 that were not used in 2004 and were carried to tax years after 2004 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 or 2003 but he did income average for tax year 2004 and he wants to income average for tax year 2005. For tax years 2002, 2003, and 2004 Kevin filed joint returns. His filing status for tax year 2005 is also married filing jointly. For tax year 2002, Kevin's taxable

income from Form 40, line 28 is \$1,112. For tax year 2003, Kevin's taxable income from Form 40, line 28 is \$14,250. For tax year 2004, Kevin's taxable income from Form 40, line 28 is \$12,777. For tax year 2005, 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 2004. Kevin has \$12,777 of taxable income and elected to farm income average \$9,000, leaving Oregon taxable income of \$3,777. For 2002, Kevin's recomputed taxable income after adding one-third of elected farm income from his 2004 Form FIA-40, line 11 is \$4,112. For 2003, Kevin's recomputed taxable income after adding one-third of his elected farm income from his 2004 Form FIA-40, line 15 is \$17,250. For 2004, Kevin's recomputed tax after removing his elected farm income is \$188 from 2004 Form FIA-40, line 4.

For tax year 2005, 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 2005 Oregon tax using the tax tables under married filing joint status and enters \$198 on line 4.

For 2002, Kevin enters \$4,112 from line 11, 2004 Form FIA-40 on line 5 of the 2005 Form FIA-40. He divides his elected farm income of \$24,000 by 3 and enters \$8,000 on line 6 of the 2005 Form FIA-40. He adds lines 5 and 6 and enters \$12,112 on line 7. This is his recomputed 2002 Oregon taxable income. He calculates his 2002 Oregon tax using the tax table under married filing joint status and enters \$751 on line 8.

For 2003, Kevin enters \$17,250 from line 15, 2004 Form FIA-40 on line 9 of the 2005 Form FIA-40. He enters \$8,000 from line 6 (2005 Form FIA-40) on line 10 of the 2005 Form FIA-40. He adds lines 9 and 10 and enters \$25,250 on line 11. 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 \$1,917 on line 12.

For 2004, Kevin enters \$3,777 from line 3, 2004 Form FIA-40 on line 13 of the 2005 Form FIA-40. He enters \$8,000 from line 6 (2005 Form FIA-40) on line 14 of the 2005 Form FIA-40. He adds lines 13 and 14 and enters \$11,777 on line 15. This is his recomputed 2004 Oregon taxable income. He calculates his 2004 Oregon tax using the tax tables under married filing joint status and enters \$719 on line 16.

On his 2005 Form FIA-40, he adds lines 4, 8, 12, and 16 and enters \$3,585 on line 17. He enters his recomputed 2002 tax of \$208 from 2004 Form FIA-40, line 12 on line 18 of the 2005 Form FIA-40. He enters his recomputed 2003 tax of \$1,197 from 2004 Form FIA-40, line 16 on line 19 of the 2004 Form FIA-40. He enters his recomputed 2004 tax of \$188 from 2004 Form FIA-40, line 4 on line 20 of the 2005 Form FIA-40. He adds lines 18, 19, and 20 and enters \$1,593 on line 21. This is the recomputed tax he paid for the 2002, 2003, and 2004 tax years.

He subtracts the recomputed tax of \$1,593 on line 21 from the recomputed tax of \$3,585 on line 17 and enters the result of \$1,992 on line 22. This is Kevin's 2005 tax liability from farm income averaging. He enters this figure on Form 40, line 29.

Example 2. John Farmington did not use farm income averaging for 2002, 2003, or 2004. For tax year 2005, John has elected farm income on Form FIA-40, line 2 of \$18,000. His Oregon taxable income shown on his 2002 Form 40, line 28, is \$6,150.

John had a net operating loss (NOL) for tax year 2003 of \$22,950, which he elected to carryback five years. Of the \$22,950 loss, \$9,000 was carried back to tax year 2002. To complete line 1 of the 2002 worksheet, John combines the \$9,000 net operating loss deduction (NOLD) with his 2002 Oregon taxable income of \$6,150 from Form 40, line 28. The result, a negative \$2,850, is entered on line 1 of the 2002 worksheet.

When John filed his 2002 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 2003. However, when John carried back the 2003 NOL to 2002, he refigured his 2002 capital loss carryover to tax year 2003 as \$7,000. To calculate line 2 of the 2002 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 2002 worksheet.

John had \$6,150 of Oregon taxable income in 2002 that reduced the 2003 NOL carryback. The \$3,000 net capital loss deduction also reduced the amount of the 2003 NOL carryback. Since these two figures together total \$9,150, there is no NOLD left to carry over to tax year 2004. 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 line 5 of the worksheet and on 2005 Form FIA-40, line 5. 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 \$30,250, which he enters on line 6 of the 2003 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 18 and a \$7,000 loss on Schedule D, line 17a, the carryover from 2002 to 2003. 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 17a, and enters \$3,000 on line 7 of the worksheet. John enters \$22,950 on line 8 of the worksheet, his 2003 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 2005 Form FIA-40, line 9. This figure represents John's recomputed Oregon taxable income for tax year 2003.

For tax year 2004, 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 2003 NOL that was remaining to be carried forward from tax year 2002. John does not have an NOL for tax year 2004. John enters a negative \$1,750 on line 11 of the 2004 worksheet.

John had a \$3,000 net capital loss deduction on Schedule D, line 21, a \$7,000 loss on Schedule D, line 16, and a \$5,000 capital loss carryover to 2004 (his 2003 capital loss carryover to 2004 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 21, and the \$5,000 carryover. He reduces the result by the \$7,000 loss on his Schedule D, line 16, and enters \$1,000 on line 12 of the 2004 worksheet.

John enters -0- on line 13 of the worksheet because he does not have an NOL for 2004 and did not have any remaining NOLD to carryforward. John's \$2,300 NOLD for 2004 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 2005 Form FIA-40, line 13. This figure represents John's recomputed Oregon taxable income for tax year 2004.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 W 6th Street
- Newport** 119 NE 4th Street, Suite 4
- North Bend** 3030 Broadway
- Pendleton** 700 SE Emigrant, Suite 310
- 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

Telephone

- Salem** 503-378-4988
- Toll-free from Oregon prefix**..... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday..... 7:00 a.m.–8:00 p.m.
- Saturday, April 15..... 9:00 a.m.–4:00 p.m.
- Wait times may vary.*

Asistencia en español:

- Salem 503-945-8618
- Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

- Salem 503-945-8617
- Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats

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 2005			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 ()

Computation of 2005 Taxable Income

	Federal column	Oregon column
1 Enter income after subtractions from your 2005 Oregon Form 40N, line 39 1a	<input style="width: 50px; height: 20px;" type="text"/>	1b <input style="width: 50px; height: 20px;" type="text"/>
2 Enter your electd farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, 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 Multiply the allowable deductions and modifications from line 4 of the worksheet for your 2005 Oregon Form 40N, (page 26) by the recomputed Oregon percentage shown above..... 5	<input style="width: 50px; height: 20px;" type="text"/>	
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2005 Form 40N, line 48 6	<input style="width: 50px; height: 20px;" type="text"/>	
7 Add lines 5 and 6 7	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
8 Line 3b minus line 7. Enter the result here 8	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
9 Figure the tax on line 8 using the 2005 Tax Rate Charts 9	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
10 Divide line 2b by 3.0 and enter here 10	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>

Prior Years' Tax

11 Enter the amount from your 2005 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"/>	<input style="width: 50px; height: 20px;" type="text"/>
12 Enter the amount from your 2005 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"/>	<input style="width: 50px; height: 20px;" type="text"/>
13 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies 13	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
14 Add lines 9, 11, 12, and 13 14	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>

Computation of 2005 Tax

15 2002 Tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 or 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 or 31; Form 40S, line 16; Form 40N, line 52 or 53; or Form 40P, line 51 or 52..... 15	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
16 2003 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 but did for 2003, enter the amount from 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 or 31; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52..... 16	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
17 2004 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52..... 17	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
18 Add lines 15, 16, and 17 18	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>
19 Line 14 minus line 18. Enter the result here and on Form 40N, line 51..... 19	<input style="width: 50px; height: 20px;" type="text"/>	<input style="width: 50px; height: 20px;" type="text"/>

<p style="margin: 0;">FORM</p> <h1 style="margin: 0;">FIA-40P OREGON FARM INCOME AVERAGING 2005</h1>			<p style="margin: 0;">For Office Use Only</p>
Name(s) as shown on Oregon Form 40P			Date received
Current mailing address			Social Security No. (SSN) — —
City	State	ZIP code	Spouse's SSN, if joint return — —
			Telephone number ()

Computation of 2005 Taxable Income

	Federal column	Oregon column
1 Enter income after subtractions from your 2005 Oregon Form 40P, line 39..... 1a	<input style="width: 80px; height: 20px;" type="text"/>	1b <input style="width: 80px; height: 20px;" type="text"/>
2 Enter your electd farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40P, line 19b..... 2a	<input style="width: 80px; height: 20px;" type="text"/>	2b <input style="width: 80px; height: 20px;" type="text"/>
3 Subtract line 2 from line 1 in both the federal and Oregon columns..... 3a	<input style="width: 80px; height: 20px;" type="text"/>	3b <input style="width: 80px; height: 20px;" type="text"/>
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100%)..... 4	<input style="width: 80px; height: 20px;" type="text"/> . <input style="width: 40px; height: 20px;" type="text"/> %	
5 Enter allowable deductions and modifications from your 2005 Form 40P, line 48..... 5	<input style="width: 80px; height: 20px;" type="text"/>	
6 Line 3a minus line 5. Enter the result here		6 <input style="width: 80px; height: 20px;" type="text"/>
7 Figure the tax on line 6 using the 2005 Tax Rate Charts		7 <input style="width: 80px; height: 20px;" type="text"/>
8 Multiply line 7 by the recomputed Oregon percentage on line 4..... 8		8 <input style="width: 80px; height: 20px;" type="text"/>
9 Divide line 2b by 3.0 and enter here		9 <input style="width: 80px; height: 20px;" type="text"/>

Prior Years' Tax

10 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2002, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies	10 <input style="width: 80px; height: 20px;" type="text"/>
11 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2003, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies	11 <input style="width: 80px; height: 20px;" type="text"/>
12 Enter the amount from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies	12 <input style="width: 80px; height: 20px;" type="text"/>
13 Add lines 8, 10, 11, and 12	13 <input style="width: 80px; height: 20px;" type="text"/>

Computation of 2005 Tax

14 2002 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 or 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 or 31; Form 40S, line 16; Form 40N, line 52 or 53; or Form 40P, line 51 or 52..... 14	14 <input style="width: 80px; height: 20px;" type="text"/>
15 2003 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2004 but did for 2003, enter the amount from 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 or 31; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52. 15	15 <input style="width: 80px; height: 20px;" type="text"/>
16 2004 tax. If you used FIA to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other- wise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or Form 40P, line 51 or 52	16 <input style="width: 80px; height: 20px;" type="text"/>
17 Add lines 14, 15, and 16	17 <input style="width: 80px; height: 20px;" type="text"/>
18 Line 13 minus line 17. Enter the result here and on Form 40P, line 51	18 <input style="width: 80px; height: 20px;" type="text"/>

Schedule Z

(Farm Income Averaging)

Computation of Tax

2005

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 2004, enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation A, lines 3a and 3b. If you did not income average in 2003 or 2004 but did in 2002, enter the amount from your 2002 FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2002 Form 40N, lines 39a and 39b (if -0- or less, see instructions).....

	Federal column		Oregon column
1a	<input type="text"/>	1b	<input type="text"/>

2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	2b	<input type="text"/>
3a	<input type="text"/>	3b	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns.....

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%).....

4	_____ . ____%
---	---------------

5 Enter deductions and modifications from your 2002 Oregon Form 40N, line 47

6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 and enter here.....

7 Enter the amount from your 2002 Oregon Form 40N, line 49

8 Add lines 6 and 7

9 Line 3b minus line 8. Enter the result here

10 Figure the tax on line 9 using the 2002 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10.....

Computation B. Complete if you filed Form 40P for tax year 2002.

1 If you used Schedule Z to figure your tax for 2004, enter the amount from your 2004 Schedule Z, Computation for Tax Year 2002, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation B, lines 3a and 3b. If you did not income average in 2003 or 2004 but did in 2002, enter the amount from your 2002 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).....

	Federal column		Oregon column
1a	<input type="text"/>	1b	<input type="text"/>

2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	2b	<input type="text"/>
3a	<input type="text"/>	3b	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns.....

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

6 Line 3a minus line 5. Enter the result here

7 Figure the tax on line 6 using the 2002 Tax Rate Charts.....

8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10.....

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 2004, enter the amount from your 2004 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2004, enter the amount from the 2004 Schedule Z, Computation for Tax Year 2002, Computation C, line 3. If you did not use Form FIA-40 for tax year 2004 but did for 2003, enter the amount from 2003 Form FIA-40, line 15. If you did not use Schedule Z to figure your tax for 2004 but did for 2003, enter the amounts from your 2003 Schedule Z, Computation for Tax Year 2002, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2004 or 2003 but did in 2002, enter the amount from your 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).....

	Oregon column
1	<input type="text"/>

COMPUTATION FOR TAX YEAR 2002 (continued)

Computation C (continued)

		Oregon column		
2	Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2 <table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		
3	Add lines 1 and 2	3 <table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		
4	Figure the tax on line 3 using the 2002 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10	4 <table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		

COMPUTATION FOR TAX YEAR 2003

Computation A. Complete if you filed Form 40N for tax year 2003.

1	If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation A, lines 3a and 3b. If you did not income average for 2004 but did in 2003 enter the amount from your 2003 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40N, lines 39a and 39b (if -0- or less, see instructions)	1a	Federal column	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			1b	Oregon column	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		
2	Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			2b	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>				
3	Add lines 1 and 2 in both the federal and Oregon columns.....	3a	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			3b	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>				
4	Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100%)	4	_____ . ____%								
5	Enter deductions and modifications from line 4 of the worksheet for your 2003 Oregon Form 40N, line 47, (page 27).....	5	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></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; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
7	Enter the amount from your 2003 Oregon Form 40N, line 48	7	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
8	Add lines 6 and 7	8	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
9	Line 3b minus line 8. Enter the result here	9	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
10	Figure the tax on line 9 using the 2003 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	10	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								

Computation B. Complete if you filed Form 40P for tax year 2003.

1	If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation B, lines 3a and 3b. If you did not income average for 2004 but did in 2003 enter the amount from your 2003 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2003 Form 40P, lines 39a and 39b (if -0- or less, see instructions)	1a	Federal column	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			1b	Oregon column	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		
2	Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			2b	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>				
3	Add lines 1 and 2 in both the federal and Oregon columns.....	3a	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			3b	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></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; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
6	Line 3a minus line 5. Enter the result here	6	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
7	Figure the tax on line 6 using the 2003 Tax Rate Charts	7	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>								
8	Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	8	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></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 2004, enter the amount from 2004 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2004 enter the amounts from your 2004 Schedule Z, Computation for Tax Year 2003, Computation C, line 3. If you used Form FIA-40 for tax year 2003 but not for 2004, enter the amount from 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	Oregon column	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>		
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; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			
3	Add lines 1 and 2	3	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			
4	Figure the tax on line 3 using the 2003 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	4	<table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"><tr><td style="width: 50px;"></td><td style="width: 50px;"></td></tr></table>			

COMPUTATION FOR TAX YEAR 2004

Computation A. Complete if you filed **Form 40N** for tax year 2004.

1 If you used Form FIA-40N to figure your tax for 2004, enter the amounts from your 2004 Form FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40N, line 39 (if -0- or less, see instructions)..... 1a

Federal column	

 1b

Oregon column	

2 Enter amount from 2005 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 deductions and modifications from line 4 of the worksheet for your 2004 Oregon Form 40N, line 47 (page 26)..... 5

--	--

6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4..... 6

--	--

7 Enter the amount from your 2004 Oregon Form 40N, line 48 7

--	--

8 Add line 6 and 7 8

--	--

9 Line 3b minus line 8. Enter the result here 9

--	--

10 Figure the tax on line 9 using the 2004 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12..... 10

--	--

Computation B. Complete if you filed **Form 40P** for tax year 2004.

1 If you used Form FIA-40P to figure your tax for 2004, enter the amount from the 2004 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40P, line 39 (if -0- or less, see instructions)..... 1a

Federal column	

 1b

Oregon column	

2 Enter amount from 2005 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 2004 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 2004 Tax Rate Charts..... 7

--	--

8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12..... 8

--	--

Computation C. Complete if you filed **Form 40** or **Form 40S** for tax year 2004.

1 If you used Form FIA-40 to figure your tax for 2004, enter the amount from your 2004 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2004 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions) 1

Oregon column	

2 Enter amount from 2005 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9 2

--	--

3 Add lines 1 and 2 3

--	--

4 Figure the tax on line 3 using the 2004 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12..... 4

--	--



Instructions for Form FIA-40N, Form FIA-40P, and Schedule Z, for Farm Income Averaging

2005

You may elect to figure your 2005 tax by averaging, over the previous three years (base years), all or part of your 2005 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2002, 2003, and 2004 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 12 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

Before you can complete Schedule Z you will need the amount from FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9. On Schedule Z, complete either Computation A, B, or C for each tax year. Figures from Schedule Z are needed to complete Form FIA-40N, lines 11 through 13; or Form FIA-40P, lines 10 through 12 and may be needed for Form FIA-40, lines 8, 12, and 16.

If you were a part-year resident or a nonresident for 2002, 2003, or 2004 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. If you were a full year resident with taxable income that was -0- or less for 2002, 2003, or 2004, use the worksheets below to figure the amount to enter on Schedule Z, Computation C, 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.

2002 Taxable Income Worksheet

Part-Year or Nonresident Return for 2002

- | | Federal (a) | Oregon (b) |
|---|-------------|------------|
| 1. Figure income after subtractions, for federal and Oregon, 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 | 1a _____ | 1b _____ |
| 2. 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 | 2a _____ | 2b _____ |
| 3. If you had an NOL for 2002 for federal or Oregon, or both, enter amounts as a positive number in the | | |

- appropriate 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 3a _____ 3b _____
4. Add lines 2 and 3 4a _____ 4b _____
5. Add line 1 and line 4 for each column. Enter the result here and on your 2005 Schedule Z, Tax Year 2002, Computation A or B, line 1 5a _____ 5b _____

Full-Year Return for 2002

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 6 _____
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 7 _____
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 8 _____
9. Add lines 7 and 8 9 _____
10. Add line 6 and line 9. Enter the result here, and on your 2005 Schedule Z, Tax Year 2002, Computation C, line 1 10 _____

2003 Taxable Income Worksheet

Part-Year or Nonresident Return for 2003

11. Figure income after subtractions, for federal and Oregon, 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..... 11a _____ 11b _____
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 2004. Subtract from that sum the amount of the loss on your 2003 federal Schedule D, line 17a. Enter the result here 12a _____ 12b _____
13. If you had an NOL for 2003 for federal or Oregon, or both, enter amounts as a positive number in the appropriate column. Otherwise, enter as a positive amount 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 13a _____ 13b _____
14. Add lines 12 and 13 14a _____ 14b _____
15. Add line 11 and line 14. Enter the result here and on your 2005 Schedule Z, Tax Year 2003, Computation A or B, line 1 15a _____ 15b _____

Full-Year Return for 2003

16. 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 16 _____
17. 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 17a. Enter the result here 17 _____
18. 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 18 _____
19. Add lines 17 and 18 19 _____

20. Add line 16 and line 19. Federal (a) Oregon (b)
 Enter the result here, and on
 your 2005 Schedule Z, Tax Year
 2003, Computation C, line 1 20 _____

2004 Taxable Income Worksheet

Part-Year or Nonresident Return for 2004

21. Figure income after sub-
 tractions, for federal and
 Oregon, from your 2004
 Form 40N or Form 40P
 without limiting it to -0-.
 Include any NOLD carry-
 overs or carrybacks if you
 did not have a NOL in
 2004. Do not include any
 NOLD carryover or carry-
 back from other years if
 you had a NOL in 2004.
 Enter the result here 21a _____ 21b _____

22. If there is a loss on your
 2004 federal Schedule D,
 line 21, add that loss (as a
 positive amount) and your
 2004 capital loss carryover
 to tax year 2005. Subtract
 from that sum the amount
 of the loss on your 2004
 federal Schedule D, line
 16. Enter the result here 22a _____ 22b _____

23. If you had an NOL for
 2004 for federal or Oregon,
 or both, enter amounts as
 a positive number in the
 appropriate column.
 Otherwise, enter as a
 positive amount the
 portion (if any) of the
 NOLD carryovers and
 carrybacks to 2004 that
 were not used in 2004 and
 were carried to tax years
 after 2004 23a _____ 23b _____

24. Add lines 22 and 23 24a _____ 24b _____

25. Add line 21 and line
 24. Enter the result here
 and on your 2005 Schedule
 Z, Tax Year 2004, Compu-
 tation A or B, line 1 25a _____ 25b _____

Full Year Return for 2004

26. Figure the taxable income
 from your 2004 tax return
 without limiting it to -0-.
 Include any NOLD carry-
 overs or carrybacks if you
 did not have a NOL in
 2004. Do not include any
 NOLD carryover or carry-

back from other years if
 you had a NOL in 2004.
 Enter the result here 26 _____

27. If there is a loss on your
 2004 federal Schedule D,
 line 21, add that loss (as a
 positive amount) and your
 2004 capital loss carryover
 to 2005. Subtract from that
 sum the amount of the loss
 on your 2004 federal
 Schedule D, line 16. Enter
 the result here 27 _____

28. If you had an NOL for
 2004, enter it as a positive
 amount here. Otherwise,
 enter the portion (if any)
 of the NOLD carryovers
 and carrybacks to 2004
 that were not used in
 2004 and were carried to
 tax years after 2004 as a
 positive amount here 28 _____

29. Add lines 27 and 28 29 _____

30. Add line 26 and line
 29. Enter the result here,
 and on your 2005 Schedule Z,
 Tax Year 2004, Computation
 C, line 1 30 _____

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 2002, 2003, or 2004. For tax year 2005, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2002 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 2003 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 2002 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 2002 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2002 worksheet.

When John filed his 2002 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 2003. 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 2003. John enters -0- in both columns on line 2 of the 2002 worksheet.

John had no net operating losses for tax year 2002 for either federal or Oregon. Because the NOL from 2003 is completely absorbed in 2002, there is no carryover to tax years after 2002.

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 adds -0- to the negative \$2,850 and enters the result, a negative \$2,850, on line 5b of the worksheet. John adds -0- to the \$25,906 and enters the result, a positive \$25,906, on line 5a of the worksheet. 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 for tax year 2002, line 1, in the federal and Oregon columns.

For tax year 2003, John's income after subtractions is \$10,850 for federal and a negative \$27,250 for Oregon. John enters \$10,850 on line 11a and a negative \$27,250 on line 11b of the 2003 worksheet.

John had a \$3,000 net capital loss deduction on his 2003 Schedule D, line 18, and a \$7,000 loss on Schedule D, line 17a, the carryover from 2002 to 2003. Because the NOL is for Oregon only, no adjustment is necessary on line 12a and

no adjustment is made on line 12b since the capital loss deduction is not Oregon source. John enters -0- on lines 12a and 12b of the 2003 worksheet. John enters -0- on line 13a and the Oregon only NOL of \$22,950 on line 13b of the worksheet. John adds lines 12 and 13 and enters -0- on line 14a and \$22,950 on line 14b.

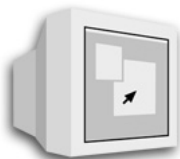
In the federal column on line 15a, John enters a positive \$10,850. For the Oregon column, John adds the \$22,950 on line 14b and the negative \$27,250 on line 11b of the worksheet and enters a negative \$4,300 on line 15b. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2003. John enters both of these figures on Schedule Z, Computation A, for tax year 2003, line 1, in the federal and Oregon columns.

For tax year 2004, 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



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday..... 7:00 a.m.–8:00 p.m.

Saturday, April 15..... 9:00 a.m.–4:00 p.m.

Wait times may vary.

