

## OREGON DEPRECIATION SCHEDULE

For Individuals, Partnerships, Corporations, and Fiduciaries

For Office Use Only
Date Received



**Do not** attach this form to your Oregon return. Keep it with your records. Complete a new schedule each year.

Name	Social Security No., Withholding Registration No., or Federal EIN
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Use this schedule to figure your Oregon depreciation addition or subtraction.

• **Assets affected by the 1996 one-time adjustment.** You are required to make a one-time adjustment on your 1996 tax return to align your Oregon basis of certain assets to your federal basis. The adjustment applies to assets that have a different basis because Oregon law did not conform to federal law regarding depreciation of these assets:

1. Assets placed in service in 1993 or 1994, if you claimed a different amount of Sec. 179 expense for Oregon purposes, but chose not to amend your 1993 or 1994 return to conform to the federal amount, **and**
2. Assets placed in service between January 1, 1981 and January 1, 1985 using different federal and state depreciation methods, periods, or conventions.

No Oregon modifications due to these depreciation differences may be claimed on returns after 1996.

• **Assets not affected by the 1996 one-time adjustment.** Also use this schedule for assets that have a different basis for Oregon purposes than federal purposes for reasons other than the timing differences at the left. Examples include assets for which you claimed a federal investment tax credit or assets that you began depreciating outside of Oregon and later transferred into Oregon.

Corporations will also include assets placed in service in tax years beginning before October 4, 1977, using Asset Depreciation Range (ADR) depreciation for federal but not Oregon purposes.

**Don't use this schedule for property you began depreciating before 1981** unless you are a corporation as described above. Your Oregon depreciation for that property will be the same as the depreciation on your federal return.

	Oregon Basis	Federal Basis		Oregon Depreciation for this year (h)	Federal Depreciation for this year (i)			
<b>Assets Affected by the 1996 One -Time Adjustment:</b>								
1. Section 179 property you expensed in 1993 and 1994:								
2. ACRS property placed in service after 1980 and before 1985:								
<b>Assets Not Affected by the 1996 One -Time Adjustment:</b>								
Description of Property (a)	Date Purchased (b)	Date Placed in Service (c)	Cost or Other Basis (d)	Oregon Depreciation allowed or allowable in earlier years (e)	Method of Figuring Oregon Depreciation (f)	Oregon Life or Rate (g)		
3. Other property:								
4. Totals .....								
5. Difference in depreciation for Oregon. If federal depreciation is greater than Oregon depreciation, the difference is an addition. If Oregon depreciation is greater than federal, the difference is a subtraction .....								

## Line instructions

Instructions are for lines not fully explained on the form.

**Lines 1 and 2.** Fill in your Oregon basis and your federal basis. Use the same point in time to determine those amounts. Enter the difference between your Oregon basis and federal basis in the Oregon Depreciation column.

**Example 1:** Nathan Johnson owns the following asset:

Federal basis on January 1, 1996	\$30,000
Oregon basis on January 1, 1996	\$40,000

Nathan has a \$10,000 Oregon subtraction (\$40,000 - \$30,000 = \$10,000). He does not have an additional Oregon depreciation difference because his 1996 Oregon depreciation equals his federal depreciation.

**Example 2:** Nathan has the same asset as in example 1, but figures his one-time adjustment at the end of the year, after computing 1996 depreciation:

Federal basis on December 31, 1996	\$25,000
Oregon basis on December 31, 1996	\$36,000
Federal 1996 depreciation	\$ 5,000
Oregon 1996 depreciation	\$ 4,000

Nathan again has a \$10,000 Oregon subtraction, figured as follows:

1996 difference (an OR addition) (\$4,000 - \$5,000)	(\$1,000)
Basis adjustment (\$36,000 - \$25,000)	<u>\$11,000</u>
<b>Total 1996 adjustment</b>	<u><u>\$10,000</u></u>

**Note:** If you amended Sec. 179 expense on your 1993 and/or 1994 Oregon return, **do not** use lines 1 and 2. You have already conformed your Oregon basis to your federal basis.

**Line 3**—Figure your depreciation deduction for each asset. Fill in the information for columns (a) through (i). In column (f), 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.

**Line 5—Individuals.** Enter the difference in depreciation from line 5 of your Oregon Depreciation Schedule on your Oregon individual tax return. You have an addition if your Oregon depreciation on line 4(h) is less than your federal depreciation on line 4(i). You have a subtraction if the amount on line

4(h) is more than the amount on line 4(i). Enter the amount as an “other addition” or “other subtraction.”

**Full-year residents.** On Form 40, fill in the amount from line 5 of this schedule as an “other addition” or “other subtraction.” Label the line “Depreciation difference.”

**Part-year and nonresidents.**

- **Federal column**—Form 40N or 40P. Complete an Oregon Depreciation Schedule for **all** assets both inside and out of Oregon. Use an appropriate Oregon and federal depreciation method for each asset. Fill in the difference from line 5 of this schedule on Form 40N or 40P as an “other addition” or “other subtraction.”

- **Oregon column**—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.

Use an appropriate Oregon and federal depreciation method. Fill in the difference from line 5 of this schedule on Form 40N or Form 40P as an “other addition” or “other subtraction.” Label the line “Depreciation difference.”

**Partnerships, corporations, and fiduciaries.** You may also use this form to figure the depreciation difference you report on your Oregon partnership return (Form 65), corporation excise tax return (Form 20), corporation income tax return (Form 20-I), S corporation tax return (Form 20-S), or fiduciary return (Form 41).

**Passive activity losses.** You may have a depreciation difference for assets used in a passive activity that are not affected by the 1996 one-time adjustment. For example, assets transferred into Oregon or assets for which you claimed a federal tax credit may continue to have a difference in depreciation. Calculate your passive activity loss for Oregon using the depreciation difference. Enter the difference as an “other addition” or “other subtraction” on your Oregon return. Label it “Passive loss difference.” (Refer to federal Form 8582 and instructions for the definition of passive activity.)

**Suspended losses.** If part of your 1996 one-time adjustment is related to a passive activity, increase (or decrease) your Oregon suspended loss carryover by that amount. Do not claim a one-time adjustment for these assets on your 1996 Oregon return.

**For further instructions about Oregon differences due to federal law changes,** see “Instructions for Oregon Depreciation Schedule” (150-101-029).