Asistencia en español:

Salem 503-945-8618

Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617

Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats

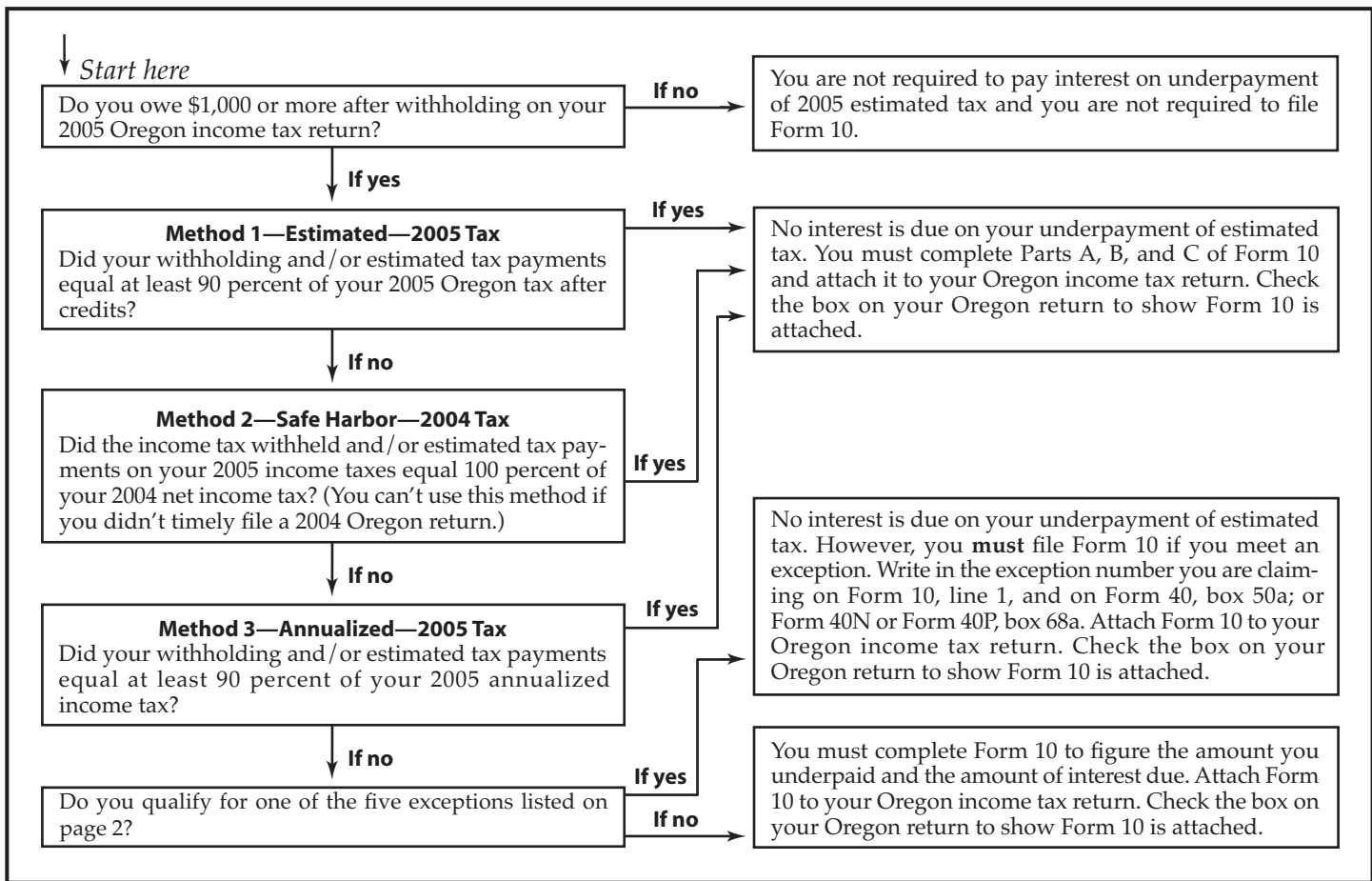
2005 OREGON

Form 10 and Instructions for Underpayment of 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 2005 estimated tax.

Do I Owe Interest on Underpayment of 2005 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 2004 or 2005 total gross income is from farming or fishing, you don't have to pay underpayment interest. Your Oregon return is due April 17, 2006.

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 **2004 and 2005** 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 **2004 and 2005** 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 2004 was -0- or you were not required to file a return for 2004.
- You were a full-year Oregon resident in 2004.
- Your tax year was a full 12 months.

Your 2004 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 2004, 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 2004 or 2005, **or**
 - You became disabled during 2004 or 2005.

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 2005 net income tax amount from Form 40, line 42; Forms 40N or 40P, line 60.

Line 3. Fill in your 2005 working family credit amount from Form 40, line 45; Forms 40N or 40P, line 63.

Line 6. Fill in only your Oregon income tax withheld from income. **Don't** include any estimated tax payments.

Line 8. Enter your 2004 tax after all credits, Form 40, line 43 minus line 46; or Form 40N or Form 40P, line 61 minus line 64. If your 2004 tax after credits is less than zero, enter -0-.

If you didn't file a return for 2004, your 2004 return was not timely filed (including extensions), or your 2004 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 2004 and you have a tax year of 12 months, you may use the tax shown on your 2004 Form 40N or 40P.

PART B—Figure your required periodic payment

Line 11. Divide line 9 by four and enter the amount in each column. If you moved into Oregon in 2005 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. This is your required payment for the period.

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.

PART C—Figure your interest

Interest is calculated on the balance of tax due (running balance) between event dates. The required payments due on April 15, 2005, June 15, 2005, September 15, 2005, and January 17, 2006 increase your running balance. Withholding and estimated payments decrease your running balance. Underpayment interest accrues until the balance is paid in full or April 17, 2006, whichever is earlier. Interest will continue to accrue on any balance remaining after April 17, 2006 and will be computed separately.

Date and Amount Columns

Lines 12, 17, 22, and 28. Enter your required payments from line 11, in the amount column for each corresponding period. If the required payment is zero, enter -0-.

Lines 13, 18, 23, and 29. Fill in Oregon income tax 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 figure in the amount column for the four withholding payment dates. If there was no withholding during the period, enter zero.

Lines 14, 15, and 16. Enter the dates and amounts of any estimated payments you made before June 15, 2005 in date order. All payments made on or before April 15, 2005 can be added together and entered on line 14.

Lines 19, 20, and 21. Enter the dates and amounts of any estimated payments you made from June 15, 2005 until September 14, 2005 in date order.

Lines 24, 25, and 26. Enter the dates and amounts of any estimated payments you made from September 15, 2005 until January 16, 2006 in date order.

Lines 30, 31, and 32. Enter the dates and amounts of any estimated payments you made from January 17, 2006 until April 16, 2006 in date order.

Running Balance Column

Running balance is the amount of tax due at any given time during the year. Start on line 12 and work your way down. The required payments on lines 12, 17, 22, and 28 increase your running balance. Withholding and estimated payments on the other lines decrease your running balance. If there is no withholding payment for the period, your running balance will be the same as shown on the required payment line. The rate change on line 27 has no effect on your running balance. Your running balance can be positive, negative, or zero.

Example 1: Catelyn has a required payment of \$5,000 every period. Her total withholding is \$14,000 for 2005 (\$3,500 each period). Catelyn made estimated tax payments of \$2,500 on May 16, 2005 and July 15, 2005 and \$3,000 on August 15, 2005. Catelyn's running balance as of September 15, 2005 is negative \$3,500.

Example 1. Date, Amount, and Running Balance Columns

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/15/05	Req. Pymt.	\$5,000.00	\$5,000.00					
13.	4/15/05	Withholding	\$3,500.00	\$1,500.00		0.004167		0.000137	
14.	5/16/05	Payment	\$2,500.00	(\$1,000.00)		0.004167		0.000137	
15.		Payment				0.004167		0.000137	
16.		Payment				0.004167		0.000137	
17.	6/15/05	Req. Pymt.	\$5,000.00	\$4,000.00					
18.	6/15/05	Withholding	\$3,500.00	\$500.00		0.004167		0.000137	
19.	7/15/05	Payment	\$2,500.00	(\$2,000.00)		0.004167		0.000137	
20.	8/15/05	Payment	\$3,000.00	(\$5,000.00)		0.004167		0.000137	
21.		Payment				0.004167		0.000137	
22.	9/15/05	Req. Pymt.	\$5,000.00	\$0.00					
23.	9/15/05	Withholding	\$3,500.00	(\$3,500.00)		0.004167		0.000137	

Months and Days Columns

Count the number of full months and days between the first event that creates a positive running balance and the next event that changes your running balance. You will not count the number of days between required payments and withholding payments because they are on the same day. Enter the months and days in the same row as your first event. Continue entering the number of full months and days between events down the column until you reach the last event that affects your running balance. Count the number of full months and days between the last event in your column and April 17, 2006. Underpayment interest is not calculated past April 17, 2006, the due date of the return.

If the running balance is negative or zero, do not calculate the number of days between the day the running balance becomes negative or zero and the next event.

Example 2: Using the information on page 3, Catelyn does not calculate the number of days between her first required payment and first withholding payment. The department recognizes her required payment and withholding on the same day. There is one full month and one day between Catelyn's first withholding payment and first estimated tax payment. Catelyn will enter "1" in the month column on line 13 and "1" in the days column on line 13.

Example 3: Using the information on page 3, Catelyn's estimated tax payment on May 16, 2005 creates a negative running balance on line 14. Because she has met the required payments to date, she will not owe further underpayment interest this period. It is not necessary for her to calculate the number of days between her estimated tax payment and her required payment on June 15, 2005.

Interest Column

To calculate your interest, multiply your positive running balance by the number of full months and the monthly rate. Add to this your positive running balance multiplied by the number of days and the daily rate. Do **not** calculate interest on a negative or zero running balance.

Example 4: One line 13 Catelyn has a running balance of \$1,500 for one month and one day. The interest that accrues during this period totals \$6.46 ($[1,500 \times 1 \times .004167] + [1,500 \times 1 \times .000137]$). Catelyn later has a balance of \$500 for one month. The interest that accrues during that period totals \$2.08 ($500 \times 1 \times .004167$).

Line 34. Add the amounts in the interest column. Round to the nearest whole dollar and enter here and on Form 40, line 50; or Form 40N, line 68; or Form 40P, line 68.

Examples 2, 3, and 4. Months, Days, and Interest Columns

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/15/05	Req. Pymt.	\$5,000.00	\$5,000.00					
13.	4/15/05	Withholding	\$3,500.00	\$1,500.00	1	0.004167	1	0.000137	6.46
14.	5/16/05	Payment	\$2,500.00	(\$1,000.00)	-	0.004167	-	0.000137	
15.		Payment				0.004167		0.000137	
16.		Payment				0.004167		0.000137	
17.	6/15/05	Req. Pymt.	\$5,000.00	\$4,000.00					
18.	6/15/05	Withholding	\$3,500.00	\$500.00	1	0.004167	0	0.000137	2.08
19.	7/15/05	Payment	\$2,500.00	(\$2,000.00)	-	0.004167	-	0.000137	
20.	8/15/05	Payment	\$3,000.00	(\$5,000.00)	-	0.004167	-	0.000137	
21.		Payment				0.004167		0.000137	
22.	9/15/05	Req. Pymt.	\$5,000.00	\$0.00					
23.	9/15/05	Withholding	\$3,500.00	(\$3,500.00)	-	0.004167	-	0.000137	

Continued on page 7...

FORM 10	UNDERPAYMENT OF OREGON ESTIMATED TAX File with your 2005 Oregon individual income tax return	2005	For Office Use Only Date Received
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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 here and on Form 40, box 50a; or Form 40N or Form 40P, box 68a 1 Exception No. _____

PART A—Figure your required annual payment

2. 2005 net income tax from Form 40, line 42; or Forms 40N or 40P, line 60	2	.00
3. 2005 working family credit amount you claimed on Form 40, line 45; or Forms 40N or 40P, line 63.....	3	.00
4. Line 2 minus line 3	4	.00
5. Multiply line 4 by 90% (.90).....	5	.00
6. 2005 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 2004 tax after credits, including the working family child care credit (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.

PART B—Figure your required periodic payment

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

	A	B	C	D
	April 15, 2005	June 15, 2005	Sept. 15, 2005	Jan. 17, 2006

PART C — Figure your interest (See instructions on page 2)

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/15/05	Req. Pymt.	.	.					
13.	4/15/05	Withholding	.	.		0.004167		0.000137	.
14.		Payment	.	.		0.004167		0.000137	.
15.		Payment	.	.		0.004167		0.000137	.
16.		Payment	.	.		0.004167		0.000137	.
17.	6/15/05	Req. Pymt.	.	.					
18.	6/15/05	Withholding	.	.		0.004167		0.000137	.
19.		Payment	.	.		0.004167		0.000137	.
20.		Payment	.	.		0.004167		0.000137	.
21.		Payment	.	.		0.004167		0.000137	.
22.	9/15/05	Req. Pymt.	.	.					
23.	9/15/05	Withholding	.	.		0.004167		0.000137	.
24.		Payment	.	.		0.004167		0.000137	.
25.		Payment	.	.		0.004167		0.000137	.
26.		Payment	.	.		0.004167		0.000137	.
27.	1/17/06	Rate Chg.		.					
28.	1/17/06	Req. Pymt.	.	.					
29.	1/17/06	Withholding	.	.		0.005833		0.000192	.
30.		Payment	.	.		0.005833		0.000192	.
31.		Payment	.	.		0.005833		0.000192	.
32.		Payment	.	.		0.005833		0.000192	.
33.	4/17/06	— Do not calculate interest after April 17, 2006 —							

34. **Total interest due.** Add the amounts in the interest column. Round to the nearest whole dollar and enter here and on Form 40, line 50; or Form 40N or Form 40P, line 68 34 .00

ANNUALIZED INCOME WORKSHEET

Read the instructions on page 7 **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 1/1/05 to 3/31/05	B 1/1/05 to 5/31/05	C 1/1/05 to 8/31/05	D 1/1/05 to 12/31/05
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 7 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 2005 tax booklet) 18				
19. Exemption credit (not annualized) from Form 40, line 33; Form 40N, line 54; or Form 40P, line 54 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 2005 Oregon Individual Income Tax Return

Have questions? See page 8 of the instructions for numbers to call.

Continued from page 4...

Instructions For Annualized Income Worksheet (Form 10, page 2)

Note: Are you using the Annualized Income Worksheet to compute your 2006 estimated tax payments? If so, see page 8 for further instructions.

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 2005. 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, 2005. Scott includes the total amount of the distribution in columns C and D only. If Scott received the lump sum distribution on April 26, 2005 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 2005. 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.

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 2005. 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.

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 2005 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. 2005 federal exemption amount (Form 1040, line 42, 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 \$2,250 if you are married filing separately or \$4,500 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				

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 2005 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.

Estimating your 2006 tax payments

You can use the Annualized Income Worksheet as a guide to compute your 2006 annualized estimated tax payments.

Follow the instructions provided for the worksheet. When completing the worksheet, be sure to use the 2006 figures for the Oregon exemption credit, federal tax subtraction, and tax rate charts. You can find these in our publication, *Oregon 2006 Instructions for Estimated Income Tax and Form 40-ESV Payment Voucher*. To order, see this page for numbers to call.

When completing the Annualized Income Worksheet, line 25, enter all previous 2006 estimated tax payments in columns B, C, and D. Do not complete the worksheet past line 26. This is your required estimated tax payment for each period of 2006. Questions? See below for numbers to call.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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** 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

Telephone

- Salem** 503-378-4988
- Toll-free from Oregon prefix** 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
- Saturday, April 15 7:00 a.m.–4:00 p.m.
- Wait times may vary.*

Asistencia en español:

- Salem 503-945-8618
- Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

- Salem 503-945-8617
- Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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 24	OREGON LIKE-KIND EXCHANGES/INVOLUNTARY CONVERSIONS	For Tax Year <div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div>	For Office Use Only 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—

Form 40-EXT General Instructions

If you owe Oregon tax for 2005 and need additional time to file your Oregon return, complete Form 40-EXT. Detach and mail Form 40-EXT along with your check or money order to the department's extension clerk by April 17, 2006. If you are paying the tax with a credit card, complete Form 40-EXT and write "credit card payment" directly above the payment amount box before mailing your extension request. Be sure to **check box 7b** on your Oregon return when you file. Do not attach a copy of the extension to your Oregon return. Keep a copy of your Oregon extension with your records.

If you do not owe Oregon tax for 2005 and you have a federal extension, do not complete Form 40-EXT. Oregon will allow you the same extension. Be sure to **check box 7b** on your Oregon return when you file. Do not attach a copy of the federal extension to your Oregon return. Keep a copy of your federal extension with your records.

If you do not owe Oregon tax for 2005 but you need additional time to file your Oregon return and you do not have a federal extension, you do not need to complete Form 40-EXT. You have three years from the original due date of April 17, 2006 to file your return and claim a refund. There is no late filing penalty for a refund return. **However**, if there is a possibility you could owe Oregon tax for 2005, complete Form 40-EXT as a precaution against a late filing penalty. See "Penalties and interest" on this page. Fill out Form 40-EXT and enter -0- in the payment amount box. Detach and mail Form 40-EXT to the department's extension clerk by April 17, 2006. Be sure to **check box 7b** on your Oregon return when you file. Do not attach a copy of the extension to your Oregon return. Keep a copy of your Oregon extension with your records.

Were you stationed in a designated combat zone? Did you receive additional time to file your 2005 federal return and pay your 2005 federal tax? If so, Oregon allows you 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.

Are you filing an extension for a Multiple Nonresident (MNR) return? If so, be sure to check the Form MNR box. Enter the entity's name in the last name field and the Oregon

business identification number (BIN) in the SSN field. Do **not** enter the federal employer identification number (FEIN).

Penalties and interest. If you do not pay at least 90 percent of your total tax liability by April 17, 2006, a 5 percent late payment penalty plus interest may be added to your tax due. If you do not file your return within three months after the due date of the return, including extensions, a 20 percent late filing penalty plus interest may be added.

Payments. If you are sending a tax payment, make your check or money order payable to "**Oregon Department of Revenue.**" Be sure to write your daytime telephone number and "2005 40-EXT" on your check or money order. To help us speed the processing of your request, please use **blue or black** ball point ink. Do not use gel ink or the color red, and do not postdate your check. Detach and mail Form 40-EXT along with your check or money order to the department's extension clerk by April 17, 2006.

Credit card payments. You can pay your 2005 tax through a third-party service provider using your Visa, MasterCard, or Discover credit card. Contact one of the service providers listed below. The service provider will charge you a convenience fee based on the amount of your tax payment. 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:

- **Link2Gov Corporation.** Visit their Web site at www.ortaxpayment.com.
- **Official Payments Corporation.** Call 1-866-720-1327, or visit their Web site at www.officialpayments.com.

If you are paying the tax with a credit card, complete Form 40-EXT and write "credit card payment" directly above the payment amount box. Detach and mail Form 40-EXT to the department's extension clerk by April 17, 2006. Mail to:

**Extension Clerk
Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0980**

OREGON

— 2006 —

Instructions for Estimated Income Tax and Form 40-ESV Payment Voucher

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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 2006 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 our publication, "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 2006 Oregon income tax return, **and**
- The total amount of income tax you expect to be withheld from your 2006 income will not equal or exceed at least one of the following:
 - 90 percent of the net income tax to be shown on your 2006 income tax return, **or**
 - 100 percent of the net income tax shown on your 2005 income tax return **or**
 - 90 percent of the tax on your 2006 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
Monday April 17, 2006	Thursday June 15, 2006	Friday September 15, 2006	Tuesday January 16, 2007

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 will be **age 62 or older** on December 31, 2006, 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 2005 Form 40N or Form 40P as a guide to estimate your 2006 Oregon income tax. Use the worksheet on page 5 to compute the amount you owe. Follow the same instructions for filing Form 40-ESV 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-ESV. 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 **2005** gross income **and** your **2006** estimated gross income.

If two-thirds of your total 2005 gross income or two-thirds of your total 2006 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 2006. 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 **2006** Oregon income tax return. Your 2006 Oregon return is due April 16, 2007. To get Form 10 and instructions, see page 8.

When are 2006 estimated income tax payments due?

Calendar-year taxpayers

You may pay your total 2006 estimated Oregon income tax by April 17, 2006, or you may divide your estimated tax into four payments.

2006 estimated tax due dates

- First payment—due **April 17, 2006.**
- Second payment—due **June 15, 2006.**
- Third payment—due **September 15, 2006.**
- Fourth payment—due **January 16, 2007.**

If you find you still owe more income tax, pay the balance by April 16, 2007. 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 ends in blue or black ink on Form 40-ESV.

Special cases

You don't need to make the fourth payment (January 16, 2007) if:

- You file your 2006 Oregon individual income tax return on or before January 31, 2007, **and**
- You pay all tax due with your return.

You still must make estimated tax payments on the earlier three payment dates.

Form 40-ESV 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-ESV. 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-ESV. Check the box for the quarterly payment you are making. If you are a fiscal year taxpayer, print the date your fiscal year ends. Check the box if you are filing Form MNR, if you are a first time filer, or your name or address has changed. Print your daytime telephone number. Print your last name, first name, and Social Security number, or the entity's name and Oregon business identification number (BIN). Print your spouse's last name, first name, and Social Security number only if you are filing a joint Form 40-ESV. Print your full address and enter the payment amount in the boxes provided.

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-ESV 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-ESV, 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 2006 Oregon income tax returns even if you file a joint Form 40-ESV. **If you file separate income tax returns after filing a joint Form 40-ESV**, 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-ESV separately. This will speed the processing of your returns.

Methods of computing estimated tax

- **Method 1—Estimated 2006 tax**—90 percent of your estimated 2006 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 **2005** federal income tax return and instructions as **guides** to estimate your **2006** federal adjusted gross income (AGI). Your 2005 federal AGI is on Form 1040, line 37; 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 2006 estimated tax payments. They use these steps to find out:

1. They use their 2005 federal tax return as a guide to estimate their 2006 federal AGI.
2. Then they use their 2005 Oregon income tax return as a guide to figure the income, deductions, withholding, and credits **they expect for 2006.**
3. They use this information to figure their 2006 Oregon estimated tax. Here's how they estimate their 2006 tax using **tax rate chart J:**

Estimated 2006 adjusted gross income	\$65,567
Less estimated:	
2006 federal tax subtraction	\$ 5,000
Net itemized deductions	<u>5,500</u>
Total deductions	-\$10,500
Estimated Oregon taxable income.....	<u>\$55,067</u>
Oregon tax using the 2006 tax rate chart on page 7	\$4,572
2006 exemption credit (5 × \$159).....	\$795
Estimated political contribution credit	- \$100
Oregon tax after credits.....	\$3,677
Multiply their tax after credits by 90% (.90).....	× <u>.90</u>
Total.....	\$3,309
Less: tax Louise expects to be withheld from her wages.....	- <u>\$741</u>
Estimated tax payment required for 2006.....	<u>\$2,568</u>

This amount is more than \$1,000. Allan and Louise must make estimated tax payments for 2006. They must complete Form 40-ESV and make minimum payments of \$642 (\$2,568 ÷ 4 = \$642) by **each** payment due date.

• **Method 2—Safe harbor 2005 tax**—100 percent of the net tax (tax after credits) shown on your **2005** income tax return. Your 2005 return must be filed on time, including extensions. Pay 25 percent of your 2005 net income tax by each estimated tax payment due date. You can't use this method if you didn't file a 2005 return. Your 2005 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 2005.

• **Method 3—Annualized 2006 tax**—90 percent of your 2006 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 2005 Oregon Form 10 as a guide to figure your estimated tax payments under this method. When completing the annualized income worksheet, read the instructions carefully and be sure to use 2006 figures for the Oregon exemption credit, federal tax subtraction, and tax rate charts. Stop at line 26 when completing the annualized income worksheet. These are your required estimated tax payments for 2006. For line 25 in columns B, C, and D, enter all previous 2006 estimated tax payments made. 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 2006..... | 1. _____ |
| 2. Oregon additions you expect in 2006 | 2. _____ |
| 3. Income after additions. Line 1 plus line 2..... | 3. _____ |
| 4. Oregon subtractions you expect in 2006 | 4. < _____ > |
| 5. Income after subtractions. Line 3 minus line 4 | 5. _____ |
| 6. Itemized or standard deductions you expect in 2006 | 6. < _____ > |
| 7. Oregon taxable income you expect in 2006. Line 5 minus line 6..... | 7. _____ |
| 8. 2006 Oregon estimated income tax. Use the 2006 tax rate chart on page 7 to figure the tax on the amount on line 7 | 8. _____ |
| 9. 2006 exemption credit (\$159 × number of exemptions)..... | 9. _____ |
| 10. Oregon tax credits you expect for 2006 (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 2005 return, enter the amount from line 13a directly on line 13c | 13a. _____ |
| 13b. Enter 100% of the tax shown on your 2005 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 2006 | 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 17, 2006
- June 15, 2006
- September 15, 2006
- January 16, 2007

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. 2006 Oregon estimated income tax from the 2006 tax rate chart.
Use your 2005 Oregon and federal income tax returns and instructions as guides 1. _____
2. Oregon income tax credits you expect for 2006. 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. \leq _____ $>$
3. Line 1 minus line 2 (not less than -0-)..... 3. _____
- 4a. Multiply line 3 by 90% (.90). **If you did not file a 2005 Oregon return, enter the amount from line 4a directly on line 4c.** 4a. _____
- 4b. Enter 100% of the tax shown on your 2005 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 2006 5. \leq _____ $>$
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 17, 2006
June 15, 2006
September 15, 2006
January 16, 2007

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 2005 refund

You may apply your 2005 refund to your 2006 estimated tax account. Your refund will be applied to your **first** payment period if you file your 2005 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 2006 estimated tax on your 2005 Form 40, line 54; 2005 Form 40N, line 72; or 2005 Form 40P, line 72.

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-ESV. 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 2005 Oregon income tax refund you asked to have applied to your 2006 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 "2006 40-ESV" on your check.
- Do not send cash or postdated checks.
- **Don't staple** your check to Form 40-ESV.

Send your 2006 Form 40-ESV and payment separate from your 2005 income tax return. **Do not** mail them together.

Note: If paying by credit card, do not use Form 40-ESV. 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, 2006, 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 2006 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-ESV fill in the amount from line 5 of the worksheet.

Amended estimated tax worksheet

1. Amended annual payment required 1. _____
2. 2006 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, 2006	June 15, 2006
• after June 1 and before September 2, 2006	September 15, 2006
• after September 1, 2006	January 16, 2007

Does the due date of my income tax return change?

No. File your 2006 Oregon income tax return by April 16, 2007, as usual.

Late payments

Your Form 40-ESV 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 2006 Oregon income tax return. See "Interest on underpayment of estimated tax" in the next column.

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 16, 2007, whichever comes first.

Important: You must file your 2006 income tax return before we can refund any estimated payments.

Interest on underpayment of estimated tax

You will have an underpayment for 2006 if you pay less than:

- 90 percent of the tax to be shown on your 2006 income tax return (at least one-fourth on each payment due date), **or**
- 100 percent of the tax shown on your 2005 income tax return (at least one-fourth on each payment due date), **or**
- 90 percent of the tax figured on your 2006 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 2006 Oregon income tax return. Pay the interest when you file your 2006 Oregon income tax return. To order Form 10 and instructions, see page 8.

The interest rate is 7 percent for interest periods beginning on or after January 1, 2006. The interest rate may change once a calendar year.

Keep records

If you received a personalized 40-ESV voucher, there are stubs for your records. On the Form 40-ESV stub, fill in:

- **Amount of payment due.** That's the amount of 2006 estimated tax you figured using the methods on pages 3 and 4.
- **Amount of your 2005 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 2005 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 2006 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-ESV 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-ESV to:

**Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950**

**Tax rate
charts
for
computing
2006
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 \$2,750.....	5% of taxable income
Over \$2,750 but not over \$6,850	\$138 plus 7% of excess over \$2,750
Over \$6,850	\$425 plus 9% of excess over \$6,850

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 \$5,500.....	5% of taxable income
Over \$5,500 but not over \$13,700.....	\$275 plus 7% of excess over \$5,500
Over \$13,700	\$849 plus 9% of excess over \$13,700

Caution: The tax rates change because of inflation. Use this rate chart for figuring your 2006 estimated tax. Don't use a 2005 rate chart.

2006 Federal Tax Subtraction.....	\$5,000 (\$2,500 if married filing separately)
2006 Exemption Credit.....	\$159

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
- Oregon Amended Schedule 150-101-061
- 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

Publications

- 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



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
 Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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** 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



For Tax Year
2006

**OREGON ESTIMATED INCOME TAX
PAYMENT VOUCHER**
150-101-026-2 (Rev. 12-05)

FORM

40-ESV

Department of Revenue Use Only

or Fiscal Year Ending _____

1st Qtr: Due 4/17/06
 2nd Qtr: Due 6/15/06

3rd Qtr: Due 9/15/06
 4th Qtr: Due 1/16/07

Check if filing Form MNR
 First time filer New name/address Telephone number _____

Last name	First name and initial	SSN or BIN
Spouse's last name if joint payment	Spouse's first name and initial	Spouse's SSN if joint payment
Current mailing address		City
		State
		ZIP code

Enter Payment Amount

\$

								.	0	0
--	--	--	--	--	--	--	--	---	---	---

Mail your payment with completed Form 40-ESV 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 name(s) and Social Security number(s) or Oregon BIN.
- Check the box if you are a first time filer, if your name or address has changed since the last time you filed estimated tax, or the payment is for a multiple nonresident (MNR) return.
- 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 “2006 40-ESV” on your check or money order.
- **Please do not** staple your check or money order to this voucher.
- **Do not** postdate your check.

Form **65** **OREGON PARTNERSHIP RETURN OF INCOME** **2005**
 For calendar year 2005 or fiscal year ending: _____

For Office Use Only	
Date Received	

• 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	<input type="checkbox"/> Check if you filed federal Form 8886

Check all applicable boxes: Initial Return Name Change Address Change Amended Return

Type of Entity: Partnership Limited Partnership Limited Liability Co. Limited Liability Partnership 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.

- | | | |
|--|--------------------------|--------------------------|
| 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 the partnership had 10 or less partners, attach a copy of each partner's federal K-1.
 If you answered yes to A or B and had 10 or less partners, you **must** attach a summary of partner information.
 If the partnership had more than 10 partners, you **must** attach a summary of partner information.
 Your summary must include each partner's name, Social Security or federal employer identification number, address, and profit/loss sharing percentage.

3. Prior year return and final return.

- | | | |
|--|--------------------------|--------------------------|
| A. Was a 2004 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, fair market value, sale price, or if distributed, to which partner(s). | | |

4. Changes to a prior year partnership return during this tax year.

- | | | |
|--|--------------------------|--------------------------|
| A. Did an IRS audit change a prior year return during the 2005 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?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 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 B 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	(K-1 line ____)	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 2005 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

Tear off the instructions, attach federal Form 1065 and required schedules, 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, (form 150-101-171) 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.

Check the box if you were required to file federal Form 8886 with the IRS to disclose information about an Abusive Tax Avoidance Transaction (ATAT) in which you participated.

Filing deadlines

Returns for the 2005 calendar year are due by April 17, 2006. 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 federal definition of taxable income. Oregon will automatically adopt future federal changes to taxable income. 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. 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, *Oregon Like-kind Exchanges/Involuntary Conversion*, 150-800-734, to your Oregon Partnership Return, Form 65.

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 fund contribution
- Crop donation
- Diesel engine replacement
- Dependent care assistance
- Electronic commerce zone investment
- Employer scholarship
- Farmworker housing
- Film production development contribution
- First Break Program
- Fish screening devices
- Individual Development Accounts
- Long-term care insurance premiums
- On-farm processing machinery and equipment
- Oregon Cultural Trust
- Political contributions
- Pollution control facilities
- Reforestation of underproductive forestlands
- 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 any or all the individual partners. Use the partnership's net self-employment earnings (including partners' guaranteed payments) to figure the tax.

Any 2005 TriMet or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 17, 2006. 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. Unless allowed by law, all information 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**

New withholding requirement for partnerships

For tax years beginning on or after January 1, 2006, a partnership with one or more nonresident partners that have no other Oregon source income is required to withhold tax unless the partner makes an election to join in the filing of a composite return. The partnership must withhold 9 percent of the partners' share of distributive income for partners who will file personal income tax returns, 6.6 percent for partners that are corporations. The partnership must send quarterly payments, on Form 40-ESV, for each partner who will file a personal income tax return, or on Form 20V for partners who will file corporate returns. Each payment voucher must include the partner's name and identification number. For additional information or to download forms, visit our Web site, or see taxpayer assistance below.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us
This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Correspondence



Write to: 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 from Oregon prefix 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
 Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

<h1 style="margin: 0;">Schedule AP</h1>	<h2 style="margin: 0;">APPORTIONMENT OF INCOME FOR PARTNERSHIPS</h2>	<h1 style="margin: 0;">2005</h1>
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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. For tax years beginning after June 30, 2005, the apportionment formula will be based 100 percent on sales.

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 rent paid. 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.

2005 OREGON

Elderly Rental Assistance Program Form 90R and Instructions



ERA



File your claim by
July 1, 2006

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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Oregon Department
of Revenue

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, 2006, your claim will be processed the following year, and if you qualify, your ERA payment will be issued in November 2007.

Payment issue date. The payment issue date is November 2006 for claims received by July 1, 2006. Do not contact the department to find out how to calculate your payment. We will not know the assistance amount until November 2006.

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 2006 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 2006.

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 2007.

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, 2005, **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, 2005, **and**
- You didn’t own your residence on December 31, 2005 (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, 2005, **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, 2005, **and**
- You didn’t own your residence on December 31, 2005 (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
2005	July 1, 2006	July 1, 2009
2004	—	July 1, 2008
2003	—	July 1, 2007
2002	—	July 1, 2006

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, 2006, your ERA check will be mailed in November 2006. If your Form 90R is filed **after** July 1, 2006, your ERA claim will not be processed this year and your check will not be issued until November 2007.

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, 2005, 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 2005? 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, 2005, 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, 2005, 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, 2005 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, 2005, 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, 2005, 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 2006, 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, 2005, 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, 2005. 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 2005. 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 2005 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 2005. Include Medicare premiums for 2005. 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 2005. 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 36, or Form 1040A, line 20. If you filed Form 1040EZ, 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, 2005, 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....	×		Disability income (entire amount).....	×	
Annuities and pensions (reduced by cost recovery).....	×		Dividends, taxable and nontaxable	×	
*Business income (reduced by expenses)	×		Credit union savings account “dividends” (interest).....	×	
Cafeteria plan benefits.....	×		Insurance policy “dividends” (return of premium).....	×	
*Capital loss carryover	×		Return of capital dividends	×	
*Capital losses (in year determined) ...	×		Stock dividends	×	
Child support.....	×		Tax-exempt dividends	×	
Child support included in welfare	×		Earned income credit, advanced.....	×	
Clergy’s rental or housing allowance, in excess of expenses claimed to determine federal AGI.....	×		*Estate and trust income (also see Inheritance)	×	
Compensation for services performed			*Farm income (reduced by expenses).....	×	
Back pay	×		Agricultural program payments.....	×	
Bonuses.....	×		Patronage dividends.....	×	
Clergy’s fees	×		Proceeds from sale of crops and livestock.....	×	
Commissions	×		Rents.....	×	
Director’s fees	×		Sale of services.....	×	
Fees in general (trustee, executor, jury duty)	×		Fellowships	×	
Lodging for convenience of employer.....	×		Foreign income excluded from federal AGI.....	×	
Meals for convenience of employer.....	×		Foster child care (reduced by expenses).....	×	
Salaries.....	×		Funeral expenses received	×	
Severance pay	×		Gains on sales (receipts less cost)	×	
Tips	×		Excluded gain for Oregon on sale of residence.....	×	
Wages	×		Gambling winnings (without reduction for losses)	×	
Deferred compensation			Gifts and grants (totaling more than \$500 in value).....	×	
Contributions made	×		Cash.....	×	
Payments received	×				
Depletion in excess of basis	×				
Depreciation, depletion, and amortization in excess of \$5,000.....	×				

*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 <h1 style="margin:0;">90R</h1>	<h2 style="margin:0;">OREGON ELDERLY RENTAL ASSISTANCE</h2>	<h1 style="margin:0;">2005</h1>	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 joint claim		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		
						1	2	3
	City		State	ZIP code	Telephone number ()			

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 2005)	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, not including food stamps).....	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 36 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 2005 (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 2005. 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; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
2. Full name of each room mate	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
3. Landlord's name, street address, city, state, ZIP code, and telephone number	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
4. 2005 rental period	From: <input style="width: 40%;" type="text"/> To: <input style="width: 40%;" type="text"/>	From: <input style="width: 40%;" type="text"/> To: <input style="width: 40%;" type="text"/>
5. Rent you paid per month	5A <input style="width: 40%; text-align: right;" type="text"/> \$	5B <input style="width: 40%; text-align: right;" type="text"/> \$
6. Total rent you paid (per address).....	6A <input style="width: 40%; text-align: right;" type="text"/> \$	6B <input style="width: 40%; text-align: right;" type="text"/> \$
7. TOTAL RENT PAID IN 2005. Add boxes 6A and 6B and enter the total here. Also enter this amount in box 22 on the front of this form	7 <input style="width: 40%; text-align: right;" type="text"/> \$	

2005 HOUSEHOLD ASSETS LIST

Use Fair Market Value of your assets as of December 31, 2005. 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).....	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
2. Personal property:			
A. Money on hand: Currency and bills of exchange or others (identify).....	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
B. Money on deposit:			
Checking and savings account.....	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
Certificates of deposit or others (identify).....	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
C. Funds on deposit:			
Funds accruing due to death of the insured where withdrawal is at your option (insurance)	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
Funds accruing due to original maturity of a policy contract where withdrawal is at your option	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
D. Money owed to you: Personal or business notes receivable or others (identify)	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
E. Shares of stock:			
Capital, common, and preferred	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
Shares in mutual funds and investment trusts or others (identify)	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
F. Assets or property used in a trade or business in which you or your spouse have an ownership interest .	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>
TOTAL HOUSEHOLD ASSETS. Fill in the total here and on line 21 on the front of this form.....	\$	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>

Continued from page 7...

Qualifying rent

22. Total Oregon rent you paid during 2005.

Complete the rent schedule on the back of Form 90R.

Fill in the Oregon rent you paid during 2005. Include all Oregon rent you paid for each residence you rented in 2005. 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, which ever 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 2005 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 2005.

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, 2005? 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, 2005.)

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, 2006 so we can process and issue your payment in November 2006.

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 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..... 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

Telephone

Salem 503-378-4988
Toll-free from Oregon prefix ... 1-800-356-4222

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
 Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon .. 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

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. _____

2005 OREGON

Multiple Nonresident Instructions

For 2006, new legislation may require tax to be withheld from nonresident members of a pass-through entity who do **not** elect to file a composite return. Visit our Web site at www.oregon.gov/DOR for more information.

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. Calendar year members will include their share of the entity’s income on their calendar year returns. **Example:** An entity uses a March 31, 2005 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 2005 by April 17, 2006.

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, business identification number (BIN), and address in the name, Social Security number, and address section.
2. The net tax amount due (line 60).
3. Total estimated tax payments made (line 62).
4. Any overpayment to apply to 2006 estimated taxes (line 72).
5. Amount your owe (line 70) or net refund (line 80)
6. Signature of an authorized representative of the entity at the bottom of page two.

Do any nonresident members qualify for the credit for income taxes paid to another state? If so, complete line 57 on Form 40N as well.

A Schedule MNR or equivalent must be filed with the multiple nonresident return, Form 40N. Schedule MNR reports each nonresident member’s Oregon tax liability. 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:

- Name, Social Security number, 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. ESBTs will use the tax rate chart for singles.
- Share of credit for income taxes paid to another state.
- Share of estimated tax payments.
- 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 2005 calendar year returns, the due date is April 17, 2006.

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-EXT 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-ESV, *Oregon Estimated Income Tax Payment Voucher*. Be sure to check the MNR box on the voucher. Identify the entity using their Oregon BIN. Do not enter their federal employer identification number (FEIN).

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 Oregon BIN 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.

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 Form 40N instructions or 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 7 percent per year or 0.5833 percent per month. Interest is figured daily (0.0192 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:

$$\text{Tax} \times 0.000192 \times \text{Number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 11 percent per year.

Interest on the underpayment of estimated tax

Interest on the underpayment of estimated tax is due when an individual member has a tax liability in excess of \$1,000 after credits. Calculate the interest for each member individually using Form 10, *Underpayment of Oregon Estimated Tax*, to determine if the member has an underpayment. To order, see page 4.

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. Estimated tax payments made by the entity cannot be claimed on the individual return. The decision to revoke a previous election by one or more members has no effect on the election of the remaining members.

2005 Tax rate charts for MNR

S Tax Rate Chart

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 the excess over \$2,650
Over \$6,650	\$413 plus 9% of the excess over \$6,650

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 \$5,300	5% of taxable income
Over \$5,300 but not over \$13,300	\$265 plus 7% of the excess over \$5,300
Over \$13,300	\$825 plus 9% of the excess over \$13,300

Taxpayer assistance

Internet

www.oregon.gov/DOR



- Download forms and publications.
- Get up-to-date tax information.
- E-mail: questions.dor@state.or.us.

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Correspondence



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

Telephone

Salem 503-378-4988
Toll-free from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to:

- Order tax forms.
- Hear recorded tax information.



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

Monday, Tuesday, Thursday, Friday ...7:30 a.m.–5:10 p.m.
Wednesday10:00 a.m.–5:10 p.m.
April 3–April 17, Monday–Friday7:00 a.m.–8:00 p.m.
Saturday, April 15.....9:00 a.m.–4:00 p.m.

Wait times may vary. Closed on holidays.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from Oregon prefix..... 1-800-888-8204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

2005 Schedule MNR

Oregon Department of Revenue Multiple Nonresident Income Tax

Name of Entity: _____ Entity Year End: _____

Business Identification Number (BIN): _____ Federal Employer Identification Number (FEIN): _____

Name and Social Security Number	Address of Participating Member	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	Underpayment Interest
Totals									

150-101-154 (Rev. 12-05) An example is provided on the other side of this form.

Attach this schedule to your Multiple Nonresident Return, Oregon Form 40N.
The word "multiple" must be written or stamped—in blue or black ink—at the top of Form 40N

Page _____ of _____

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, 2005. XYZ, Inc.'s Oregon nonresident shareholders elect to file a multiple nonresident return (MNR) by completing a 2005 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%	× 0.1250
Oregon source income	<u>\$51,000</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"	\$962.00
Member "D" — ¼ of \$51,000 = \$12,750	
Compute the tax using Oregon's tax rate chart for "married filing joint"	<u>\$787.00</u>
Total Oregon tax for multiple nonresident return	<u>\$1,749.00</u>

The credit for income taxes paid to another state is 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"	\$962.00
Member "D"	<u>\$538.00</u>
Total credit for income taxes paid to another state (California).....	<u>\$1,500.00</u>

Net tax after credits for XYZ, Inc.'s multiple nonresident return is computed as follows:

Oregon income tax	\$1,749.00
Less: Credit for income taxes paid to another state	(1,500.00)
Tax liability	<u>\$249.00</u>

Members "C" and "D" are both calendar year taxpayers. The Oregon MNR return filed for them by XYZ, Inc. will be due April 17, 2006.



TAX INFORMATION AUTHORIZATION and POWER OF ATTORNEY FOR REPRESENTATION

FOR OFFICE USE ONLY
Date Received

Please print. Use only blue or black ink. See additional information on the back.

Taxpayer Name, Spouse's Name, Address, City, State, ZIP Code, Identifying Number, Spouse's Identifying Number

Check only one:

- Tax Information Authorization: This form allows the department to disclose your confidential tax information to your designee.
Power of Attorney for Representation: (See qualification requirements on the back). Check if you want a person to "represent" you.

Representative's title and Oregon license number or relationship to taxpayer:

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):

SIGNATURE OF TAXPAYER(S)

- I acknowledge the following provision: Actions taken by an authorized representative are binding, even if the representative is not an attorney.
Corporate officers, partners, fiduciaries, or other qualified persons signing on behalf of the taxpayer(s): By signing, I also certify that I have the authority to execute this form.
If a tax matter concerns a joint return, both spouses must sign if joint representation is requested.

Signature, Print Name, Date, Title, Daytime Telephone Number, Spouse (if joint representation), Print Name, Date

150-800-005 (Rev. 11-05)

Qualifications for representation are on the back ->

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.

Attach a copy of any other tax information authorization or power of attorney you want to remain in effect.

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. This person will not receive original notices we send to you.
- **Power of Attorney for Representation.** 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, filing, and inspecting returns and reports, and executing statute of limitation extensions and closing agreements.

This form is effective on the date signed. Authorization terminates when the department 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. List fiscal years by year end date.

QUALIFICATIONS TO REPRESENT TAXPAYER(S) BEFORE DEPARTMENT OF REVENUE

Under ORS 305.230, a person must meet one of the following qualifications in order to represent you before the Department of Revenue.

1. For all tax programs:

- a. An adult immediate family member (spouse, parent, child, or sibling).
- b. An attorney qualified to practice law in Oregon.
- c. A certified public accountant (CPA) or public accountant (PA) qualified to practice public accountancy in Oregon, and their employees.
- d. An IRS enrolled agent (EA) qualified to prepare tax returns in Oregon.
- e. A designated employee of the taxpayer.
- f. An officer or employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group for that entity.
- g. An employee of a trust, receivership, guardianship, or estate for that entity.
- h. An individual outside the United States if representation takes place outside the United States.

2. For income tax issues:

- a. All those listed in (1), plus
- b. A licensed tax consultant (LTC) or licensed tax preparer (LTP) licensed by the Oregon State Board of Tax Practitioners.

3. For ad valorem property tax issues:

- a. All those listed in (1), plus
- b. A licensed real estate broker or a principal real estate broker in Oregon, or
- c. A certified, licensed, or registered appraiser in Oregon, or

- d. An authorized agent for designated utilities and companies assessed by the department under ORS 308.505 through 308.665 and ORS 308.805 through 308.820.

4. For forestland and timber tax issues:

- a. All those listed in (1), (2), and (3)(b) and (c), plus
- b. A consulting forester.

Tax matters partners and S corporation shareholders. See OARs 150-305.242(2) and (5) and 150-305.230 for additional information. Include the partnership or S corporation name in the taxpayer name area.

An individual who prepares and either signs your tax return or who is not required to sign your tax return (by the instructions or by rule), may represent you **during an audit of that return. That individual may not represent you for any other purpose unless they meet one of the qualifications listed above.**

Out-of-state CPAs and attorneys may contact their respective regulatory body 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 to this form.

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.

<h1 style="margin: 0;">CR</h1>	<p style="margin: 0;">CLAIM OF RIGHT INCOME REPAYMENTS</p> <p style="margin: 0;">ORS 315.068</p>	<p style="margin: 0;">For Tax Year</p> <div style="border: 1px solid black; height: 20px; width: 100%; margin: 5px 0;"></div>
--------------------------------	---	--

• 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 style="width: 100%;" type="text"/>
2. Enter your Oregon tax for the year of repayment, as shown on your return	2	<input style="width: 100%;" type="text"/>
3. Enter your net tax liability* from the earlier year, as shown on that return	3	<input style="width: 100%;" type="text"/>
4. Refigure your net tax liability* for the earlier year, without including in income the amount you repaid ...	4	<input style="width: 100%;" type="text"/>
5. Line 3 minus line 4. Enter result here (credit amount)	5	<input style="width: 100%;" type="text"/>
6. Line 2 minus line 5. Enter result here	6	<input style="width: 100%;" 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 your repayment on the other subtraction line using the numeric code "302" and the dollar amount of your subtraction. For example, if you are claiming a \$1,500 subtraction for claim of right, enter 302 on line 18a and enter \$1,500 on line 18b. 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 numeric code "706" and the dollar amount of your credit. For example, if you are claiming a \$143 credit for claim of right, enter 706 on line 40a and enter \$143 on line 40b. 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 your repayment on the other addition line using the numeric code "103" and the dollar amount of your addition. For example, if you are claiming a \$750 deduction for claim of right on your federal return and are claiming a credit for Oregon, enter 103 on line 10a and enter \$750 on line 10b.

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 from an Oregon prefix) 1-800-356-4222.

* **Caution:** The net tax liability is the tax amount shown on your original return adjusted by any amended returns.

Do not attach this form to your Oregon return. Keep it with your tax records.

FCG	FARM LIQUIDATION LONG-TERM CAPITAL GAIN TAX RATE ORS 316.045	For Tax Year <div style="border: 1px solid black; width: 100%; height: 30px; margin-top: 5px;"></div>
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A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent termination of all your ownership interests in a farming business, or a termination of all your ownership interests in property that is used in a farming business.

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 home site 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 style="width: 100%;" type="text"/>	<input style="width: 100%;" 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 style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
C. Enter the smaller of A or B here and on line 2 below	C	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
<hr/>			
1. Oregon taxable income from Form 40, line 28; Form 40N, line 50; or Form 40P, line 49	1	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
2. Farm NLTCG from line C above	2	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
3. Modified taxable income. Subtract line 2 from line 1 (but not less than zero)	3	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" 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 style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
5. Enter the smaller of line 1 or 2 above	5	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
6. Multiply line 5 by 5% (.05)	6	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
7. Add lines 4 and 6. This is your Oregon tax. Enter the result here and on your Oregon return. Check the box on your Oregon return labeled "Worksheet FCG"	7	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
8. Form 40P filers only. Compute your Oregon income tax by multiplying line 7 by your Oregon percentage. This is your Oregon tax. Enter the result here and on your Form 40P, line 51. Check the box on your Form 40P labeled "Worksheet FCG"	8	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>

Do not attach this form to your return. Keep it with your tax records.



Election for Final Tax Determination for Income Taxes and Application for Discharge from Personal Liability for Tax of a Decedent's Estate

FOR REVENUE USE ONLY
Date Received

Please attach this to the return.

Form fields for Probate Number, County of Probate, Business Identification Number (BIN), Federal Employer Identification Number (FEIN), 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.

Election for Final Tax Determination for Income Taxes Relating to a Decedent's Estate

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.

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.

Application for Discharge from Personal Liability for Tax on a Decedent's Estate

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 time no 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.

This request is for the following tax returns:

Individual Income Tax: For tax year(s) _____ Fiduciary Income Tax: For tax year(s) _____

Signature of Personal Representative (representative must sign to validate authorization)

X

Date

FORM 243

CLAIM TO REFUND DUE A DECEASED PERSON

For Calendar Year _____

(or other taxable year beginning _____, _____ and ending _____, _____)

FOR OFFICE USE ONLY
Date received

Please attach a photocopy of the death certificate.

Decedent Claimant
Name of Decedent Name of Claimant
Date of Death Decedent's Social Security Number* Claimant's Social Security Number Telephone Number
Street Address (permanent residence or domicile on date of death) Street Address
City State ZIP Code City State ZIP Code

Claimant: If you have the original refund check, send it back with this form.

- 1. Has a personal representative for the estate been appointed by the court?
2. Has a Small Estate Affidavit been filed with the county clerk?
3. Has the probate or small estate closed?
4. If the estate is to be probated, I am filing this statement as (check one box only):
(a) Personal representative of estate.
(b) Responsible party filing affidavit for a small estate.

For Nonprobated or Closed Estates—

- 5. Does the total due the decedent (except for salary or wages) from all state of Oregon agencies exceed \$10,000?
6. If the estate is not to be probated or probate has closed, I qualify for payment under one of the following kinship groups (check one box only):
Surviving spouse.
Trustee of revocable inter vivos trust.
Children of the decedent or children of a deceased child of the decedent.
Parents of the decedent.
Brothers and/or sisters of the decedent.
Nephews and/or nieces of the decedent.

Signature and Verification

I promise to use all of the money to pay the expenses of the last illness and funeral of the decedent if necessary.

If, after payment of the check by the state treasurer, the decedent's estate is probated, I promise to account fully to the personal representative.

If nonprobated, I promise to account fully to other persons entitled to share in this refund. I understand that the state of Oregon is not responsible for such accounting. I declare that there are not kin who are more closely related to the decedent.

I declare under the penalties of false swearing that the statements herein are true.

Signature of Claimant Telephone Number Date

*Social Security number is required for identification purposes. OAR 150-305-100.

Return this form to: Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

General instructions

Purpose of this form

Use **Form 243, *Claim to Refund Due a Deceased Person***, to claim a tax refund on behalf of a deceased taxpayer.

Who should use this form?

An heir of a deceased taxpayer **must** file Form 243 to claim a refund when there is no court appointed representative.

A court appointed representative of a deceased taxpayer **may** file Form 243 to claim a tax refund. If the court has appointed a personal representative, or a small estate affidavit has been filed, Form 243 is **not required**.

If you are a trustee of a revocable inter vivos trust, you should be able to cash a refund check issued in the name of the decedent. If you are unable to cash the check, return it with the completed Form 243 and a copy of the death certificate.

What you need to know

For nonprobated or closed estates:

You may file this form at the time you file the return. Staple the form and a **copy of the death certificate** to the front of the return below line 8. Mail to the address on the return.

If you have received a check in the decedent's name and are unable to cash it, return the check and the completed Form 243 with a **copy of the death certificate attached**. The refund check will be reissued in the name of the claimant as indicated on Form 243.

For probated estates:

If the personal representative files this form to claim the deceased person's refund for the estate, attach a copy of the court appointment or a copy of the affidavit. The refund check will be issued in the deceased person's name, in care of the personal representative.

To avoid refund delays, remember to:

- Check **all** the boxes (either yes or no).
- Attach a copy of the death certificate.
- Attach a copy of the court appointment, if any.
- Have claimant sign the form.

Taxpayer assistance

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

Correspondence: Estate Audit, Business Division
Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

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).

For general tax information: www.dor.state.or.us.

Forms: Many forms are available on our Web site, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Asistencia en español. Llame al 503-945-8618 en Sa-

Fiduciary Income Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

General information

Oregon is unable to acknowledge the receipt of returns, extensions, or payments. If you want verification that your information reached the Department of Revenue, you should send it by certified mail.

Oregon accepts the federal election made by the executor of an estate and the trustee of a qualified revocable trust to treat the trust as part of the estate.

If you made that election for your federal return, check the estate box in row A of Oregon Form 41 and fill in the date of death. Attach a copy of the required federal Form 8855, *Election to Treat a Qualified Revocable Trust as Part of an Estate*. Check the box in row B, "A Trust Filing as an Estate."

Deferral of gain. Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, be sure to check the box on the front of Form 41, "Form 24 is attached." Then complete and attach Oregon Form 24 to the return. See "Taxpayer assistance."

In the year that the gain is finally recognized for federal purposes, you will need to file a return and report the portion of the gain that is subject to Oregon taxation. This law change applies to tax years 1998 and later.

Capital gain on liquidated farm assets. 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. The sale cannot be to a family member. See instructions for line 25 (ORS 316.045).

Filing requirements

A fiduciary return must be filed for:

- Resident estates or trusts required to file a federal Form 1041 or 990-T.
- All estates and trusts upon termination to report the final distribution to beneficiaries.
- Ancillary Oregon estates with federal gross income of \$600 or more for the tax year.
- Nonresident estates with federal gross income of \$600 or more from Oregon sources for the tax year.
- All estates that want to establish a fiscal tax year, even if the estate had less than \$600 of federal gross income for the tax year.
- Part-year resident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.
- Nonresident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.

Oregon forms and publications referenced in these instructions may be found on our Web site at www.oregon.gov/DOR, or by writing to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Residency definitions

- **Estates.** An estate is an Oregon resident if the personal representative is appointed by an Oregon court, or if the estate administration is in Oregon. All other estates are nonresidents. An estate cannot be a part-year resident.
- **Trusts.** A trust is a resident if the trustee is an Oregon resident or if the trust administration is in Oregon. If there are several trustees and one is an Oregon resident, the trust is an Oregon resident trust. A trust can be a part-year resident if a trustee moves in or out of Oregon during the tax year. See part-year resident instructions.

If a trustee is a corporate fiduciary engaged in interstate trust administration, the trust is an Oregon resident only if the trustee conducts the major part of the trust's administration in Oregon.

Funeral trust. A resident funeral trust is a qualified funeral trust (QFT) that has the meaning given in section 685 of the Internal Revenue Code (IRC). A resident funeral trust is required to be established under the law of this state, or is established by contract, for the funeral home or cemetery to provide services or merchandise in Oregon.

Name of Fiduciary. Enter the name and address of the executor or trustee in the space marked "Name of Fiduciary." If there are co-fiduciaries, enter the name and address of the one who signs the return.

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Other returns required of fiduciaries. File the applicable Oregon Individual Income Tax return (Form 40, 40S, 40N, or 40P) for a deceased taxpayer's last tax year. If a federal Form 1040NR is required for a nonresident beneficiary, an Oregon nonresident return (Form 40N) may be required. If a federal return is required for a minor, incompetent person, missing person, or conservatee, an Oregon return must be filed. If a person who is incompetent or is now deceased failed to file a prior year individual income tax return as required, the trustee is required to file the return.

If Form 1041-A or 5227 is required for federal income tax, file a copy of that form with the Oregon Department of Revenue. Do not attach a Form 41. Mark the copy "Oregon Information Copy." Usually no Oregon report or copy is required if the only federal returns are Form 990 (exempt organizations), 990-PF (private foundations), or 4720 (certain charities).

If a federal Form 990-T is filed, also file Oregon Form 41. Don't complete lines 1, 2, 5, 5a, and 6 on Form 41. From Form 990-T, enter any unrelated business taxable income on Form 41, line 23, and the fiduciary adjustment on line 5b. Also complete Schedule 1, column B of Oregon Form 41.

Period covered by the return. The return must be for the same tax year used for filing the federal return.

When and where to file the return. Returns for a calendar year are due on or before April 15. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. Returns for other tax periods are due on or before the 15th day of the fourth month following the close of the estate's or trust's tax year. Mail the return to: **Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.**

Signature. The fiduciary or officer representing the fiduciary must sign the return.

Payment. When making a payment, use Form 41-V, *Oregon Fiduciary Tax Payment Voucher*. The form is included in this packet for your convenience. **Estates and trusts are not required to pay estimated tax.**

Accounting period. The accounting period must be the same as for federal income tax purposes.

Accounting method. The accounting method must be the same as for federal income tax purposes. If the method is changed, adjustments must be made to avoid duplication or omission of income and deductions.

Unused loss carryovers. IRC sections 172 and 1212 apply to an estate or trust and the beneficiaries. Attach a copy of the federal loss carryover schedule to Form 41.

Income taxable to the grantor or substantial owner. Any part of trust income taxable to the grantor or another person under IRC sections 671 through 678 isn't taxed on a fiduciary return. However, the income information must be shown on a separate statement attached to Form 1041. Attach a copy of that information statement to Oregon Form 41. Also attach a supplemental statement to Form 41 showing Oregon

additions and subtractions to federal taxable income. If the grantor trust is exempt from filing Form 1041 under IRC regulation 1.671-4, it's also exempt from filing Form 41 [Oregon Administrative Rule (OAR) 150-316.382].

Returns for estates and complex trusts. On Oregon Form 41, lines 1 through 7, allocate the income and Oregon modifications between the estate or trust and the beneficiary if an authorized distribution was made or required during the tax year. The fiduciary must provide the beneficiary with income distribution and Oregon fiduciary adjustment information on federal Schedule K-1 (Form 1041). Attach a copy of each K-1 to Form 41. See instructions for line 6.

Transferee. The money and property of a taxpayer who has died passes to a person, estate or trust, called the transferee. The transferee may be liable for the obligations and liabilities of the deceased person. The liability includes tax, interest, and penalty. The transferee's liability is limited to the value of the property acquired from the decedent (ORS 314.310).

Extension of time for filing

If you need more time to file, send your payment along with Form 41-V.

Consider the payment voucher as your extension request if you are making a payment. If you are not making a payment, **complete the federal extension form and write FOR OREGON ONLY on the top. Do not send a copy. Attach a copy of the extension to your return.** No extension is required if no tax is due.

You will be notified only if your extension is denied. **More time to file does not mean more time to pay your tax!** All tax due must be paid by the original due date of the return.

Form 41-V is available on our Web site at www.oregon.gov/DOR.

When you file your return

- Attach a copy of your federal extension, or a federal extension form with "Oregon only" written on the top, to the **back** of your Oregon return, Form 41. It should be the last item before the federal return.
- Check the box on your return indicating "**an extension is attached.**"
- Include the amount you paid with Form 41-V on line 14.

Form 41 instructions

Simple trusts without capital gains or losses, or estates terminating in this tax year, must complete lines 2, 5a, and 6 on the front, and lines 22–42 on the back of Form 41.

If there are no distributions to the beneficiary, begin on line 4.

Line 5a. Enter the fiduciary adjustment allocable to the beneficiary (ORS 316.287 and OAR 150-316.287). If the adjustment is a **subtraction**, the beneficiary's share is limited to

an amount equal to the distribution of income taxable on the beneficiary's individual return. A fiduciary adjustment **addition** increases the beneficiary's income. The beneficiary's share of the addition is limited as follows: Subtract the taxable portion of the distribution from the total amount of the distribution. The balance is the beneficiary's share, unless the amount of the addition is smaller.

Any amount of fiduciary adjustment not allocable to a beneficiary is an adjustment to the fiduciary's taxable income.

Line 6. A copy of federal Schedule K-1 (Form 1041) or an acceptable substitute, for each beneficiary, must be filed with Form 41. The total of the income and Oregon fiduciary adjustment reported on all Schedules K-1 must equal the amount entered on line 6. Each beneficiary's share of the fiduciary adjustment must either be shown at the bottom of their K-1 on a blank line or on a separate sheet attached to the K-1. Mark it "Oregon fiduciary addition (or subtraction)" and write in the amount the beneficiary is to report. Do not break the fiduciary adjustment down into separate components.

Example: An Oregon fiduciary adjustment includes a \$750 federal tax subtraction, a \$250 U.S. government interest subtraction, and a \$300 Oregon tax addition. The amount reported to the beneficiary is an Oregon fiduciary adjustment of <\$700>.

Line 8. Tax. Use the rate schedule on Form 41, page 2 to figure the tax. Part-year resident trusts, see instructions on page 5.

Line 9a. Enter the amount of Net Long-Term Capital Gains (NLTCG) from Schedule 1, column B, line 25.

Line 9b. Multiply line 9a by 5 percent to figure the reduced tax on the liquidated farm assets.

Line 11. Tax credits. Identify the credit claimed in the space provided. The amount claimed cannot be greater than the tax on line 10. **Do not include prepayments or claim of right credit on this line.**

Credit for income taxes paid to other states:

Resident estates and trusts. Generally, you can claim this credit if the estate or trust has income that is taxed by both Oregon and another state. An Oregon resident trust that has income taxed by Arizona, California, Indiana, or Virginia may not claim the credit on the Oregon return. The credit should be claimed on the nonresident return for that state. If the trust is a resident of Oregon and also a resident of another state, the credit may be claimed on the Oregon return. Attach a copy of the return you filed with the other state and proof of payment of the tax. No credit is allowed if the tax has been claimed as a deduction. If a deduction for the other state's tax was claimed on Form 1041, it must be added to income on Oregon Form 41, line 40. See the 2005 individual return instructions for Oregon Form 40, line 39, for how to figure the credit.

Nonresident estates and trusts. Oregon will allow a credit for taxes paid to another state if all of the following conditions are met:

- The estate or trust is a nonresident of Oregon.
- The estate or trust is a resident of Arizona, California, Indiana, or Virginia.
- The estate or trust has income that is taxed by both Oregon and the resident state.

Other credits. You may be entitled to a tax credit for business energy, dependent care assistance, political contributions, pollution control facilities, or reclaimed plastic. Call or write the Oregon Department of Revenue for more information, or visit our Web site at www.oregon.gov/DOR.

Line 14. Prepayments and claim of right credit. Fill in any prepayments you made for tax year 2005. Include any payments made with an extension. Also include any claim of right credit allowed. A claim of right exists when you are taxed on income and later find you have no right to that income and must repay it. Oregon allows a claim of right credit if your federal tax liability is computed under IRC 1341(a). For more information, see "Taxpayer assistance."

Line 18. Penalty. Include a penalty payment if you:

- Mail any tax due after the due date (even if you have an extension).
- File your return showing tax due after the due date (including any extended due date).

Penalty is 5 percent of the unpaid balance of your tax. If you get an extension, the penalty won't be charged if you:

- Pay at least 90 percent of the tax due on or before the original due date of the return; **and**
- Pay the balance of tax and interest when you file within the extension period; **and**
- Pay any interest due either when the return is filed or within 30 days of billing by the department.

If you file more than three months after the due date, including extensions, add an additional penalty of 20 percent.

Line 19. Interest. If you don't pay the tax by the original due date, interest will be charged on any unpaid tax.

For periods beginning	Annual	Monthly	Daily
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2005	5%	0.4167%	0.0137%

Interest rate may change once a calendar year.

Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday.

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

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

Interest continues to accrue during an extension of time to file on any unpaid tax.

Additional interest on deficiencies and delinquencies.

Interest will increase by one-third of 1 percent per month (4 percent annually) on deficiencies or delinquencies if the following occur:

- You file a return showing taxes owing, **or** the Department of Revenue has assessed an existing deficiency, **and**
- The tax assessed is not paid within 60 days after the return is filed or the notice of assessment is issued, **and**
- You have not filed a timely appeal.

Line 20. Total Due. Enclose a check or money order with your return and payment voucher, payable to “**Oregon Department of Revenue.**” **Please use blue or black ink. Do not use gel pens or red ink.** Write your Oregon BIN or FEIN, and “2005” on your check. Do not send cash or postdated checks.

Special instructions. Do you owe penalty or interest and have an overpayment? If your overpayment is less than total penalty and interest, fill in on line 20 the result of line 18 plus line 19 minus line 17.

Schedule 1—Oregon changes

Line 24. Changes in depreciation. You may have a depreciation difference for Oregon and may need the Oregon Depreciation Schedule and instructions. See “Taxpayer assistance.”

Line 25. Other changes. Changes include differences in gains or losses from the sale of property. Also use this line to report differences in capital gains from the sale of farm use and forest use lands acquired from a decedent who died before 1987. Enter the amount in column B. Also enter the amount in column A if an authorized distribution was made, and the gains qualify for inclusion in distributable net income.

Electing small business trust. Amounts not included in federal distributable net income of an electing small business trust under IRC Section 641(c) must be included in column B, line 25.

Net long-term capital gain. Enter the net long-term capital gain (NLTCG) from farm assets that was not distributed as a negative number in Schedule 1, column B, line 25. The subtraction cannot exceed the amount of income that is reported for the fiduciary from federal Form 1041, line 22.

Line 29. Oregon changes distributed. Enter Oregon changes from column A, line 26, that were distributed to the beneficiaries. Enter zero if the amount on Form 1041, Schedule B, line 8 or line 11, is less than the amount on Schedule B, line 7.

The total of this line, plus the amounts from Form 1041, Schedule B, lines 12 and 15, can't exceed the amount on Schedule B, line 8 or 11.

Schedule 2—Fiduciary adjustment

This schedule is for figuring net Oregon modifications to federal taxable income.

Line 31. Federal income tax subtraction. This subtraction can't exceed \$4,500. To figure the subtraction, deduct the amount on federal Form 1041, Schedule G, line 6, from the amount on federal Form 1041, line 23. For additional federal tax paid for years prior to 2005, see instructions for line 34.

Line 32. Interest on U.S. obligations. Enter the amount of interest from U.S. government obligations included in federal income and not otherwise deducted. U.S. government interest received from another fiduciary should be subtracted on line 34. Don't subtract that income a second time on this line. The total of interest or dividends from U.S. obligations included on federal Form 1041 must be reduced by the deductions allocable to such income (see Form 1041 instructions, “Allocation of Deductions for Tax Exempt Income”). Use the same formula to allocate deductions to U.S. government interest.

Line 34. Other subtractions. Enter other subtractions required by ORS 316.680 and ORS 316.695 that do not have a specific line. Attach a schedule that details the amount and nature of each subtraction included on this line. Enter the fiduciary's share of the fiduciary adjustment from another estate or trust that is a subtraction on this line. Also, enter any additional federal income tax paid during the tax year for prior years and not deducted on any prior year return. To determine the amount deductible, refer to the 2005 individual return instructions for Form 40, line 18.

Line 37. Interest on obligations of other states. Enter interest income from bonds of a state or political subdivision other than Oregon. (This type of income from another fiduciary is included in that fiduciary's adjustment and should not be duplicated on this line.)

Line 38. Depletion. If natural resource depletion entered on Form 1041 is in excess of the adjusted basis of the property, enter the excess on this line.

Line 39. Estate tax paid on “income in respect of a decedent” (IRD). To figure the amount of the federal estate tax deduction that must be added to taxable income on the Oregon return, use this formula:

- A = IRD included in federal taxable income
 B = IRD not taxable by Oregon
 C = estate tax deducted on Form 1041

$$\text{Formula: } \frac{B}{A} \times C = \$\text{_____ amount of the addition}$$

Enter amount on line 39.

Line 40. Other additions. Enter other additions required by ORS 316.680 and 316.695 that do not have a specific line. Attach a schedule that details the amount and nature of each addition included on this line. Enter this fiduciary's share of the fiduciary adjustment from another estate or trust that is an addition on this line. Also enter federal tax refunds

received during the tax year from prior years, if the federal tax subtraction reduced the Oregon tax in prior years.

Deductions allowed under sections 2053 or 2054 of the IRC may be claimed on either Form IT-1, *Oregon Inheritance Tax Return*; or Form 41, *Oregon Fiduciary Income Tax Return*; but not both. The personal representative of an estate may make different elections for federal and Oregon returns. If the deductions are claimed on Form 41, attach a statement that the deductions are not being claimed on Form IT-1. For federal purposes, those deductions may be taken on either Form 706, federal *Estate Tax Return*; or Form 1041, federal *Income Tax Return for Estates and Trusts*, under IRC 642(g). See OAR 150-118.100(2).

Part-year resident and nonresident fiduciaries

Part-year resident trusts—use Schedule P (Form 41) to figure the Oregon tax. File with the fiduciary return, Form 41.

Oregon taxes gross income from **all sources** for the portion of the tax year the trust was an Oregon **resident** and gross income from **Oregon sources only** while the trust was a **nonresident**.

All federal deductions are allowed for the portion of the year the trust was an Oregon resident. But only deductions directly related to Oregon sources are allowed while the trust was a nonresident.

A part-year resident trust required to file Form 41 must attach a copy of federal Form 1041 as filed. See “Filing requirements” instructions on page 1. To determine your total Oregon taxable income for the year, you may choose to complete a second federal Form 1041, using only Oregon source income and deductions (a “pro forma” return), or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a “pro forma” federal Form 1041, write “Oregon Source Income” at the top of the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Use the figures from the Oregon source Form 1041 (or Oregon source schedule) you prepared, to complete Form 41. Complete lines 1 through 7 and Schedules 1 and 2 as though the Oregon source amounts were the only income and deductions for the tax year. The full federal tax subtraction is allowed on line 31 based on the federal liability from Form 1041 and subject to the \$4,500 limit.

Then complete Schedule P, using the figures from Form 1041, to figure Oregon tax. Write this amount on Oregon Form 41, line 8.

Nonresident estates and trusts—A nonresident estate or trust required to file Form 41 must attach a copy of federal Form 1041 as filed. See “Filing requirements” instructions on page 1. Oregon taxes only Oregon source income received by the estate or trust. Deductions are allowed if they are directly related to Oregon sources. The only exception is

the federal tax subtraction, which must be apportioned as shown below.

To determine your total Oregon taxable income for the year, you may choose to complete a second federal Form 1041 using only Oregon source income and deductions (a “pro forma” return), or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a “pro forma” federal Form 1041, write “Oregon Source Income” at the top of the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Federal tax subtraction—The federal tax subtraction must be apportioned to determine the amount related to Oregon sources. Use this formula:

- A = Form 41, line 30, (Oregon source items only)
- B = Form 41, line 30, (all source items)
- C = Federal tax (lesser of actual liability or \$4,500)

$$\text{Formula: } \frac{A}{B} \times C = \$\text{_____ amount of the subtraction}$$

Enter on Form 41, line 31.

Oregon source income

Oregon is now permanently tied to the federal definition of gross income as found in the Internal Revenue Code. This tie is retroactive to December 31, 2002.

Taxpayers should file amended returns if they reported a modification on a 2003 or 2004 tax return due to differences between federal and Oregon tax law that have been eliminated. No interest is paid on deficiencies or refunds due to amending for the retroactive provisions.

Examples of Oregon source income are: wages or other compensation for services performed in Oregon; income or loss from business activities in Oregon, including rents, S corporations, and partnerships; gain or loss from the sales of real or tangible personal property located in Oregon; income from intangible personal property if the property has acquired Oregon business situs.

For more information and examples, see OAR 150-316.127 and the 2005 Oregon Nonresident and Part-Year Resident tax booklet.

How to assemble the return

Assemble your Oregon fiduciary return in the following order:

1. Pages 1 and 2 of Form 41. Attach Form W-2 and 1099 to the left margin on the front.
2. Schedule P (Form 41), if used.
3. “Pro forma” Form 1041 or a schedule of Oregon source income and deductions, if the return is from a part-year resident trust or nonresident estate or trust.

4. Form 24, *Like-Kind Exchanges/Involuntary Conversions*.
5. A copy of any extension forms.
6. A copy of federal Form 1041 and schedules.
7. Copies of federal Schedules K-1 (Form 1041).
8. A copy of federal Form 8855, *Election to Treat a Qualified Revocable Trust as Part of an Estate*.

Staple the pages together at the top left corner.

If you want to authorize the preparer to be able to talk to us, you may check the box located between the signature lines for the fiduciary and the preparer. If you want to authorize a person other than the preparer, please attach a signed *Power of Attorney* (POA) form. This form can be obtained on our Web site, or see "Taxpayer assistance."

Taxpayer assistance

www.oregon.gov/DOR

- Download forms and publications.
- Get up-to-date tax information.
- E-mail: estate.help.dor@state.or.us.

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Telephone

Salem..... 503-378-4988
Toll-free from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to hear recorded tax information or order tax forms.

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

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
April 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15..... 9:00 a.m.–4:00 p.m.

Wait times may vary. Closed on holidays.

Asistencia en español:

Salem..... 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem..... 503-945-8617
Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Correspondence

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

Form 41 (101, 102)

OREGON FIDUCIARY INCOME TAX RETURN

2005

For office use only

Date Received

Payment

Penalty Date

Or Fiscal Year Beginning: Mo Day Year Ending: Mo Day Year

Name of Trust or Estate (first name, middle initial, last name)— PRINT CLEARLY OR TYPE

Name of Fiduciary (first name, last name) and title (TTEE or PR)

Street Address or P.O. Box

City State ZIP Code

Check if new name or address

1 2 3

Business Identification Number

Federal Employer Identification Number

An extension is attached Form 24 is attached Amended return

- A. This return is for: An Estate: date of death A Bankruptcy Estate A Funeral Trust A Trust
B. This is: A First Return A Final Return A Trust Filing as an Estate
C. This return is for: An Oregon Resident A Nonresident A Part-Year Trust (use Schedule P to compute the tax)
D. If exempt organization, check federal form filed: 990-T Other: Specify

ATTACH A COPY OF FEDERAL FORM 1041, K-1s, AND APPLICABLE SCHEDULES

(Round all amounts to the nearest whole dollar)

Attach W-2s and 1099 here

1. Revised distributable net income from Form 41, page 2, line 27 ... 1
2. Distribution deduction from federal Form 1041, Schedule B, line 15, plus Form 41, page 2, line 29 ... 2
a. Tax-exempt income deducted in computing distribution deduction from federal Form 1041, Schedule B, line 12 ... 2a
b. Add lines 2 and 2a ... 2b
3. Percentage Line 2b \$ / Line 1 \$ = 3 %
4. Revised taxable income of fiduciary from Form 41, page 2, line 30 ... 4
5. Fiduciary adjustment from Form 41, page 2, line 42
Indicate whether to be added or subtracted ... 5
a. Beneficiary's share (line 5 x % on line 3—see instructions) ... 5a
b. Fiduciary's share (line 5 minus line 5a) ... 5b
6. Income to be reported by beneficiaries (Form 1041, K-1 attached—see line 6 instructions) Line 2 plus line 5a ... 6
7. Oregon taxable income of fiduciary (total or net of lines 4 and 5b) ... 7
8. Tax using rate schedule on page 2, or from Schedule P, line 11 ... 8
9. NLTCG from column B, line 25: 9a x 0.05 ... 9b
10. Total tax (add lines 8 and 9b) ... 10
11. Tax credits (no prepayments, see instructions). Identify ... 11
12. Balance of tax (line 10 minus line 11) ... 12
13. Oregon income tax withheld (attach form W-2 or 1099 to front of return) ... 13
14. Prepayments and claim of right credit (see instructions) ... 14
15. Total payments (line 13 plus line 14) ... 15
16. Tax due. Is line 12 more than line 15? If so, line 12 minus line 15 ... Tax Due 16
17. Overpayment. Is line 15 more than line 12? If so, line 15 minus line 12 ... Overpayment 17
18. Penalty for filing or paying late (see instructions) ... 18
19. Interest due with this return (see instructions) ... 19
20. Total Due (line 16 plus lines 18 and 19) ... Total Due 20
21. Refund (line 17 minus lines 18 and 19) ... Refund 21

Name of Estate or Trust

Federal Employer Identification Number

SCHEDULE 1 — OREGON CHANGES TO DISTRIBUTABLE NET INCOME (DNI) AND TAXABLE INCOME OF FIDUCIARY (TIF)
(refer to specific instructions)

	(Column A) DNI	(Column B) TIF
22. Distributable net income (from federal Form 1041, Schedule B, line 7)	22 <input type="text"/>	
23. Taxable income of fiduciary (from federal Form 1041, line 22)		23 <input type="text"/>
24. Changes in depreciation for Oregon	24 <input type="text"/>	24 <input type="text"/>
25. Other changes. Identify	25 <input type="text"/>	25 <input type="text"/>
26. Line 24 plus line 25	26 <input type="text"/>	26 <input type="text"/>
27. Revised distributable net income (Column A, line 22 plus line 26) Enter here and on page 1, line 1	27 <input type="text"/>	
28. Total taxable income (Column B, line 23 plus line 26).....		28 <input type="text"/>
29. Changes included on Column A, line 26, that were distributed (see instructions).....		29 <input type="text"/>
30. Revised taxable income of fiduciary (total or net of lines 28 and 29) Enter here and on page 1, line 4		30 <input type="text"/>

SCHEDULE 2 — FIDUCIARY ADJUSTMENT
(refer to specific instructions)

		Subtractions
31. 2005 federal income tax subtraction—limited to \$4,500 (see instructions)	31	<input type="text"/>
32. Interest on U.S. obligations included in income on federal Form 1041 \$ _____, less allocation of administration and miscellaneous expenses \$ _____ (see instructions)	32	<input type="text"/>
33. Oregon income tax refund included as income on federal Form 1041	33	<input type="text"/>
34. Other subtractions (attach explanation)	34	<input type="text"/>
35. Add lines 31 through 34	35	<input type="text"/>
		Additions
36. Oregon income tax deducted on 2005 federal Form 1041	36	<input type="text"/>
37. Interest on obligations of other states or their political subdivisions.....	37	<input type="text"/>
38. Depletion in excess of adjusted basis	38	<input type="text"/>
39. Estate taxes on income in respect of a decedent not taxable by Oregon	39	<input type="text"/>
40. Other additions (attach explanation)	40	<input type="text"/>
41. Add lines 36 through 40	41	<input type="text"/>
42. Fiduciary adjustment (difference between lines 35 and 41)	42	<input type="text"/>

This fiduciary adjustment is to be added or subtracted on page 1, line 5.

2005 RATE SCHEDULE—Compute the Tax Using the Following Rates

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 the excess over \$2,650
Over \$6,650	\$413 plus 9% of the excess over \$6,650

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.

Signature of Fiduciary X	Print Name	Date
Title (if applicable)	Daytime Telephone Number ()	

Check the box to authorize the preparer to receive and provide any confidential tax information relating to this return.

Signature of Preparer other than Fiduciary X	Print Name	Date
Title (if applicable)	Daytime Telephone Number ()	

SCHEDULE P
(Form 41)

PART-YEAR RESIDENT TRUST
COMPUTATION OF TAX

2005

Name of Trust	Oregon resident From _____ To _____	Oregon Business Identification Number (BIN) Federal Employer Identification Number (FEIN)
---------------	--	--

	Beneficiary	Fiduciary
1. Revised distributable net income from page 2, line 171	↓	↓
2. Distribution deduction from federal Form 1041, Schedule B, line 15, plus Schedule P, page 2, line 192	↓	↓
a. Tax-exempt income deducted in computing distribution deduction from federal Form 1041, Schedule B, line 122a		
b. Line 2 plus line 2a.....2b		
3. Percentage $\frac{\text{Line 2b } \$}{\text{Line 1 } \$} = 3$ _____ %		
4. Revised taxable income of fiduciary from Schedule P, page 2, line 204		
5. Fiduciary adjustment from Schedule P, page 2, line 32 Indicate whether to be <input type="checkbox"/> added or <input type="checkbox"/> subtracted.....5		
a. Beneficiary's share (line 5 × % on line 3—see instructions).....5a		
b. Fiduciary's share (line 5 minus line 5a)5b		
6. Income to beneficiaries (total or net of lines 2 and 5a).....6		
7. Taxable income of fiduciary (total or net of lines 4 and 5b)7		
8. Oregon taxable income of fiduciary (from Form 41, line 7)8		
9. Tax on amount on line 7 (use rate schedule, Form 41, page 2)9		
10. Oregon Percentage $\frac{\text{Line 8 } \$}{\text{Line 7 } \$} = 10$ _____ %		
11. Oregon tax: line 9 × % on line 10. Enter here and on Form 41, line 811		

INSTRUCTIONS

Schedule P is for computing the Oregon tax of a **part-year** resident trust. **Do not use it for full-year Oregon trusts or full-year nonresident trusts.** Use Schedule P in combination with Form 41 to compute an allocated amount of Oregon tax to Oregon-source taxable income.

Step 1. Complete Oregon Form 41, lines 1–7, using **Oregon-source income** only and the deductions directly related to that income. A federal Form 1041 may be used as a worksheet to show Oregon-source amounts. Transfer the amount on Form 41, line 7, to Schedule P, line 8.

Step 2. Complete Schedule P as though the trust were a **full-year** Oregon resident reporting income from all sources regardless of where derived. The amounts entered are based on the federal Form 1041 as filed. The Oregon tax on line 9 is computed as if the trust were a full-year Oregon resident.

Step 3. Apportion the Oregon tax shown on Schedule P, line 9 using the percentage determined on line 10. Enter the result on Schedule P, line 11 and on Oregon Form 41, line 8.

ATTACH THIS SCHEDULE TO THE OREGON FIDUCIARY INCOME TAX RETURN—FORM 41

Schedule P (Form 41) 2005 — page 2

Name of Trust	Oregon Business Identification Number (BIN)
	Federal Employer Identification Number (FEIN)

**SCHEDULE 1 — OREGON CHANGES TO DISTRIBUTABLE NET INCOME (DNI)
AND TAXABLE INCOME OF FIDUCIARY (TIF)**

	Column A DNI	Column B TIF
12. Distributable net income (from federal Form 1041, Schedule B, line 7)	12	12
13. Taxable income of fiduciary (from federal Form 1041, line 22)		13
14. Changes in depreciation for Oregon (see instructions for Form 41, line 24).....	14	14
15. Other changes. Identify	15	15
16. Line 14 plus line 15	16	16
17. Revised distributable net income (Column A, line 12 plus line 16) Enter here and on page 1, line 1	17	
18. Total taxable income (Column B, line 13 plus line 16).....		18
19. Changes included on Column A, line 16, that were distributed (see instructions).....		19
20. Revised taxable income of fiduciary (total or net of lines 18 and 19) Enter here and on page 1, line 4.....		20

SCHEDULE 2 — FIDUCIARY ADJUSTMENT
(refer to specific instructions for Form 41)

		Subtractions
21. 2005 federal income tax subtraction—limited to \$4,500 (see Form 41 instructions).....	21	21
22. Interest on U.S. obligations included in income on federal Form 1041 \$ _____, less allocation of administration and miscellaneous expenses \$ _____.....	22	22
23. Oregon income tax refund included as income on federal Form 1041.....	23	23
24. Other subtractions (attach explanation)	24	24
25. Add lines 21 through 24	25	25
		Additions
26. Oregon income tax deducted on 2005 federal Form 1041.....	26	26
27. Interest on obligations of other states or their political subdivisions.....	27	27
28. Depletion in excess of adjusted basis	28	28
29. Estate taxes on income in respect of a decedent not taxable by Oregon	29	29
30. Other additions (attach explanation)	30	30
31. Add lines 26 through 30	31	31
32. Fiduciary adjustment (difference between lines 25 and 31)	32	32
This fiduciary adjustment is to be <input type="checkbox"/> added or <input type="checkbox"/> subtracted. Enter amount on page 1, line 5.		

Inheritance Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) and Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our Web site, www.oregon.gov/DOR.

New information

The 2005 Oregon Legislature passed House Bill (HB) 2469 which specifies that Oregon qualified terminable interest property (QTIP) elections may be taken on amended returns. For more information on this new law, refer to the Legislature's Web site at www.oregon.gov/LEG.

The federal estate law has changed the calculation of the taxable estate on the 2005 Form 706. Most figures will not come directly from Form 706. The state death tax is now taken as a deduction on the federal return. Because Oregon is tied to the 2000 federal estate law, we cannot allow the calculation of the taxable estate after the state death tax deduction. You must use table A in this booklet to calculate the tentative tax on the taxable estate for the 2005 Form IT-1. You must also use table B in this booklet for computation of the state death tax for Form IT-1.

The department will no longer acknowledge the receipt of the return or payments. Please do not send self-addressed envelopes for acknowledgements. If you would like verification that your documents were received you may send them by certified mail.

General information

Purpose of Form IT-1

The executor of a decedent's estate uses Form IT-1 to figure the estate tax imposed by ORS Chapter 118. This tax is levied on the entire taxable estate, not just on the share received by a particular beneficiary. If the estate has assets outside of Oregon, the tax will be prorated on Part 2, line 16.

Please note:

- Section references are to the Internal Revenue Code as it existed on December 31, 2000.
- Use the 2005 Form IT-1 **only** for deaths occurring in 2005.

Filing requirements

An *Oregon Inheritance Tax Return* (Form IT-1) must be filed for 2005 dates of death if the value of the gross estate is \$950,000 or more.

If you have filed with the IRS, attach the Form 706, schedules, and supporting documents and check the appropriate box.

If you have no filing requirement with the IRS, you must complete Form IT-1 and attach the schedules from the federal Form 706. Oregon requires the same forms, schedules, and supporting information (such as photocopy of death

certificate, Form 712, will, trust, appraisals, etc.) as would have been required if the estate had filed a federal return.

A separate election (such as alternate valuation or the marital deduction) may be claimed for Oregon purposes. If a separate Oregon election is made, you must attach a schedule to explain the figures you used and mark the appropriate box on Form IT-1. To refer to OAR 150-118.010(7), the rule allowing separate elections, you may visit the Secretary of State Web site at www.oregon.gov/SOS.

Gross estate

The gross estate of the decedent is the true cash value of all real and personal property, tangible or intangible, as of the date of death, wherever situated.

Executor

According to ORS 118.005, the definition of "Executor" is the executor, administrator, personal representative, fiduciary, or custodian of property of the decedent. For **probate** estates, the personal representative appointed or approved by the court has the duty to file the return. For **non-probate** estates, any person having actual or constructive possession of the property of the decedent is responsible for filing the return.

If two or more persons are liable for filing a return, they should all join together in filing one complete return. However, if they are unable to join in making one complete return, each is required to file a return disclosing all the information the person has in the case, including the name of every person holding an interest in the property and a full description of the property. If the appointed, qualified, and acting executor is unable to make a complete return, then every person holding an interest in the property must, on notice from the department, make a return regarding that interest.

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When to file return

You must file Form IT-1 within nine months after the date of the decedent's death, unless you receive an extension of time to file.

Payment

The tax payment is due within nine months after the date of the decedent's death, unless an extension of time for payment has been granted, or you have been granted an installment payment agreement.

If the tax paid with the return is different from the balance due as shown on the return, explain the difference in an attached statement. If an extension of time to pay has been granted by the IRS, attach a copy of the approved Form 4768 to Form IT-1.

To assist us in posting your payment to the proper account, use Form IT-V, *Oregon Inheritance Tax Payment Voucher*. The voucher and instructions are on page 19. Do not send Form IT-V without a payment. Form IT-V is also available on our Web site at www.oregon.gov/DOR.

You may send payment prior to filing the return, with the return, or after the return. Be sure to include a payment voucher with your check.

- Mail your check with your payment voucher if you want to make prepayments.
- Enclose your check and payment voucher with your return before mailing.
- Enclose your check with your payment voucher by the due date of the return to avoid penalty and interest.

Payments, received after the due date, shall be applied first to penalty and interest, and then to tax.

Extensions

If you received a federal extension, attach a copy of Form 4768 (*Application for Extension of Time to File a Return and/or Pay U.S. Estate and Generation-Skipping Transfer Taxes*) to Form IT-1 and mark the extension box on the Form IT-1. An **extension of time to file** an estate tax return, **or an extension of time to pay** estate tax will be accepted for Oregon, as granted by the Internal Revenue Service.

More than one extension is available for an inheritance tax return.

- **An extension of time to file the return does not extend the time to pay the tax.** You must have obtained a separate, approved extension to extend the time to pay the tax.
- **An extension of time to pay the tax does not extend the time to file the return.** You must have obtained a separate, approved extension to extend the time to file the return.
- **Interest accrues during the extension period.**

To avoid penalties and interest, use Form IT-V to make an extension payment by the due date. An extension without a payment cannot be requested by using Form IT-V.

If you need an automatic six-month extension to file for Oregon only, you may write at the top of federal Form 4768, "For Oregon only." On that form, please check the box for an extension to file and use the Oregon figures. When you file the return, please mark the appropriate box on Form IT-1 and attach a copy of the extension form.

If you need an extension to pay for Oregon only, you may write at the top of federal Form 4768, "For Oregon only." On that form, please check the box for extension to pay, use the Oregon figures, and mail it to us by the return due date. We will use the same criteria used by the IRS in consideration of your request. We will stamp it approved or denied and return a copy to you. When you file the return, please mark the appropriate box on Form IT-1 and attach a copy of the stamped extension form.

If you need additional time to pay Oregon, see page 12 for information about installment payments.

Signature and verification

If there is more than one executor, all listed executors must verify and sign the return. All executors are responsible for the return as filed and are liable for penalties provided for erroneous or false returns per ORS 118.990.

Amended returns

Did you amend the federal estate tax return, or did the IRS make an adjustment that results in a change in the amount of tax? If yes, it is the duty of the executor or other responsible person to file an amended Oregon return or notify the Oregon Department of Revenue of the change in writing within 90 days.

Form IT-V, *Oregon Inheritance Tax Payment Voucher*, must accompany a payment with an amended return.

Supplemental documents

You must attach a photocopy of the **death certificate** to the return. If the decedent was a citizen or resident and died testate, attach a **certified copy of the will** to the return. If you cannot obtain a certified copy, attach a copy of the will and an explanation of why it is not certified.

Other supplemental documents may be required to be attached to the return. Examples include Forms 712, 709, 709-A, and 706-CE, trust and power of appointment instruments. If you do not file these documents with the return, the processing of the return will be delayed.

If the decedent was a U.S. citizen but not a resident of the United States, you must attach the following documents to the return:

- A copy of the inventory of property and the schedule of liabilities, claims against the estate, and expenses of administration filed with the foreign court of probate jurisdiction, certified by a proper official of the court;

- A copy of the return filed under the foreign inheritance, estate, legacy, succession tax, or other death tax act, certified by a proper official of the foreign tax department, if the estate is subject to such a foreign tax; and
- If the decedent died testate, a certified copy of the will.

If the estate has assets that are taxable in another state, an apportionment will be figured on line 16.

Rounding off to whole dollars

Please enter amounts on the return and accompanying schedules as whole dollars only.

Late filing penalty

A late filing penalty of 5 percent of the tax may be imposed if the return is not filed by the due date, including any extension. If you file more than three months after the due date or the extended filing date, add an additional penalty of 20 percent.

Late payment penalty

A delinquency penalty of 5 percent of the tax may be imposed if the tax is not received by the due date, or by the extended payment date.

Interest

Interest is charged on tax not paid within nine months of the date of death. Interest will accrue during the extension period. The interest rate may change once a calendar year. If the tax is not paid within 60 days of our bill, the interest rate increases by 4 percent per year.

Interest period	Annual	Monthly	Daily
January 1, 2005	5%	0.4167%	0.0137%
January 1, 2006	7%	0.5833%	0.0192%

Obtaining Oregon forms and publications using a personal computer

You may access the Oregon Department of Revenue's Internet Web site anytime at www.oregon.gov/DOR to do the following:

- Download current forms, instructions, and publications.
- Request help via e-mail.
- Download prior year forms and instructions.
- Form IT-1 may be filled in online and printed out for submission and record keeping.

Federal forms and publications

Federal forms and publications are available on the IRS web site at www.irs.gov, or by calling 1-800-829-3676.

Specific instructions

You must file the first three pages of Form IT-1 and attach Form 706 and schedules, if you filed with federal. If you

are not required to file with federal, you must file the first three pages of Form IT-1, all supporting federal schedules, A through I, as appropriate, to support the entries in items 1 through 9 of Part 5—Recapitulation.

- **If** you enter zero on any item of Part 5—Recapitulation, **then** you do not need to file the schedule (except for Schedule F).
- **If** you claim an exclusion on item 11 of Part 5—Recapitulation, **then** complete and attach Schedule U.
- **If** you claim any deductions on items 13 through 23 of Part 5—Recapitulation, **then** complete and attach the appropriate schedules to support the claimed deductions.
- **If** there is not enough space on a schedule to list all the items, **then** attach a Continuation Schedule.

- Form IT-1 has 3 pages.
- When you complete the return, staple all the required pages together in the proper order.
- Number the items you list on each schedule, beginning with the number "1" each time.
- Total the items listed on each schedule and its attachments, Continuation Schedules, etc.
- Enter the total of all attachments, Continuation Schedules, etc., at the bottom of each printed schedule, but do not carry the totals forward from one schedule to the next.
- Enter the total for each schedule on Part 5—Recapitulation, page 3, Form IT-1.
- **Do not** complete the "Alternate valuation date" or "Alternate value" columns of any schedule unless you elected alternate valuation on line 1 of Part 3—Elections by the executor.

Instructions for Part 1: Decedent and executor information (page 1 of Form IT-1)

Decedent's name and Social Security number (SSN)

Enter the decedent's name and the SSN assigned specifically to the decedent. You cannot use the SSN assigned to the decedent's spouse. If the decedent did not have a SSN, the executor should obtain one for the decedent by filing Form SS-5, *Application for Social Security Card*, with a local Social Security Administration office.

Decedent's domicile

Domicile is the place where the decedent had his fixed, permanent, principal home. The decedent had only one domicile, though he may have had multiple residences.

Name and address of executor

If there is more than one executor, please enter the name and the address of the executor to be contacted by the department. List the other executors' names, addresses, telephone numbers, and SSNs on an attached sheet. Please notify us of a change of address or telephone numbers for the executor(s) or authorized representative.

Instructions for Part 2: Tax computation
(page 1 of Form IT-1)

In general, the gross estate tax is figured by applying the unified rates shown in **table A**, on page 6, to the total of transfers both during life and at death, and then subtracting the gift taxes. The result then acts as a limitation to the inheritance tax which is figured by subtracting \$60,000 from the taxable estate and applying the rates from table B, page 6. Please complete Part 2—Tax computation.

Line 1

If you elected alternate valuation on line 1, Part 3—Elections by the executor, enter the amount you entered in the “Alternate value” column of item 12 of Part 5—Recapitulation. Otherwise, enter the amount from the “Value at date of death” column.

Line 2

Enter the total allowable deductions from page 3, Part 5—Recapitulation, item 23.

Line 3

Due to recent changes to federal estate law, the calculation might differ from the calculation on the 2005 Form 706. Oregon is tied to the 2000 federal estate law, so we cannot allow the calculation of the taxable estate after the state death tax deduction.

Lines 4 (adjusted taxable gifts) and 9 (total gift tax payable)

Three worksheets are provided to help you compute the entries for these lines. You do not need to file these worksheets with your return, but you should keep them for your records.

Worksheet TG—Taxable gifts reconciliation

This worksheet allows you to reconcile the decedent’s lifetime taxable gifts to compute totals that will be used for the Line 4 Worksheet and the Line 9 Worksheet.

You must have all of the decedent’s gift tax returns (Form 709, *United States Gift and Generation-Skipping Transfer Tax Return*) before you complete Worksheet TG. The amounts you will enter on Worksheet TG can usually be derived from these returns as filed. However, if any of the returns were audited by the IRS, you should use the amounts that were finally determined as a result of the audits.

In addition, you must include in column b of Worksheet TG any gifts in excess of the annual exclusion made by the decedent (or on behalf of the decedent under a power of attorney) but for which no Forms 709 were filed. You must make a reasonable inquiry as to the existence of any such gifts. The annual exclusion for 1977 through 1981 was \$3,000 per donee per year and \$10,000 for years after 1981.

For tax years beginning after 1998, the \$10,000 exclusion for gifts is indexed for inflation. See Rev. Proc. 98-61, 1998-52 I.R.B. 23

Special treatment of split gifts. These special rules apply only if:

- The decedent’s spouse predeceased the decedent;
- The decedent’s spouse made gifts that were “split” with the decedent under the rules of Section 2513;
- The decedent was the “consenting spouse” for those split gifts, as that term is used on Form 709; and
- The split gifts were included in the decedent’s spouse’s gross estate under Section 2035.

If all four conditions above are met, *do not include* these gifts on line 4 of the Part 2—Tax computation and *do not include* the gift taxes payable on these gifts on line 9 of Part 2—Tax computation. These adjustments are incorporated into the worksheets.

Worksheet TG. Taxable gifts reconciliation (to be used for lines 4 and 9 of Part 2—Tax computation)

Gifts made after June 6, 1932, and before 1977	a. Calendar year or calendar quarter	b. Total taxable gifts for period (see note)	Note: For the definition of a taxable gift see Section 2503. Ignore the old specific exemption. Follow Form 709. That is, include only the decedent’s one-half of split gifts, whether the gifts were made by the decedent or the decedent’s spouse. In addition to gifts reported on Form 709, you must include any taxable gifts in excess of the annual exclusion that were not reported on Form 709.			
			c. Taxable amount included in column b for gifts included in the gross estate	d. Taxable amount included in column b for gifts that qualify for “special treatment of split gifts” described above	e. Gift tax paid by decedent on gifts in column d	f. Gift tax paid by decedent’s spouse on gifts in column c
1. Total taxable gifts made before 1977						
Gifts made after 1976						
2. Totals for gifts made after 1976						

Line 6. Tentative federal tax

Due to recent changes to federal estate law, the calculation might differ from the calculation on the 2005 Form 706. Oregon is tied to the 2000 federal estate law, so we cannot allow the calculation of the taxable estate after the state death tax deduction. The tentative tax amount needs to be calculated because it results in a limitation to the state death tax.

Line 7

Lines 7a through 7c are used to calculate the phase-out of the graduated rates. The phase-out applies only if the amount on line 5 exceeds \$10 million.

Line 11. Maximum unified credit (applicable credit amount)

The applicable credit amount for Oregon is \$326,300 for estates of decedents dying in 2005. The amount of the credit cannot exceed the amount of estate tax imposed.

Important: *If the estate is claiming a qualified family-owned business interest deduction (QFOBI) on Schedule T, the sum of the QFOBI deduction and the applicable exclusion amount cannot exceed \$1.3 million. Thus, if the maximum QFOBI deduction of*

\$675,000 is claimed, the applicable exclusion amount would be limited to \$625,000, and the credit entered on line 11 would be \$202,050.

If the amount of the QFOBI deduction is less than \$675,000, increase the applicable exclusion amount by the difference between \$675,000 and the amount of the QFOBI deduction (but not to exceed the maximum applicable exclusion amount in effect for the year of death).

Line 12. Adjustment to unified credit (applicable credit amount)

If the decedent made gifts (including gifts made by the decedent's spouse and treated as made by the decedent by reason of gift splitting) after September 8, 1976, and before January 1, 1977, for which the decedent claimed a specific exemption, the unified credit (applicable credit amount) on this estate tax return must be reduced. The reduction is figured by entering 20 percent of the specific exemption claimed for these gifts.

Note: *(The specific exemption was allowed by Section 2521 for gifts made before January 1, 1977.)*

If the decedent did not make any gifts between September 8, 1976, and January 1, 1977, or if the decedent made gifts

Table A—Unified rate schedule (according to federal law as of December 31, 2000)

Column A	Column B	Column C	Column D
Taxable amount over	Taxable amount not over	Tax on amount in column A	Rate of tax on excess over amount in column A (Percent)
0	\$10,000	0	18
\$10,000	20,000	\$1,800	20
20,000	40,000	3,800	22
40,000	60,000	8,200	24
60,000	80,000	13,000	26
80,000	100,000	18,200	28
100,000	150,000	23,800	30
150,000	250,000	38,800	32
250,000	500,000	70,800	34
500,000	750,000	155,800	37
750,000	1,000,000	248,300	39
1,000,000	1,250,000	345,800	41
1,250,000	1,500,000	448,300	43
1,500,000	2,000,000	555,800	45
2,000,000	2,500,000	780,800	49
2,500,000	3,000,000	1,025,800	53
3,000,000	—	1,290,800	55

Table B—Computation of maximum state death tax (according to federal law as of December 31, 2000)

Taxable estate (Form IT-1, Part 2, line 3) less \$60,000 = (adjusted taxable estate—for column 1 below)

Column 1	Column 2	Column 3	Column 4
Adjusted taxable estate equal to or more than	Adjusted taxable estate less than	Tax on amount in column 1	Rate of tax on excess over amount in column 1 (Percent)
0	\$40,000	0	None
\$40,000	90,000	0	0.8
90,000	140,000	\$400	1.6
140,000	240,000	1,200	2.4
240,000	440,000	3,600	3.2
440,000	640,000	10,000	4.0
640,000	840,000	18,000	4.8
840,000	1,040,000	27,600	5.6
1,040,000	1,540,000	38,800	6.4
1,540,000	2,040,000	70,800	7.2
2,040,000	2,540,000	106,800	8.0
2,540,000	3,040,000	146,800	8.8
3,040,000	3,540,000	190,800	9.6
3,540,000	4,040,000	238,800	10.4
4,040,000	5,040,000	290,800	11.2
5,040,000	6,040,000	402,800	12.0
6,040,000	7,040,000	522,800	12.8
7,040,000	8,040,000	650,800	13.6
8,040,000	9,040,000	786,800	14.4
9,040,000	10,040,000	930,800	15.2
10,040,000	—	1,082,800	16.0

during that period but did not claim the specific exemption, enter zero.

Line 15. State death tax (Oregon inheritance tax)

Enter the amount figured by using table B, or the amount on line 14, whichever is less. The adjusted taxable estate is the amount of the taxable estate (line 3 of the Tax Computation) reduced by \$60,000.

Line 16. Proration of state death tax

When the estate has property located in other states, complete lines 16a, 16b, and 16c.

16a. Gross value of property taxable by Oregon

Enter the gross value of property taxable by Oregon. Property taxable for Oregon purposes depends on whether the decedent was a resident or nonresident. **Please highlight the Oregon property on the attached schedules.**

- **Resident decedent.** For a resident decedent, property taxable by Oregon includes real property and tangible personal property located in Oregon and intangible personal property wherever located.
- **Nonresident decedent.** For a nonresident decedent, property taxable by Oregon includes real property and tangible and intangible personal property located in Oregon. An exemption is allowed for intangible personal property located in Oregon if a like exemption is allowed by the state of residence.

16b. Gross value of all property wherever situated

Enter the amount of the gross estate (Form IT-1, Part 2, line 1).

16c. Oregon percentage

Divide the amount on line 16a by the amount on line 16b. You should round the decimal amount to four places. Write the percentage on line 16c. Don't fill in more than 100 percent or less than -0-.

Example:

$$\begin{array}{r} \text{Line 16a} \quad \text{Line 16b} \quad \text{Line 16c} \\ \$800,000 \div \$900,000 = 0.8888 \text{ [Round to 0.8889 (88.89\%)]} \end{array}$$

Line 18. Amount paid by the due date of the return

For an original Form IT-1, enter the total of prior **timely** payments. If this is for an amended return, please enter the net payments (prior payments less prior refunds) to date.

Line 21. Penalty due

A penalty of 5 percent of the tax may be imposed if the tax is not paid and/or the return is not filed within nine months from the date of death or by the extended due date. If you file more than 3 months after the due date (including extension), please add an additional 20 percent penalty.

Line 22. Interest due

If you are filing or paying after the due date, please 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. Interest is figured daily for periods of less than a month. Interest accrues on any unpaid tax during an extension of time to file. Here's how to calculate the interest due:

- Tax x Annual interest rate x Number of full years.
- Tax x Monthly interest rate x Number of months.
- Tax x Daily interest rate x Number of days.

For periods beginning	Annual	Monthly	Daily
January 1, 2005	5%	0.4167%	0.0137%
January 1, 2006	7%	0.5833%	0.0192%

Additional interest on deficiencies and delinquencies.

Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency; and
- The assessment is not paid within 60 days after the notice of assessment is issued; and
- You have not filed a timely appeal.

Special instructions. Do you owe penalty on line 21 or interest on line 22 and have an overpayment on line 20? If your overpayment is less than the total penalty and interest, you have an amount due. To calculate the amount due, fill in on line 23 the result of line 21 plus line 22 minus line 18. If your overpayment is more than the total penalty and interest, to calculate your refund, enter on line 24 the result of line 18 minus the sum of line 21 plus line 22.

Line 23. Total due

Enclose a check or money order for the amount due with your return and the payment voucher (Form IT-V). Do not send cash or postdated checks.

Instructions for Part 3: Elections by the executor (page 2 of Form IT-1)

Line 1. Alternate valuation

Unless you elect at the time you file the return, to adopt alternate valuation as authorized by Section 2032, you must value all property included in the gross estate on the date of the decedent's death. Alternate valuation cannot be applied to only a part of the property.

You may elect special use valuation (line 2) in addition to alternate valuation.

You may not elect alternate valuation unless the election will decrease both the value of the gross estate and the total net estate and taxes due after application of all allowable credits.

You elect alternate valuation by checking “Yes” on line 1 and filing Form IT-1. **Once made, the election may not be revoked.** The election may be made on a late filed Form IT-1 provided it is not filed later than 1 year after the due date (including extensions).

If you elect alternate valuation, value the property that is included in the gross estate as follows:

1. Any property distributed, sold, exchanged, or otherwise disposed of or separated or passed from the gross estate by any method within 6 months after the decedent’s death is valued on the date of distribution, sale, exchange, or other disposition, whichever occurs first. Value this property on the date it ceases to form a part of the gross estate; i.e., on the date the title passes as the result of its sale, exchange, or other disposition.
2. Any property not distributed, sold, exchanged, or otherwise disposed of within the 6-month period is valued on the date 6 months after the date of the decedent’s death.
3. Any property, interest, or estate that is “affected by mere lapse of time” is valued as of the date of decedent’s death or on the date of its distribution, sale, exchange, or other disposition, whichever occurs first. However, you may change the date of death value to account for any change in value that is not due to a “mere lapse of time” on the date of its distribution, sale, exchange, or other disposition.

The property included in the alternate valuation and valued as of 6 months after the date of the decedent’s death, or as of some intermediate date (as described above) is the property included in the gross estate on the date of the decedent’s death. Therefore, you must first determine what property constituted the gross estate at the decedent’s death.

Interest

Interest accrued to the date of the decedent’s death on bonds, notes, and other interest-bearing obligations is property of the gross estate on the date of death and is included in the alternate valuation.

Rent

Rent accrued to the date of the decedent’s death on leased real or personal property is property of the gross estate on the date of death and is included in the alternate valuation.

Dividends

Outstanding dividends that were declared to stockholders of record on or before the date of the decedent’s death are considered property of the gross estate on the date of death, and are included in the alternate valuation. Ordinary dividends declared to stockholders of record after date of the decedent’s death are not property of the gross estate on the date of death and are not included in the alternate valuation. However, if dividends are declared to stockholders of record after the date of the decedent’s death so that the shares of stock at the later valuation date do not reasonably represent

the same property at the date of the decedent’s death, include those dividends (except dividends paid from earnings of the corporation after the date the decedent’s death) in the alternate valuation.

As part of each Schedule A through I, you must show:

1. What property is included in the gross estate on the date of the decedent’s death;
2. What property was distributed, sold, exchanged, or otherwise disposed of within the 6-month period after the decedent’s death, and the dates of these distributions, etc. (These two items should be entered in the “Description” column of each schedule. Briefly explain the status or disposition governing the alternate valuation date, such as: “Not disposed of within 6 months following death,” “Distributed,” “Sold,” “Bond paid on maturity,” etc. In this same column, describe each item of principal and includible income);
3. The date of death value, entered in the appropriate value column with items of principal and includible income shown separately; and
4. The alternate value, entered in the appropriate value column with items of principal and includible income shown separately. (In the case of any interest or estate, the value of which is affected by lapse of time, such as patents, leaseholds, estates for the life of another, or remainder interests, the value shown under the heading “Alternate value” must be the adjusted value; i.e., the value as of the date of death with an adjustment reflecting any difference in its value as of the later date not due to lapse of time.)

Distributions, sales, exchanges, and other dispositions of the property within the 6-month period after the decedent’s death must be supported by evidence. If the court issued an order of distribution during that period, you must submit a certified copy of the order as part of the evidence. The department may require you to submit additional evidence if necessary.

If the alternate valuation method is used, the values of life estates, remainders, and similar interests are figured using the age of the recipient on the date of the decedent’s death and the value of the property on the alternate valuation date.

Line 2—Special use valuation of Section 2032A

Under Section 2032A, you may elect to value certain farm and closely held business real property at its farm or business use value rather than its fair market value. You may elect both special use valuation and alternate valuation.

To elect this valuation, you must check “Yes” on line 2 and complete and attach Schedule A-1 and its required additional statements. You must file **Schedule A-1 and its required attachments with Form IT-1 for this election to be valid.** You may make the election on a late filed return so long as it is the first return filed.

The decrease in the value of property per Section 2032A shall not exceed \$750,000 and shall be indexed for inflation each

year. For decedents dying in 2004, the maximum decrease allowed was \$850,000. For 2005, the indexed amount has not yet been released by the IRS. Please refer to the Form 706 instructions upon publication.

Real property may qualify for the Section 2032A election if:

1. The decedent was a U.S. citizen or resident at the time of death;
2. The real property is located in the United States;
3. At the decedent's death, the real property was used by the decedent or a family member for farming or in a trade or business, or was rented for such use by either the surviving spouse or a lineal descendant of the decedent to a family member on a net cash basis;
4. The real property was acquired from or passed from the decedent to a qualified heir of the decedent;
5. The real property was owned and used in a qualified manner by the decedent or a member of the decedent's family during five of the eight years before the decedent's death;
6. There was material participation by the decedent or a member of the decedent's family during five of the eight years before the decedent's death; and
7. The qualified property meets the following percentage requirements:
 - a. At least 50 percent of the adjusted value of the gross estate must consist of the adjusted value of real or personal property that was being used as a farm or in a closely held business and that was acquired from, or passed from, the decedent to a qualified heir of the decedent, and
 - b. At least 25 percent of the adjusted value of the gross estate must consist of the adjusted value of qualified farm or closely held business real property.

For this purpose, adjusted value is the value of property determined without regard to its special-use value. The value is reduced for unpaid mortgages on the property or any indebtedness against the property, if the full value of the decedent's interest in the property (not reduced by such mortgage or indebtedness) is included in the value of the gross estate. The adjusted value of the qualified real and personal property used in different businesses may be combined to meet the 50 percent and 25 percent requirements.

Qualified real property—Qualified use

The term qualified use means the use of the property as a farm for farming purposes or the use of property in a trade or business other than farming. Trade or business applies only to the active conduct of a business. It does not apply to passive investment activities or the mere passive rental of property to a person other than a member of the decedent's family. Also, no trade or business is present in the case of activities not engaged in for profit.

Ownership

To qualify as special-use property, the decedent or a member of the decedent's family must have owned and used the

property in a qualified use for five of the last eight years before the decedent's death. Ownership may be direct or indirect through a corporation, a partnership, or a trust.

If the ownership is indirect, the business must qualify as a closely held business under Section 6166. The ownership, when combined with periods of direct ownership, must meet the requirements of Section 6166 on the date of the decedent's death and for a period of time that equals at least five of the eight years preceding death.

If the property was leased by the decedent to a closely held business, it qualifies as long as the business entity to which it was rented was a closely held business with respect to the decedent on the date of the decedent's death and for sufficient time to meet the "five in eight years" test property.

Structures and other real property improvements

Qualified real property includes residential buildings and structures and real property improvements regularly occupied or used by the owner or lessee of real property (or by the employees of the owner or lessee) to operate the farm or business. A farm residence which the decedent had occupied is considered to have been occupied for the purpose of operating the farm even when a family member and not the decedent was the person materially participating in the operation of the farm.

Qualified real property also includes roads, buildings, and other structures and improvements functionally related to the qualified use.

Elements of value such as mineral rights that are not related to the farm or business use are not eligible for special-use valuation.

Property acquired from the decedent

Property is considered to have been acquired from or to have passed from the decedent if one of the following applies:

- The property is considered to have been acquired from or to have passed from the decedent under Section 1014(b) (relating to basis of property acquired from a decedent).
- The property is acquired by any person from the estate.
- The property is acquired by any person from a trust, to the extent the property is includible in the gross estate.

Qualified heir

A person is a qualified heir of property if he or she is a member of the decedent's family and acquired or received the property from the decedent. If a qualified heir disposes of any interest in qualified real property to any member of his or her family, that person will then be treated as the qualified heir with respect to that interest.

The term **member of the family** includes only:

- An ancestor (parent, grandparent, etc.) of the individual;
- The spouse of the individual;
- The lineal descendant (child, stepchild, grandchild, etc.) of the individual, the individual's spouse, or a parent of the individual; or

- The spouse, widow, or widower of any lineal descendant described above.

A legally adopted child of an individual is treated as a child of that individual by blood.

Material participation

To elect special-use valuation, either the decedent or a member of his or her family must have materially participated in the operation of the farm or other business for at least five of the eight years ending on the date of the decedent's death. The existence of material participation is a factual determination, but passively collecting rents, salaries, draws, dividends, or other income from the farm or other business does not constitute material participation. Neither does merely advancing capital and reviewing a crop plan and financial reports each season or business year.

In determining whether the required participation has occurred, disregard brief periods (e.g., 30 days or less) during which there was no material participation, as long as such periods were both preceded and followed by substantial periods (more than 120 days) during which there was uninterrupted material participation.

Retirement or disability

If, on the date of death, the time period for material participation could not be met because the decedent had retired or was disabled, a substitute period may apply. The decedent must have retired on Social Security or been disabled for a continuous period ending with death. A person is disabled for this purpose if he or she was mentally or physically unable to materially participate in the operation of the farm or other business.

The substitute time period for material participation for these decedents is a period totaling at least five years out of the eight-year period that ended on the earlier of:

1. The date the decedent began receiving Social Security benefits, or
2. The date the decedent became disabled.

Surviving spouse

A surviving spouse who received qualified real property from a predeceased spouse is considered to have materially participated if he or she was engaged in the active management of the farm or other business. If the surviving spouse died within eight years of the first spouse's death, you may add the period of material participation of the predeceased spouse to the period of active management by the surviving spouse to determine if the surviving spouse's estate qualifies for special-use valuation. To qualify for this, the property must have been eligible for special-use valuation in the predeceased spouse's estate, though it does not have to have been elected by that estate.

For additional details regarding material participation, see Regulations Section 20.2032A-3(e).

Valuation methods

The primary method of valuing special-use value property that is used for farming purposes is the annual gross cash rental method. If comparable gross cash rentals are not available, you can substitute comparable average annual net share rentals. If neither of these are available, or if you so elect, you can use the method for valuing real property in a closely held business.

Average annual gross cash rental

Generally, the special-use value of property that is used for farming purposes is determined as follows:

1. Subtract the average annual state and local real estate taxes on actual tracts of comparable real property from the average annual gross cash rental for that same comparable property, and
2. Divide the result on **line 1** by the average annual effective interest rate charged for all new Federal Land Bank loans.

The computation of each average annual amount is based on the five most recent calendar years ending before the date of the decedent's death.

Gross cash rental

Generally, gross cash rental is the total amount of cash received in a calendar year for the use of actual tracts of comparable farm real property in the same locality as the property being specially valued. You may not use appraisals or other statements regarding rental value or area-wide averages of rentals. You may not use rents that are paid wholly or partly in kind, and the amount of rent may not be based on production. The rental must have resulted from an arm's-length transaction. Also, the amount of rent is not reduced by the amount of any expenses or liabilities associated with the farm operation or the lease.

Comparable property

Comparable property must be situated in the same locality as the specially valued property as determined by generally accepted real property valuation rules. The determination of comparability is based on all the facts and circumstances. It is often necessary to value land in segments where there are different uses or land characteristics included in the specially valued land. The following list contains some of the factors considered in determining comparability.

- Similarity of soil.
- Whether the crops grown would deplete the soil in a similar manner.
- Types of soil conservation techniques that have been practiced on the 2 properties.
- Whether the 2 properties are subject to flooding.
- Slope of the land.
- For livestock operations, the carrying capacity of the land.
- For timbered land, whether the timber is comparable.

- Whether the property as a whole is unified or segmented; if segmented, the availability of the means necessary for movement among the different sections.
- Number, types, and conditions of all buildings and other fixed improvements located on the properties and their location as they affect efficient management, use, and value of the property.
- Availability and type of transportation facilities in terms of costs and of proximity of the properties to local markets.

You must specifically identify on the return the property being used as comparable property. Use the type of descriptions used to list real property on Schedule A.

Net share rental

You may use average annual net share rental from comparable land only if there is no comparable land from which average annual gross cash rental can be determined. Net share rental is the difference between the gross value of produce received by the lessor from the comparable land and the cash operating expenses (other than real estate taxes) of growing the produce that, under the lease, are paid by the lessor. The production of the produce must be the business purpose of the farming operation. For this purpose, produce includes livestock.

The gross value of the produce is generally the gross amount received if the produce was disposed of in an arm's-length transaction, within the period established by the Department of Agriculture for its price support program. Otherwise, the value is the weighted average price for which the produce sold on the closest national or regional commodities market. The value is figured for the date or dates on which the lessor received (or constructively received) the produce.

Valuing a real property interest in closely held business

Use this method to determine the special-use valuation for qualifying real property used in a trade or business other than farming. You may also use this method for qualifying farm property if there is no comparable land or if you elect to use it. Under this method, the following factors are considered:

- The capitalization of income that the property can be expected to yield for farming or for closely held business purposes over a reasonable period of time with prudent management and traditional cropping patterns for the area, taking into account soil capacity, terrain configuration, and similar factors.
- The capitalization of the fair rental value of the land for farming or for closely held business purposes.
- The assessed land values in a state that provides a differential or use value assessment law for farmland or closely held business.
- Comparable sales of other farm or closely held business land in the same geographical area far enough removed from a metropolitan or resort area so that nonagricultural use is not a significant factor in the sales price.
- Any other factor that fairly values the farm or closely held business value of the property.

Making the election

Include the words "Section 2032A valuation" in the "Description" column of any Form 706 schedule if Section 2032A property is included in the decedent's gross estate.

An election under Section 2032A does not need to include all the property in an estate that is eligible for special use valuation, but sufficient property to satisfy the threshold requirements of Section 2032A(b)(1)(B) must be specially valued under the election.

If joint or undivided interests (e.g., interests as joint tenants or tenants in common) in the same property are received from a decedent by qualified heirs, an election with respect to one heir's joint or undivided interest does not need to include any other heir's interest in the same property if the electing heir's interest plus other property to be specially valued satisfies the requirements of Section 2032A(b)(1)(B).

If successive interests (e.g., life estates and remainder interests) are created by a decedent in otherwise qualified property, an election under Section 2032A is available only with respect to that property (or part) in which qualified heirs of the decedent receive all of the successive interests, and such an election must include the interests of all of those heirs.

For example, if a surviving spouse receives a life estate in otherwise qualified property and the spouse's brother receives a remainder interest in fee, no part of the property may be valued pursuant to an election under Section 2032A.

Where successive interests in specially valued property are created, remainder interests are treated as being received by qualified heirs only if the remainder interests are not contingent on surviving a non-family member or are not subject to divestment in favor of a non-family member.

Protective election

You may make a protective election to specially value qualified real property. Under this election, whether or not you may ultimately use special use valuation depends upon values as finally determined (or agreed to following examination of the return) meeting the requirements of Section 2032A.

To make a protective election, check "Yes" to line 2 and complete Schedule A-1 according to its instructions for "Protective election."

If you make a protective election, you should complete this Form IT-1 by valuing all property at its fair market value. Do not use special use valuation. Usually, this will result in higher estate tax liabilities than will be ultimately determined if special use valuation is allowed. **The protective election does not extend the time to pay the taxes shown on the return.**

If it is found that the estate qualifies for special use valuation based on the values as finally determined (or agreed to following examination of the return), **you must file an amended Form IT-1 (with a complete Section 2032A election) within 60 days after the date of this determination.** Complete the

amended return using special use values under the rules of Section 2032A, and complete Schedule A-1 and attach *all* of the required statements.

For more information about special use valuation please see Section 2032A.

If the 2032A special use valuation is a separate election for Oregon purposes, you must attach a copy of Schedule A-1 marked, "For Oregon only." If a federal return was filed, explain differences between the federal return and the Oregon return.

Line 3. Installment payments

If the gross estate includes an interest in a closely held business, and on Form IT-1 you have made an election under Section 6166, we will follow the federal guidelines. For more information about installment payments allowed, if the estate has interest in a closely held business, please see Section 6166.

You may be able to pay the estate tax in installments under ORS 118.225.

Collateral required

According to OAR 118.225, for the Oregon Department of Revenue to agree to an installment payment of tax, the following must occur:

1. Collateral acceptable to the Department of Revenue must be provided. For real property, a first mortgage, having a value of double the extended tax. For personal property, a surety bond in double the amount of the extended tax, executed by a corporation licensed to do business in the State of Oregon. The bond must be renewed every five years.
2. Executor is **personally** liable for payment of the tax.
3. No annual statements will be sent to the executor.
4. If payments are not made timely, the remaining liability is due and owing.
5. Interest on the Oregon inheritance tax accumulates from the day after the due date of the original return, to the date your payment is received. If the tax is not paid within 60 days of our bill, the interest rate increases by 4 percent per year and is subject to annual change. ORS 118.260
6. For Oregon, a **special interest rate does not apply to installment payments.**

You do not need to furnish the required mortgage or bond at the time you file Form IT-1. The department will contact you and you will be given the opportunity to furnish the collateral.

Important: *The interest paid on installment payments is not deductible as an administrative expense of the estate.*

Making the Section 6166 election

If you check this line to make a **protective election**, you should attach a notice of protective election as described in Regulations Section 20.6166-1(d). If you check this line to

make **final election**, you should attach the notice of election described in Regulations Section 20.6166-1(b).

For information on the acceleration of payment when an interest in the closely held business is disposed of, see Section 6166(g).

Line 4—Reversionary or remainder interests

For details of this election, see Section 6163 and the related regulations.

Instructions for Part 4: General information (pages 2 and 3 of Form IT-1)

Line 2. Surviving spouse

Complete line 2 whether or not there is a surviving spouse and whether or not the surviving spouse received any benefits from the estate. If there was no surviving spouse on the date of decedent's death, enter "None" in line 2a and leave lines 2b and 2c blank. The value entered in line 2c does not need to be exact. See the instructions for "Amount" under line 3.

Line 3. Beneficiaries information

Name

Enter the name of each individual, trust, or estate who received (or will receive) benefits of \$5,000 or more from the estate directly as an heir, next-of-kin, devisee, or legatee; or indirectly (for example, as beneficiary of an annuity or insurance policy, shareholder of a corporation, or partner of a partnership that is an heir, etc.).

Identifying number

Enter the SSN of each individual beneficiary listed. If the number is unknown, or the individual has no number, please indicate "unknown" or "none." For trusts and other estates, enter the federal employer identification number (FEIN).

Relationship

For each individual beneficiary, enter the relationship (if known) to the decedent by reason of blood, marriage, or adoption. For trust or estate beneficiaries, indicate TRUST or ESTATE.

Amount

Enter the amount actually distributed (or to be distributed) to each beneficiary including transfers during the decedent's life from Schedule G required to be included in the gross estate. The value to be entered does not need to be exact. A reasonable estimate is sufficient. For example, where precise values cannot readily be determined, as with certain future interests, a reasonable approximation should be entered. The total of these distributions should approximate the amount of gross estate reduced by funeral and administrative expenses, debts and mortgages, bequests to surviving spouse,

charitable bequests, and any federal estate and state inheritance taxes paid (or payable) relating to the benefits received by the beneficiaries listed on lines 2 and 3.

All distributions of less than \$5,000 to specific beneficiaries may be included with distributions to unascertainable beneficiaries on the line provided.

Line 4. Section 2044 property

If you answered “Yes,” these assets must be shown on Schedule F.

Section 2044 property is property for which a previous Section 2056(b)(7) election (QTIP election) has been made, or for which a similar gift tax election (Section 2523) has been made. For more information, see the instructions on the back of Schedule F.

Line 6. Insurance not included in the gross estate

If you checked “Yes” for either 6a or 6b, you must complete and attach **Schedule D** and attach a **Form 712, Life Insurance Statement**, for each policy and an explanation of why the policy or its proceeds are not includible in the gross estate.

Line 8. Partnership interests and stock in close corporations

If you answered “Yes” to line 8, you must include full details for partnerships and unincorporated businesses on Schedule F (Schedule E if the partnership interest is jointly owned). You must include full details for the stock of inactive or close corporations on Schedule B.

Value these interests using the rules of Regulations Section 20.2031-2 (stocks) or 20.2031-3 (other business interests).

A “close corporation” is a corporation whose shares are owned by a limited number of shareholders. Often, one family holds the entire stock issue. As a result, little, if any, trading of the stock takes place. There is, therefore, no established market for the stock, and those sales that do occur are at irregular intervals and seldom reflect all the elements of a representative transaction as defined by the term “fair market value” (FMV).

Line 10. Trusts

If you answered “Yes” to either 10a or 10b, you must attach a copy of the trust instrument for each trust. You must complete Schedule G if you answered “Yes” to 10a and Schedule F if you answered “Yes” to 10b.

Line 12. Transitional marital deduction computation

Check “Yes” if property passes to the surviving spouse under a maximum marital deduction formula provision that meets the requirements of Section 403(e)(3) of the Economic Recovery Tax Act of 1981 (P.L. 97-34; 95 Stat. 305).

If you check “Yes” to line 12, compute the marital deduction under the rules that were in effect before the Economic Recovery Tax Act of 1981.

For a format for this computation, you should obtain the November 1981 revision of Form 706 and its instructions. The computation is items 19 through 26 of the Recapitulation. You should also apply the rules of Rev. Rul. 80-148, 1980-1 C.B. 207, if there is property that passes to the surviving spouse outside of the maximum marital deduction formula provision.

Instructions for Part 5: Recapitulation (page 3 of Form IT-1)

Items 1 through 10—Gross Estate: You must make an entry in each of items 1 through 9.

If the gross estate does not contain any assets of the type specified by a given item, enter zero for that item. Entering zero for any of items 1 through 9 is a statement by the executor, made under penalties of perjury, that the gross estate does not contain any includible assets covered by that item.

Do not enter any amounts in the “Alternate value” column unless you elected alternate valuation on line 1 of Elections by the Executor on page 2 of the Form IT-1.

Which schedules to attach for items 1 through 9. You must attach:

- Schedule F to the return and answer its questions even if you report no assets on it.
- Schedules A, B, and C if the gross estate includes any real estate; stocks and bonds; or mortgages, notes, and cash, respectively.
- Schedule D if the gross estate includes any life insurance or if you answered “Yes” to question 6a of Part 4—General information.
- Schedule E if the gross estate contains any jointly owned property or if you answered “Yes” to question 7 of Part 4.
- Schedule G if the decedent made any of the lifetime transfers to be listed on that schedule or if you answered “Yes” to question 9 or 10a of Part 4.
- Schedule H if you answered “Yes” to question 11 of Part 4.
- Schedule I if you answered “Yes” to question 13 of Part 4.

Item 11. Conservation easement exclusion

You must complete and attach Schedule U (along with any required attachments) to claim the exclusion on this line.

Items 13 through 22. Deductions

You must attach the appropriate schedules for the deductions you claim.

Item 17

If item 16 is less than or equal to the value (at the time of the decedent’s death) of the property subject to claims, enter the amount from item 16 on item 17.

If the amount on item 16 is more than the value of the property subject to claims, enter the greater of (a) the value of the property subject to claims, or (b) the amount actually paid at the time the return is filed.

Do not enter more on item 17, than the amount on item 16. See Section 2053 and the related regulations for more information.

Item 20

If the marital deduction is a separate election for Oregon purposes, you must attach a copy of Schedule M marked, "For Oregon only." If a federal return was filed, explain differences between the federal return and the Oregon return.

Item 22

The QFOBI deduction was repealed by federal law for the estates of decedents who died after December 31, 2003. However, Oregon is tied to federal law in effect as of December 31, 2000. You may claim a QFOBI for Oregon only by using Schedule T. This schedule is now available on our Web site at www.oregon.gov/DOR.

Instructions for Part 6 (page 3 of Form IT-1)

Executor's signatures and SSNs

The executors who file the return must sign the declaration on page 3 under penalties of perjury, per ORS 118.990. List the other executors' names, addresses, telephone numbers, and SSNs on an attached sheet. Please notify us of a change of address or telephone numbers for the executor(s) or authorized representative.

Requests for SSNs are authorized by ORS 305.100 and Section 405, Title 42, of the United States Code. You must give us this information. It will be used to establish both the decedent's and executor's identities.

Authorization

If you want to authorize the preparer to be able to talk to us, you may check the box located between the signature lines for the executor(s) and the preparer. If you want to authorize a person other than the preparer, please attach a signed *Tax Information Authorization and Power of Attorney for Representation (POA)* form. This form can be obtained on our Web site or you may contact us to have it mailed to you. Please notify us of a change of address or telephone numbers for the executor(s) or authorized representative.

Preparer's information

If the return is prepared by someone other than the person who is filing the return, that name, title, telephone number, and address must be provided.

Where to File

Please send the return to the Oregon Department of Revenue:

Mailing Address:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

If you require a receipt, please mail your return by certified mail.

Private delivery services require the physical address:

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

The private delivery service can tell you how to get written proof of the mailing date.

Taxpayer assistance

www.oregon.gov/DOR

- Download forms and publications.
- Get up-to-date tax information.
- E-mail: estate.help.dor@state.or.us.

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Telephone

Salem..... 503-378-4988
Toll-free from Oregon prefix..... 1-800-356-4222

Call one of the numbers above to hear recorded tax information or order tax forms.

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

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
April 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15..... 9:00 a.m.–4:00 p.m.

Wait times may vary. Closed on holidays.

Asistencia en español:

Salem..... 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem..... 503-945-8617
Toll-free within Oregon..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Correspondence

Include the estate's BIN or the decedent's SSN and a daytime telephone number for faster service. **Write to:** Estate Audit, Business Division, Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

Form IT-1 (120)	OREGON INHERITANCE TAX RETURN	Year of Death 2005	For Office Use Only
			Date Received
			Payment
			BIN

PART 1 (Please print or type.)

Decedent's First Name and Middle Initial		Decedent's Last Name		Decedent's Social Security Number	
				- -	
Date of Death		Decedent's Domicile (legal residence)—City, County, State, Country			Year Domicile Established
Is the estate being probated in Oregon? <input type="checkbox"/> Yes If Yes—Oregon county: _____ <input type="checkbox"/> No Oregon probate number: _____		<input type="checkbox"/> An extension of time to file is attached. <input type="checkbox"/> An extension of time to pay is attached. <input type="checkbox"/> The attached copy of Form 706 was filed with the IRS. <input type="checkbox"/> This is an amended return . <input type="checkbox"/> A separate election is claimed.			

Executor's Name			Daytime Telephone Number		
			()		
Executor's Mailing Address		City	State	ZIP Code	

PART 2—TAX COMPUTATION

Round all amounts to the nearest whole dollar.

1. Total gross estate less exclusion (from page 3, Part 5, line 12).....	1	
2. Total allowable deductions (from page 3, Part 5, line 23)	2	
3. Taxable estate (subtract line 2 from line 1)	3	
4. Adjusted taxable gifts [total taxable gifts (within the meaning of Section 2503) made by the decedent after December 31, 1976, other than gifts that are includible in decedent's gross estate (Section 2001[b])]	4	
5. Add lines 3 and 4	5	
6. Tentative tax on the amount on line 5 above; from page 6, table A of the instructions	6	
7. a. If line 5 exceeds \$10,000,000, enter the lesser of line 5 or \$17,184,000. If line 5 is \$10,000,000 or less, skip lines 7a and 7b and enter -0- on line 7c.....	7a	
b. Subtract \$10,000,000 from line 7a	7b	
c. Enter 5% (0.05) of line 7b	7c	
8. Total tentative tax (add lines 6 and 7c).....	8	
9. Total gift tax payable with respect to gifts made by the decedent after December 31, 1976. Include gift taxes by the decedent's spouse for such spouse's share of split gifts (Section 2513) only if the decedent was the donor of these gifts and they are includible in the decedent's gross estate	9	
10. Gross estate tax (subtract line 9 from line 8)	10	
11. Maximum unified credit (applicable credit amount) against estate tax	11	
12. Adjustment to unified credit (applicable credit amount) (this adjustment may not exceed \$6,000)	12	
13. Allowable unified credit (applicable credit amount) (subtract line 12 from line 11).....	13	
14. Subtract line 13 from line 10 (but do not enter less than zero)	14	
15. State death tax. Do not enter more than line 14	15	
16. Proration of state death tax (complete only if there is property located in states other than Oregon):		
a. Gross value, for federal estate tax purposes, of property located in Oregon (identify on attached copy of the federal schedules by highlighting).....	16a	
b. Gross value of decedent's estate for federal estate tax purposes	16b	
c. Percent of estate located in Oregon (line 16a divided by line 16b).....	16c	
17. Tax payable to Oregon (line 15 multiplied by line 16c, or amount from line 15 if no entry on line 16c)	17	
18. Amount paid by the due date of return.....	18	
19. Tax due. Is line 17 more than line 18? If so, line 17 minus line 18	TAX DUE	19
20. Overpayment. Is line 18 more than line 17? If so line 18 minus line 17	OVERPAYMENT	20
21. Penalty due		21
22. Interest due		22
23. Total due (add lines 19, 21, and 22).....	TOTAL DUE	23
24. Refund (line 20 minus lines 21 and 22).....	REFUND	24

Estate of: _____

PART 3—ELECTIONS BY THE EXECUTOR

Check the "Yes" or "No" box for each question. See instructions on page 7.

- 1. Do you elect alternate valuation?1. Yes No
- 2. Do you elect special use valuation? If "Yes," you must complete and attach Schedule A-12. Yes No
- 3. Do you elect to pay the taxes in installments as described in section 6166? If "Yes," you must attach additional information; see instructions on page 123. Yes No
- 4. Do you elect to postpone the part of the taxes attributable to a reversionary or remainder of interest as described in section 6163?4. Yes No

PART 4—GENERAL INFORMATION

Attach the necessary supplemental documents. You must attach the death certificate. See instructions on page 12.

- 1. Marital status of the decedent at time of death:
 - Married
 - Widow or widower— Name of deceased spouse: _____ SSN of deceased spouse: _____
Date of death of deceased spouse: _____
 - Single
 - Legally separated
 - Divorced—Date divorce decree became final: _____
- 2. a. Surviving spouse's name: _____
 b. Surviving spouse's Social Security number: _____
 c. Amount received (see instructions on page 12): _____

3. Individuals (other than the surviving spouse), trusts, or other estates who receive benefits from the estate (do not include charitable beneficiaries shown in schedule O) (see instructions). For Privacy Act Notice (applicable to individual beneficiaries only), see the instructions for Form 1040.

Name of individual, trust, or estate receiving \$5,000 or more	Identifying number	Relationship to decedent	Amount (see instructions)
All unascertainable beneficiaries and those who receive less than \$5,000.....			
Total			3

Check the "Yes" or "No" box for each question.

- 4. Does the gross estate contain any section 2044 property [qualified terminable interest property (QTIP) from a prior gift or estate]? See instructions on page 12.....4. Yes No
- 5. a. Have federal gift tax returns ever been filed?5a. Yes No
 If "Yes," please attach copies of the returns, if available, and furnish the following information:
 b. Period(s) covered: _____ c. Internal Revenue office(s) where filed: _____

If you answer "Yes" to any of questions 6–14, you must attach additional information as described in the instructions.

- 6. a. Was there any insurance on the decedent's life that is not included on the return as part of the gross estate?6a. Yes No
 b. Did the decedent own any insurance on the life of another that is not included in the gross estate?6b. Yes No
- 7. Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (a) one or more of the other joint tenants was someone other than the decedent's spouse, and (b) less than the full value of the property is included on the return as part of the gross estate? If "Yes," you must complete and attach Schedule E7. Yes No
- 8. Did the decedent, at the time of death, own any interest in a partnership or unincorporated business or any stock in an inactive or closely held corporation?8. Yes No
- 9. Did the decedent make any transfer described in section 2035, 2036, 2037, or 2038 (see the instructions for Schedule G)? If "Yes," you must complete and attach Schedule G9. Yes No
- 10. Were there in existence at the time of the decedent's death:
 - a. Any trusts created by the decedent during his or her lifetime?10a. Yes No
 - b. Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship?10b. Yes No

Estate of: _____

PART 4—GENERAL INFORMATION (continued)

Check the "Yes" or "No" box for each question.

- 11. Did the decedent ever possess, exercise, or release any general power of appointment? If "Yes," you must complete and attach Schedule H..... 11. Yes No
- 12. Was the marital deduction computed under the transitional rule of Public Law 97-34, section 403(e)(3) (Economic Recovery Act of 1981)? If "Yes," attach a separate computation of the marital deduction, enter the amount on part 5, line 20, and note on line 20 "computation attached" 12. Yes No
- 13. Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I? If "Yes," you must complete and attach Schedule I..... 13. Yes No
- 14. Was the decedent ever the beneficiary of a trust for which a deduction was claimed by the estate of a pre-deceased spouse under section 2056(b)(7) and which is not reported on this return? If "Yes," attach an explanation 14. Yes No

PART 5—RECAPITULATION

Round all amounts to the nearest whole dollar.

Gross Estate	Alternate Value	Value at Date of Death
1. Schedule A—Real estate 1		
2. Schedule B—Stocks and bonds 2		
3. Schedule C—Mortgages, notes, and cash 3		
4. Schedule D—Insurance on the decedent's life [attach Form(s) 712]..... 4		
5. Schedule E—Jointly owned property [attach Form(s) 712 for life insurance] 5		
6. Schedule F—Other miscellaneous property [attach Form(s) 712 for life insurance] 6		
7. Schedule G—Transfers during decedent's life [attach Form(s) 712 for life insurance] ... 7		
8. Schedule H—Powers of appointment 8		
9. Schedule I—Annuities..... 9		
10. Total gross estate (add lines 1 through 9)..... 10		
11. Schedule U—Qualified conservation easement exclusion 11		
12. Total gross estate less exclusion (subtract line 11 from line 10). Enter here and on line 1 of part 2 12		

Deductions	Amount
13. Schedule J—Funeral expenses and expense incurred in administering property subject to claims 13	
14. Schedule K—Debts of the decedent..... 14	
15. Schedule K—Mortgages and liens..... 15	
16. Total of items 13 through 15..... 16	
17. Allowable amount of deductions from item 16 17	
18. Schedule L—Net losses during administration 18	
19. Schedule L—Expenses incurred in administering property not subject to claims..... 19	
20. Schedule M—Bequests, etc., to surviving spouse 20	
21. Schedule O—Charitable, public, and similar gifts and bequests 21	
22. Schedule T—Qualified family-owned business interest deduction 22	
23. Total deductions (add lines 17 through 22)..... 23	

PART 6

Under penalties of 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 executor, this declaration is based on all information of which the preparer has any knowledge.

Signature of Executor X	Title	Executor's Social Security Number - -	Date
Signature of Executor X	Title	Executor's Social Security Number - -	Date

Check the box to authorize the following individual(s) to receive and provide confidential tax information relating to the decedent and the estate:

Name of Preparer	Title	Telephone Number ()
Mailing Address	City	State ZIP Code

PLEASE ATTACH A COMPLETE COPY OF YOUR FEDERAL FORM, SCHEDULES, AND SUPPORTING DOCUMENTS

Mail to: Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910

FORM

IT-V OREGON INHERITANCE TAX PAYMENT VOUCHER INSTRUCTIONS

Use this form to send the following payments:

- **Tax due when you file your return.** Check the "Return" box. Include the voucher with your check in the same envelope as your *Oregon Inheritance Tax* return.
- **Tax due by the return due date, if you are filing your return with an extension to file.** Check the "Extension Payment" box. Include the voucher with your check.
- **Tax due with an amended return.** Check the "Amended Return" box and fill in the tax year. Include the voucher with your check in the same envelope as your amended return.

Helpful tips:

- **Payment Type:** Check the box that identifies the type of payment you are sending.
- **BIN:** Fill in the BIN (Oregon business identification number) if known.

Please use blue or black ink. Do not use gel pens or red ink.

Make your check payable to: Oregon Department of Revenue. To ensure proper credit to your account, write the decedent's name on your check.

Please send all payments to:

Oregon Department of Revenue
 PO Box 14110
 Salem OR 97309-0910

Use this form as an extension to file your return if you are making a payment and have not filed an extension with the IRS.

DO NOT use this form as an extension to file if you are NOT making a payment. Complete the federal extension form and write FOR OREGON ONLY on the top. Do not send a copy now. Attach the extension to your return.

Did you know that you can print additional vouchers at www.oregon.gov/DOR?



OREGON INHERITANCE TAX PAYMENT VOUCHER

150-103-172 (Rev. 9-05)

FORM
IT-V
 (120)

Department of Revenue Use Only

• Date of Death: _____

• Payment Type (check only one):

- Return
- Extension Payment
- Amended Return
- Prepayments

• BIN: _____

Decedent's SSN: _____

Enter Payment Amount

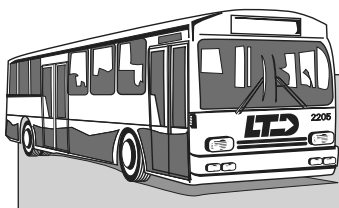
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Name of Decedent on Tax Return: _____

Name of Executor: _____ Telephone Number: _____

Mailing Address of Executor: _____

City: _____ State: _____ Zip Code: _____



LTD Self-Employment Tax

These instructions are not a complete statement of laws and rules that apply to the Lane County Mass Transit District self-employment tax. For more information, contact the Oregon Department of Revenue. See "Taxpayer assistance." You may access the laws, rules, forms, and instructions on the Internet at www.oregon.gov/DOR.

New information

Apportionment: The Oregon Legislature passed a law changing the way Oregon apportions business income. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

Also effective for tax years starting on or after July 1, 2005, certain taxpayers in the forest products industry will be required to use the double-weighted sales factor formula, as defined in Oregon Revised Statute (ORS) 314.650(2).

What is the LTD self-employment tax?

The Lane transit tax helps fund mass transportation in the Lane Transit District. This tax is applied to self-employment earnings of individuals doing business or providing services in the district. The Oregon Department of Revenue collects the tax for Lane transit.

A list of ZIP codes included in the district boundary is on page 4. For more information, call LTD at 541-682-6100, or access their Web site at www.ltd.org.

The tax rate is 0.006 (0.6 of 1 percent).

Who must file and pay this tax?

Individuals

Anyone who has self-employment earnings from business or service activities carried on in the Lane County Transit District must pay this tax.

People who **must** pay the self-employment tax include:

- Anyone who does business or provides services in the transit district, and whose earnings are not subject to Oregon withholding, regardless of where they live.
- Compensation received for performing religious services independently is subject to self-employment tax.
- **Real estate salespeople.** Federal laws generally treat real estate salespeople as self-employed. This includes those who provide services to real estate brokers under contract. This means commissions on sales are subject to the LTD self-employment tax.

Partnerships

Partnerships are not subject to LTD tax.

Individual partners of a partnership must pay this tax. However, a partnership may elect to file and pay for **all** individual partners. See "Partnership election" instructions.

Exemptions

- **S corporation distributions** are not subject to this tax.
- **Ministers.** Compensation received by a minister or member of a religious order for performing religious services in the exercise of that ministry or religious order is not subject to LTD self-employment tax.

How to file

Complete Form LTD, *Lane County Mass Transit District Self-Employment Tax* return. Attach your payment to the front of the form. Make your check payable to the Oregon Department of Revenue. Do not use red ink or gel pens. Please use only blue or black ink on your return and payment.

Mail to: **LTDSE**

Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

Important filing information

- Do **not** combine your LTD self-employment tax payment with any other tax payment made to the Oregon Department of Revenue.
- Do **not** attach your LTD self-employment tax return to your Oregon income tax return.
- Attach a copy of your federal Schedule SE to your LTD self-employment tax return.
- Mail your transit return to the Oregon Department of Revenue. **Transit returns cannot be filed electronically.**

File **one** LTD self-employment tax return for all of your self-employment earnings.

To avoid a penalty, file your return and pay your tax by the due date.

Frequently asked questions

I have more than one business. How should I file my Lane transit return?

File one return. If you have separate business activities, attach a schedule for each separate business to your return. Compute the Lane transit self-employment income separately for each business. See instructions for line 1.

Can I file a joint return?

No. Each taxpayer having self-employment earnings must file a separate Form LTD. That's true even if you and your spouse filed a joint federal income tax return. The only exception is a partnership filing for all partners. Both spouses could be members of the same partnership.

I'm getting a refund on my Oregon individual income tax return. Can I have that refund applied to this tax?

No. We can not apply any income tax refund to pay your LTD self-employment tax.

Can I file my transit self-employment tax return electronically?

No. File your transit return by mail. Make a copy for your records, and mail your return to the Oregon Department of Revenue address as printed at the bottom of the tax return.

Can I file an amended transit self-employment tax return?

Yes. File an amended transit return any time you need to correct your return as originally filed. 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. Check the "This is an amended return" box on your transit return.

What if business is done both inside and outside of the district?

Use an apportionment formula by completing Form TSE-AP. You may elect to use only a sales factor or you may use a three-factor formula if your tax year begins before July 1, 2005. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

What if I'm audited by the IRS?

If changes are made that affect your self-employment earnings, file an amended return to report and pay any additional tax due. If the change reduces your transit tax, you have two years from the date of the audit report to claim a refund.

Why am I being charged penalty and interest on my unpaid taxes when I have a valid extension?

You are responsible for a 5 percent penalty and interest if you do not pay your tax by the original due date. This is true

even if you have an extension of time to file. Attach a copy of your extension to your transit return and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our Web site at www.oregon.gov/DOR.

When to file

Your Lane transit return is due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 17, 2006. Fiscal year returns are due the 15th day of the fourth month after the end of the fiscal year. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

Extensions

If you get an extension to file your federal or Oregon individual income tax return, it will also extend your LTD self-employment tax return. **Check the "An extension has been filed" box on your LTD self-employment tax return and attach a copy of the extension to your return when you file.**

However, **more time to file does not mean more time to pay.** If you have an extension, you must make your payment by the original due date of the return to avoid a penalty and interest charge. Complete Form TSE-V and send it with your payment of tax. Form TSE-V is available on our Web site at www.oregon.gov/DOR, or see "Taxpayer assistance." Be sure to use the same name and Social Security number (SSN) or federal employer identification number (FEIN) that you will use on your return when you file.

Be sure to file your LTD self-employment tax return within the extension period.

Partnership election

A partnership may elect to file and pay the transit self-employment tax for the individual partners. The partnership **must** use net earnings from self-employment as reported on federal Form 1065 to figure the tax. **Do not** make Oregon modifications to the partnership's earnings. If some partners have different tax years than others, net earnings from self-employment is determined using amounts from different partnership years.

The partnership's return and payment shall be based upon the net earnings from self-employment of the individual partners from the partnership for their taxable years ending with **or** within the **calendar year**.

Due date: April 17, 2006. The partnership **must** file a return and pay the tax due on or before the 15th day of the fourth month following the end of the **calendar year**.

Fiscal year taxpayers: When a partnership tax year ends within a calendar year, the partnership files on a calendar year basis with the return due April 17, 2006.

Example: If a partnership has a tax year ending August 31, 2005, and its partners use a calendar year, the partnership must pay on or before April 17, 2006, the amount due from the partner's net earnings from the partnership for its taxable year ending August 31, 2005.

Partnerships **must attach a schedule listing the following information for each partner:**

- Name.
- SSN.
- Share of partnership income.
- Individual exclusion.

Partners: If your partnership is filing on behalf of all partners, you do not need to file a separate Form LTD **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your *individual* Form LTD.

Amended returns

You must file an amended return to claim a refund of tax paid. To file an amended return, use the appropriate form for the year of the original return and check the box indicating **"This is an amended return."** Attach an explanation of the changes made.

Form LTD instructions

Name and address section

Individuals: Fill in your name, address, telephone number, and SSN.

The request for your SSN(s) is authorized by Section 405, Title 42, United States Code. You must give us this information. It will be used to establish your identity.

Partnerships: Fill in the partnership name, address, telephone number, FEIN, and Oregon business identification number (BIN).

You must provide, on a schedule attached to Form LTD, the name and SSN for each partner. Your return cannot be processed without this information.

Line instructions—Form LTD

Instructions are for lines not fully explained on the return.

Line 1. Self-employment earnings. Fill in the amount from federal Schedule SE, Section A, line 3; or Section B, line 3. If you have separate business activities, do not use the "net" amount of all businesses shown on federal Schedule SE. Instead, compute the LTD self-employment income separately for each business. The loss from one business cannot be offset against the income of another business. **File one return,** attach a schedule for each separate business, and start with line 3 on Form LTD. If you have self-employment

earnings from a separate business operated wholly outside of the Lane Transit District, do not include those earnings on line 1 or 3 of Form LTD.

You do not need to make Oregon changes or modifications to federal income on Form LTD. Your earnings that are subject to LTD self-employment tax usually will be the same as the earnings you report on your federal Schedule SE, Section A, line 3; or Section B, line 3.

Exception: Did you receive partnership income? If so, did the partnership file Form LTD and pay the tax for the partners? If so, reduce the amount from your federal Schedule SE, Section A, line 3; or Section B, line 3 by the amount of your income from that partnership.

If you have a loss on federal Schedule SE, line 3, you are not required to file a transit self-employment tax return for the year of the loss. The loss from one business activity cannot offset the income of another. There is no carry-forward of losses.

Line 2. Apportionment:

- Enter 100 percent if **all** of your business activity is within the transit district. Do not fill out Form TSE-AP.
- Fill out and attach a completed Form TSE-AP if your business activity is carried on both in and out of the district.

Line 4. Exclusion. The total exclusion for all of your self-employment earnings is limited to \$400.

Individuals. Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on another 2005 Form LTD filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

Partnerships. Enter \$400 for only those partners whose share of positive earnings are included in the amount on line 3. If any partner's exclusion was partially or completely used on another 2005 Form LTD, include on line 4 only that partner's unused amount of the \$400 exclusion. Each partner is responsible for ensuring that the total of all exclusions does not exceed \$400.

Do not include any partner with a loss.

Line 7. Prepayments. Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension of time to file, or with a payment voucher, Form TSE-V.

Line 8. Tax-to-pay. Include your check or money order payable to the Oregon Department of Revenue. An expected refund from your state income tax cannot be used to pay your transit tax.

Line 9. Penalty and interest. For filing or paying late.

Due date. Form LTD is due the same day as your federal and Oregon income tax returns. For a calendar year return, this is April 17, 2006.

Interest. Are you paying your tax after the due date? If you are, include interest on any unpaid tax.

If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or legal holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file. Learn more about *Computing Interest on Tax You Owe* at www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on unpaid tax. If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Penalty. Include a penalty payment if you:

- Mail your payment of tax due **after** the due date (even if you have an extension), or
- File your return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you file your return more than three months after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax.

If you do not file required returns for three consecutive years by the due date of the third year’s return, an additional failure to file penalty may be charged up to 100 percent of any tax due.

Sign your return. Please sign and date your return before mailing.

LTD cities and ZIP codes

LTD serves the entire Eugene-Springfield urban area as well as several rural areas. For information on LTD boundaries, call 541-682-6100 or access the Lane Transit Web site at www.ltd.org.

City	ZIP Code	City	ZIP Code
Alvadore	97409	Goshen	97405
Blue River	97413	Jasper	97438
Coburg	97408	Junction City	97448
Cottage Grove	97424	Lancaster	97448
Creswell	97426	Leaburg	97489
Dexter	97431	Lowell	97452
Elmira	97437	Maywood	97413
Eugene	97401	McKenzie Bridge	97413
	97402	Pleasant Hill	97455
	97403	Springfield	97477
	97404		97478
	97405	Thurston	97482
	97408	Trent	97431
	97440	Veneta	97487
Fall Creek	97438	Vida	97488
Finn Rock	97488	Walterville	97488

Taxpayer assistance

Oregon Department of Revenue

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from Oregon prefix..... 1-800-356-4222
 E-mail tse.help.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

TriMet Transit District boundary information

Telephone 503-962-6466
 Internet www.trimet.org

FORM LTD (240) SELF-EMPLOYMENT TAX Lane County Mass Transit District 2005				For office use only	
				Date received	
				Payment	
		1	2	3	
Fiscal Year Mo / Day / Year ● Beginning: / / 05		Fiscal Year Mo / Day / Year ● Ending: / /		If you have previously filed a return, indicate if: <input type="checkbox"/> Name change <input type="checkbox"/> Address change	
Last name (if an individual filing)			First name and initial		
Partnership name (if a partnership filing)			Social Security number (SSN)		
Business address			Federal employer identification number (FEIN)		
City			State	ZIP Code	County
Did you file Form LTD for 2004?			Oregon business identification number (BIN)		
<input type="checkbox"/> Yes <input type="checkbox"/> No (if No, give reason) _____			Telephone number ()		
			<input type="checkbox"/> An extension has been filed <input type="checkbox"/> This is an amended return		

Include your payment with this return.

Round all amounts to the nearest whole dollar.

- 1. Total self-employment earnings from federal Schedule SE ● 1
- 2. Apportionment percentage. From *Form TSE-AP, Transit Self-Employment Tax Apportionment Worksheet* (150-500-051). Not less than -0- or more than 100%. If all your business activity is within the Lane Transit District, fill in 100%2 %
- 3. Net self-employment earnings. Multiply line 1 by line 2..... ● 3
- 4. Less: Exclusion. Not more than \$400 per taxpayer. Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings or \$400..... ● 4
- 5. Net earnings from self-employment subject to transit district tax. Line 3 minus line 4 ● 5
- 6. Tax on self-employment earnings within the Lane Transit District. Multiply the amount on line 5 by 0.006 ● 6
- 7. Prepayments ● 7
- 8. **TAX-TO-PAY.** Is line 6 more than line 7? If so, line 6 minus line 7 **TAX-TO-PAY** ● 8
- 9. Penalty and interest for filing or paying late.....9
- 10. Total amount due. Line 8 plus line 9.10
- 11. **REFUND.** Is line 7 more than line 6? If so, line 7 minus line 6 **REFUND** ●11

Individuals: Attach a copy of your federal Schedule SE. **Business Activity:** Sales Services Other: _____

Include a copy of your extension if you file after the due date.

Partnerships: Attach a schedule listing each partner's name, Social Security number, partnership earnings, and exclusion.

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 discuss this return with this preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No	
SIGN HERE	Your signature	Date	Signature of preparer other than taxpayer	License No.
	X		X	●
			Address	Telephone No.

Do NOT attach your LTD self-employment tax return to your Oregon income tax return, or any other form.

Make check or money order payable to:
Oregon Department of Revenue

Mail your return to: **LTDSE**
Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

FORM
TSE-AP

**OREGON TRANSIT SELF-EMPLOYMENT TAX
APPORTIONMENT WORKSHEET**

2005

Check one: **TriMet District (TM)** **Lane Transit District (LTD)**

Filer Name—Individual or Partnership

SSN or FEIN

NOTE: Do not use this worksheet if ALL of your business activities are in the transit district.

Schedule AP-1

APPORTIONMENT FACTORS

1. Property Factor

Value of real and tangible personal property used in the business

1a. Owned property (at original cost; see instructions).....

1b. Rented property (capitalize at 8 times the rental paid) ...

1c. **Total** owned and rented property (1a + 1b).....

2. Payroll Factor

Wages, salaries, commissions, and other employee compensation

3. Sales Factor

Sales and other business gross receipts

4. Apportionment percent (use Schedule AP-2, Method 1 or Method 2, below; see instructions)

Fill in here and on line 2 on the front of Form TM or Form LTD.....

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1a. Owned property (at original cost; see instructions).....	1a.	1a.	
1b. Rented property (capitalize at 8 times the rental paid) ...	1b.	1b.	
1c. Total owned and rented property (1a + 1b).....	1c.	1c.	1c. %
2. Payroll Factor	2.	2.	2. %
3. Sales Factor	3.	3.	3. %
4. Apportionment percent (use Schedule AP-2, Method 1 or Method 2, below; see instructions) Fill in here and on line 2 on the front of Form TM or Form LTD.....			4. _____ %

Schedule AP-2 for Computation of Apportionment Percent

Effective for tax years beginning on or after July 1, 2005, you must use the *sales factor only* (Method 1) to apportion your net income.

METHOD 1—Sales Factor Only

Apportionment percentage calculation:
[(column A ÷ column B) X 100]

- Start on line 3 of Schedule AP-1 above.
- In column 3A, enter all sales within the transit district. In column 3B, enter all sales everywhere.
- In column 3C, compute the percentage of sales within the district by dividing the amount in column A by column B, and multiply by 100%.
- Apportionment percent.** Enter the amount from line 3, column C, on line 4 above. Compute the percent to four decimal places (for example, 12.34558% should be 12.3456%).

METHOD 2—Three Factor Formula

Apportionment percentage calculation:
(10% property + 10% payroll + 80% sales)

- Multiply the property factor percentage from line 1c, column C, by 0.10. _____
- Multiply the payroll factor percentage from line 2, column C, by 0.10. _____
- Multiply the sales factor percentage from line 3, column C, by 0.80. _____
- Apportionment percent.** Add lines 1, 2, and 3. Compute percent to four decimal places (for example, 12.34558% should be 12.3456%). Enter on line 4 above.

Attach your completed Form TSE-AP to your transit return when filed.

TRANSIT SELF-EMPLOYMENT TAX APPORTIONMENT WORKSHEET INSTRUCTIONS

Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment worksheet, Form TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. You must complete the worksheet and attach it to your Transit Self-Employment tax return when you file.

Complete Form TSE-AP, Schedules AP-1 and AP-2, to determine the apportionment percent.

You may use one of two methods to figure your apportionment percentage if your tax year begins before July 1, 2005. Generally, that includes most taxpayers.

The Oregon Legislature passed a law changing the way Oregon apportions business income. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

- **Method 1: Sales factor only.** Using the sales factor only, skip lines 1 and 2 of the worksheet. Complete line 3 to compute the sales percentage, and enter on line 2 of your transit return.
- **Method 2: Three factor formula** (property, payroll, and sales). Use the entire three-factor formula to determine the apportionment percentage.

Effective for tax years starting on or after July 1, 2005, qualifying forest product industries are required to use the double-weighted sales factor apportionment formula as defined in ORS 314.650(2).

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition) will continue to apply. This election may be revoked later.

Apportionment Factors

1. Property Factor

Each item of owned or rented business property should be entered in column B. Business property within the district is entered in column A.

- 1a. Owned property is valued at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and the end of the tax period. An average of the monthly values may be required if a more reasonable value results.
- 1b. Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.
- 1c. Enter the total of property factors on line 1c.

2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the district if:

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

3. Sales Factor

The sales factor is the percentage that sales or other business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

Other business gross receipts, including services, are any items other than sales of tangible personal property.

Amounts received for services should be entered on line 3, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the district if:

- The property is shipped or delivered to a purchaser in the district; **or**
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchaser is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

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. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from Oregon prefix 1-800-356-4222
 E-mail tse.help.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix 1-800-889-15204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Use this form to send the following payments:

- Tax due when you file your 2005 return. Check the "2005 Return" box.
- Tax due by the 2005 return due date, if you are filing your 2005 return on **extension**. Check the "2005 Extension" box.
- Tax due with an **amended return** for any tax year. Check the "Amended Return" box and fill in the tax year.
- Tax due with an **original return** for a prior tax year. Check the "Prior Year Return" box and fill in the tax year.

Helpful tips:

- **Tax Year:** Check the box for calendar OR fiscal year. If you are a fiscal year filer, fill in the beginning and ending dates of your tax year. Use the tax year in which your fiscal year began.
- **Tax Return Type:** Check the box for either TM or LTD return. **Use a separate voucher for each payment.**
- **SSN:** Fill in your SSN (Social Security number) if you are an individual filer.
- **BIN:** Fill in the BIN (Oregon business identification number) if known. If this is your first filing with the department, leave blank and a BIN will be assigned.
- **FEIN:** Fill in your FEIN (federal employer identification number).

Make your check payable to: Oregon Department of Revenue. To ensure proper credit to your account, write the filer's name, SSN or FEIN, BIN (if known), tax year, and "TSE Tax" on your check.

Mail the voucher with your payments to:

Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

Do not use this form as an extension to file your return. Oregon accepts the extension you filed for your federal income tax. Do not send a copy now. When you file, check the extension box on the return and attach a copy of the federal extension with your 2005 return.

Did you know that you can print additional vouchers at www.oregon.gov/DOR/?

Always include the completed voucher with your check

OREGON TRANSIT SELF-EMPLOYMENT TAX PAYMENT VOUCHER

150-500-172 (Rev. 12-05)

FORM
TSE-V

Department of Revenue Use Only
[]

• **Tax Year** (check only one):

Calendar Year

Fiscal Year — Begins: [] [] [] Ends: [] [] []

• **Payment Type** (check only one):

2005 Return

2005 Extension Payment

Amended Return—Tax Year: [] [] []

Prior Year Return—Tax Year: [] [] []

• **Tax Return Type** (check only one):

(230) TM (TriMet)

(240) LTD (Lane Transit District)

• SSN: [] [] [] [] [] [] [] [] [] []

• BIN: [] [] [] [] [] [] [] [] [] []

FEIN: [] [] [] [] [] [] [] [] [] []

Enter Payment Amount

\$ [] [] [] [] [] [] [] [] [] [] [] [] [] [] [] 0 0

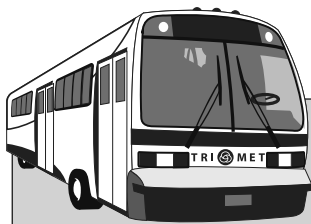
Name of Filer on Tax Return: [] [] [] [] [] [] [] [] [] [] Telephone No.: [] [] [] [] [] [] [] [] [] []

Business Address: []

City: [] [] [] [] [] [] [] [] [] [] State: [] [] Zip Code: [] [] [] [] [] [] [] [] [] []

First Time Filer

New Name or Address



TriMet Self-Employment Tax

These instructions are not a complete statement of laws and rules that apply to the Tri-County Metropolitan Transportation District self-employment tax. For more information, contact the Oregon Department of Revenue. See "Taxpayer assistance." You may access the laws, rules, forms, and instructions on the Internet at www.oregon.gov/DOR.

New information

New tax rate: Beginning January 1, 2005, the tax rate has increased to 0.006318.

Apportionment: The Oregon Legislature passed a law changing the way Oregon apportions business income. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

Also effective for tax years starting on or after July 1, 2005, certain taxpayers in the forest products industry will be required to use the double-weighted sales factor formula, as defined in Oregon Revised Statute (ORS) 314.650(2).

What is the TriMet self-employment tax?

The TriMet tax helps fund mass transportation in the TriMet District. This tax is applied to self-employment earnings of individuals doing business or providing services in the district. This includes portions of Multnomah, Clackamas, and Washington counties. The Oregon Department of Revenue collects the tax for TriMet.

A list of ZIP codes included in the district boundary is on page 4. For more information, call TriMet at 503-962-6466, or access their Web site at www.trimet.org.

The tax rate is 0.006318 (0.6318 of 1 percent).

Who must file and pay this tax?

Individuals

Anyone who has self-employment earnings from business or service activities carried on in the TriMet District must pay this tax.

People who **must** pay the self-employment tax include:

- Anyone who does business or provides services in the transit district, and whose earnings are not subject to Oregon withholding, regardless of where they live.
- Compensation received for performing religious services independently is subject to self-employment tax.
- **Real estate salespeople.** Federal laws generally treat real estate salespeople as self-employed. This includes those who provide services to real estate brokers under contract. This means commissions on sales are subject to the TriMet self-employment tax.

Partnerships

Partnerships are not subject to the TriMet tax.

Individual partners of a partnership must pay this tax. However, a partnership may elect to file and pay for **all** individual partners. See "Partnership election" instructions.

Exemptions

- **S corporation distributions** are not subject to this tax.
- **Ministers.** Compensation received by a minister or member of a religious order for performing religious services in the exercise of that ministry or religious order is not subject to TriMet self-employment tax.

How to file

Complete Form TM, TriMet self-employment tax return. Attach your payment to the front of the form. Make your check payable to the Oregon Department of Revenue. Do not use red ink or gel pens. Please use only blue or black ink on your return and payment.

Mail to: **TMSE**
Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

Important filing information

- Do **not** combine your TriMet self-employment tax payment with any other tax payment made to the Oregon Department of Revenue.
- Do **not** attach your TriMet self-employment tax return to your Oregon income tax return.
- **Attach** a copy of your federal Schedule SE to your TriMet self-employment tax return.
- Mail your transit return to the Oregon Department of Revenue. **Transit returns cannot be filed electronically.**

File **one** TriMet self-employment tax return for all of your self-employment earnings.

To avoid a penalty, file your return and pay your tax by the due date.

Frequently asked questions

I have more than one business. How should I file my TriMet return?

File one return. If you have separate business activities, attach a schedule for each separate business to your return. Compute the TriMet self-employment income separately for each business. See instructions for line 1.

Can I file a joint return?

No. Each taxpayer having self-employment earnings must file a separate Form TM. That's true even if you and your spouse filed a joint federal income tax return. The only exception is a partnership filing for all partners. Both spouses could be members of the same partnership.

I'm getting a refund on my Oregon individual income tax return. Can I have that refund applied to this tax?

No. We cannot apply any income tax refund to pay your TriMet self-employment tax.

Can I file my transit self-employment tax return electronically?

No. File your transit return by mail. Make a copy for your records, and mail your return to the Oregon Department of Revenue address printed at the bottom of the tax return.

Can I file an amended transit self-employment tax return?

Yes. File an amended transit return any time you need to correct your return as originally filed. 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. Check the "This is an amended return" box on your transit return.

What if business is done both inside and outside of the district?

Use an apportionment formula by completing Form TSE-AP. You may elect to use only a sales factor or you may use the three-factor formula if your tax year begins before July 1, 2005. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

What if I'm audited by the IRS?

If changes are made that affect your self-employment earnings, file an amended return to report and pay any additional tax due. If the change reduces your transit tax, you have two years from the date of the audit report to claim a refund.

Why am I being charged penalty and interest on my unpaid taxes when I have a valid extension?

You are responsible for a 5 percent penalty and interest if you do not pay your tax by the original due date. This is true

even if you have an extension of time to file. Attach a copy of your extension to your TriMet return and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our Web site at www.oregon.gov/DOR.

When to file

Your TriMet return is due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 17, 2006. Fiscal year returns are due the 15th day of the fourth month after the end of the fiscal year. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

Extensions

If you get an extension to file your federal or Oregon individual income tax return, it will also extend your TriMet self-employment tax return. **Check the "An extension has been filed" box** on your TriMet self-employment tax return, and **attach a copy of the extension to your return when you file.**

However, **more time to file does not mean more time to pay.** If you have an extension, you must make your payment by the original due date of the return to avoid a penalty and interest charge. Complete Form TSE-V and send it with your payment of tax. Form TSE-V is available on our Web site at www.oregon.gov/DOR, or see "Taxpayer assistance." Be sure to use the same name and Social Security number (SSN) or federal employer identification number (FEIN) that you will use on your return when you file.

Be sure to file your TriMet self-employment tax return within the extension period.

Partnership election

A partnership may elect to file and pay the transit self-employment tax for the individual partners. The partnership **must** use net earnings from self-employment as reported on federal Form 1065 to figure the tax. **Do not** make Oregon modifications to the partnership's earnings. If some partners have different tax years than others, net earnings from self-employment is determined using amounts from different partnership years.

The partnership's return and payment shall be based upon the net earnings from self-employment of the individual partners from the partnership for their taxable years ending with **or** within the calendar year.

Due date: April 17, 2006. The partnership **must** file a return and pay the tax due on or before the 15th day of the fourth month following the end of the **calendar year.**

Fiscal year taxpayers: When a partnership tax year ends within a calendar year, the partnership files on a calendar year basis with the return due April 17, 2006.

Example: If a partnership has a tax year ending August 31, 2005, and its partners use a calendar year, the partnership must pay on or before April 17, 2006, the amount due from the partner's net earnings from the partnership for its taxable year ending August 31, 2005.

Partnerships **must attach a schedule listing the following information for each partner:**

- Name.
- SSN.
- Share of partnership income.
- Individual exclusion.

Partners: If your partnership is filing on behalf of all partners, you do not need to file a separate Form TM **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your *individual* Form TM.

Amended returns

You must file an amended return to claim a refund of tax paid. To file an amended return, use the appropriate form for the year of the original return and check the box indicating **"This is an amended return."** Attach an explanation of the changes made.

Form TM instructions

Name and address section

Individuals: Fill in your name, address, telephone number, and SSN.

The request for your SSN(s) is authorized by Section 405, Title 42, United States Code. You must give us this information. It will be used to establish your identity.

Partnerships: Fill in the partnership name, address, telephone number, FEIN, and Oregon business identification number (BIN).

You must provide, on a schedule attached to Form TM, the name and SSN for each partner. Your return cannot be processed without this information.

Line instructions—Form TM

Instructions are for lines not fully explained on the return.

Line 1. Self-employment earnings. Fill in the amount from federal Schedule SE, Section A, line 3; or Section B, line 3. If you have **separate** business activities, do not use the "net" amount of all businesses shown on federal Schedule SE. Instead, compute the TriMet self-employment income separately for each business. The loss from one business can not be offset against the income of another business. **File one return,** attach a schedule for each separate business, and start with line 3 on Form TM. If you have self-employment

earnings from a separate business operated wholly outside of the TriMet District, do not include those earnings on line 1 or 3 of Form TM.

You do not need to make Oregon changes or modifications to federal income on Form TM. Your earnings that are subject to TriMet self-employment tax usually will be the same as the earnings you report on your federal Schedule SE, Section A, line 3; or Section B, line 3.

Exception: Did you receive partnership income? If so, did the partnership file Form TM and pay the tax for the partners? If so, reduce the amount from your federal Schedule SE, Section A, line 3; or Section B, line 3 by the amount of your income from that partnership.

If you have a loss on federal Schedule SE, line 3, you are not required to file a transit self-employment tax return for the year of the loss. The loss from one business activity cannot offset the income of another. There is no carry-forward of losses.

Line 2. Apportionment:

- Enter 100 percent if **all** of your business activity is within the transit district. Do not fill out Form TSE-AP.
- Fill out and attach a completed Form TSE-AP if your business activity is carried on both in and out of the district.

Line 4. Exclusion. The total exclusion for all of your self-employment earnings is limited to \$400.

Individuals: Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on another 2005 Form TM filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

Partnerships. Enter \$400 for only those partners whose share of positive earnings are included in the amount on line 3. If any partner's exclusion was partially or completely used on another 2005 Form TM, include on line 4 only that partner's unused amount of the \$400 exclusion. Each partner is responsible for ensuring that the total of all exclusions does not exceed \$400.

Do not include any partner with a loss.

Line 7. Prepayments. Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension of time to file or with a payment voucher, Form TSE-V.

Line 8. Tax-to-pay. Include your check or money order payable to the Oregon Department of Revenue. An expected refund from your state income tax cannot be used to pay your transit tax.

Line 9. Penalty and interest. For filing or paying late.

Due date. Form TM is due the same day as your federal and Oregon income tax returns. For a calendar year return, this is April 17, 2006.

Interest. Are you paying your tax after the due date? If you are, include interest on any unpaid tax.

If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or legal holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file. Learn more about *Computing Interest on Tax You Owe* at www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on unpaid tax. If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Penalty. Include a penalty payment if you:

- Mail your payment of tax due **after** the due date (even if you have an extension), or
- File your return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you file your return more than three months after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax.

If you do not file required returns for three consecutive years by the due date of the third year’s return, an additional failure to file penalty may be charged up to 100 percent of any tax due.

Sign your return. Please sign and date your return before mailing.

TriMet ZIP codes

TriMet serves the Portland Metropolitan area, which includes parts of Multnomah, Washington, and Clackamas counties. For information on TriMet boundaries, call 503-962-6466 or access the TriMet Web site at www.trimet.org.

ZIP codes completely in TriMet Transit District

97005	97035	97205	97214	97221	97232
97006	97036	97206	97215	97222	97233
97008	97068	97209	97216	97223	97239
97024	97201	97210	97217	97225	97258
97027	97202	97211	97218	97227	97266
97030	97203	97212	97219	97229	97267
97034	97204	97213	97220	97230	97268

ZIP codes partially in TriMet Transit District

97007	97019	97055	97080	97124	97236
97009	97022	97060	97113	97140	
97013	97023	97062	97116	97224	
97015	97045	97070	97123	97231	

Taxpayer assistance

Oregon Department of Revenue

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from Oregon prefix 1-800-356-4222
 E-mail tse.help.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

TriMet Transit District boundary information

Telephone 503-962-6466
 Internet www.trimet.org

<p>FORM TM (230)</p>	<p>Tri-County Metropolitan Transportation District</p> <h1 style="margin: 0;">2005</h1> <h2 style="margin: 0;">SELF-EMPLOYMENT TAX</h2>	<p style="text-align: center; margin: 0;">For office use only</p> <p>Date received ●</p> <p>Payment ●</p> <table style="width:100%; text-align: center; border-collapse: collapse;"> <tr> <td style="width:33%; border: 1px solid black;">1</td> <td style="width:33%; border: 1px solid black;">2</td> <td style="width:33%; border: 1px solid black;">3</td> </tr> <tr> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> <td style="text-align: center;">●</td> </tr> </table> <p>If you have previously filed a return, indicate if: <input type="checkbox"/> Name change <input type="checkbox"/> Address change</p> <p>Social Security number (SSN) ● - -</p> <p>Federal employer identification number (FEIN)</p> <p>Oregon business identification number (BIN) ●</p> <p>Telephone number ()</p> <p> <input type="checkbox"/> An extension has been filed <input type="checkbox"/> This is an amended return </p>	1	2	3	●	●	●
1	2	3						
●	●	●						
<p>Fiscal Year Mo / Day / Year Fiscal Year Mo / Day / Year</p> <p>● Beginning: / / 05 ● Ending: / /</p>								
Last name (if an individual filing) ●		First name and initial						
Partnership name (if a partnership filing)								
Business address								
City	State	ZIP Code County						
Did you file Form TM for 2004? <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, give reason) _____								

Include your payment with this return. **Round all amounts to the nearest whole dollar.**

- 1. Total self-employment earnings from federal Schedule SE ● 1
- 2. Apportionment percentage. From *Form TSE-AP, Transit Self-Employment Tax Apportionment Worksheet* (150-500-051). Not less than -0- or more than 100%. If all your business activity is within the TriMet District, fill in 100%2 %
- 3. Net self-employment earnings. Multiply line 1 by line 2..... ● 3
- 4. Less: Exclusion. Not more than \$400 per taxpayer. Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings or \$400..... ● 4
- 5. Net earnings from self-employment subject to transit district tax. Line 3 minus line 4 ● 5
- 6. Tax on self-employment earnings within the TriMet District. Multiply the amount on line 5 by 0.006318..... ● 6
- 7. Prepayments ● 7
- 8. **TAX-TO-PAY.** Is line 6 more than line 7? If so, line 6 minus line 7 **TAX-TO-PAY** ● 8
- 9. Penalty and interest for filing or paying late.....9
- 10. Total amount due. Line 8 plus line 9.....10
- 11. **REFUND.** Is line 7 more than line 6? If so, line 7 minus line 6 **REFUND** ● 11

Individuals: Attach a copy of your federal Schedule SE. **Business Activity:** Sales Services Other: _____

Include a copy of your extension if you file after the due date.

Partnerships: Attach a schedule listing each partner's name, Social Security number, partnership earnings, and exclusion.

<p>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.</p>		<p>I authorize the Department of Revenue to discuss this return with this preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
SIGN HERE	Your signature X	Date	Signature of preparer other than taxpayer X
	Address	License No. ●	Telephone No.

Do NOT attach your TM self-employment tax return to your Oregon income tax return, or any other form.

Make check or money order payable to:
Oregon Department of Revenue

Mail your return to: **TMSE**
Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

FORM
TSE-AP

**OREGON TRANSIT SELF-EMPLOYMENT TAX
APPORTIONMENT WORKSHEET**

2005

Check one: **TriMet District (TM)** **Lane Transit District (LTD)**

Filer Name—Individual or Partnership	SSN or FEIN
--------------------------------------	-------------

NOTE: Do not use this worksheet if ALL of your business activities are in the transit district.

Schedule AP-1

APPORTIONMENT FACTORS

1. Property Factor

Value of real and tangible personal property used in the business

- 1a. Owned property (at original cost; see instructions).....
- 1b. Rented property (capitalize at 8 times the rental paid) ...
- 1c. **Total** owned and rented property (1a + 1b).....

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1a.	1a.	1a.	
1b.	1b.	1b.	
1c.	1c.	1c.	1c. %

2. Payroll Factor

Wages, salaries, commissions, and other employee compensation

	2.	2.	2. %
--	----	----	------

3. Sales Factor

Sales and other business gross receipts

	3.	3.	3. %
--	----	----	------

4. Apportionment percent (use Schedule AP-2, Method 1 or Method 2, below; see instructions)

Fill in here and on line 2 on the front of Form TM or Form LTD..... 4. _____ %

Schedule AP-2 for Computation of Apportionment Percent

Effective for tax years beginning on or after July 1, 2005, you must use the *sales factor only* (Method 1) to apportion your net income.

METHOD 1—Sales Factor Only

Apportionment percentage calculation:
[(column A ÷ column B) X 100]

1. Start on line 3 of Schedule AP-1 above.
2. In column 3A, enter all sales within the transit district. In column 3B, enter all sales everywhere.
3. In column 3C, compute the percentage of sales within the district by dividing the amount in column A by column B, and multiply by 100%.
4. **Apportionment percent.** Enter the amount from line 3, column C, on line 4 above. Compute the percent to four decimal places (for example, 12.34558% should be 12.3456%).

METHOD 2—Three Factor Formula

Apportionment percentage calculation:
(10% property + 10% payroll + 80% sales)

1. Multiply the property factor percentage from line 1c, column C, by 0.10. _____
2. Multiply the payroll factor percentage from line 2, column C, by 0.10. _____
3. Multiply the sales factor percentage from line 3, column C, by 0.80. _____
4. **Apportionment percent.** Add lines 1, 2, and 3. Compute percent to four decimal places (for example, 12.34558% should be 12.3456%). Enter on line 4 above.

Attach your completed Form TSE-AP to your transit return when filed.

TRANSIT SELF-EMPLOYMENT TAX APPORTIONMENT WORKSHEET INSTRUCTIONS

Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment worksheet, Form TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. You must complete the worksheet and attach it to your Transit Self-Employment tax return when you file.

Complete Form TSE-AP, Schedules AP-1 and AP-2, to determine the apportionment percent.

You may use one of two methods to figure your apportionment percentage if your tax year begins before July 1, 2005. Generally, that includes most taxpayers.

The Oregon Legislature passed a law changing the way Oregon apportions business income. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

- **Method 1: *Sales factor only.*** Using the sales factor only, skip lines 1 and 2 of the worksheet. Complete line 3 to compute the sales percentage, and enter on line 2 of your transit return.
- **Method 2: *Three factor formula*** (property, payroll, and sales). Use the entire three-factor formula to determine the apportionment percentage.

Effective for tax years starting on or after July 1, 2005, qualifying forest product industries are required to use the double-weighted sales factor apportionment formula as defined in ORS 314.650(2).

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition) will continue to apply. This election may be revoked later.

Apportionment Factors

1. Property Factor

Each item of owned or rented business property should be entered in column B. Business property within the district is entered in column A.

- 1a. Owned property is valued at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and the end of the tax period. An average of the monthly values may be required if a more reasonable value results.
- 1b. Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.
- 1c. Enter the total of property factors on line 1c.

2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the district if:

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

3. Sales Factor

The sales factor is the percentage that sales or other business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

Other business gross receipts, including services, are any items other than sales of tangible personal property.

Amounts received for services should be entered on line 3, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the district if:

- The property is shipped or delivered to a purchaser in the district; **or**
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchaser is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

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. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from Oregon prefix..... 1-800-356-4222
 E-mail tse.help.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

Asistencia en español:

Salem 503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
 Toll-free from Oregon prefix..... 1-800-889-15204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

