

UNDERPAYMENT OF 1998 OREGON ESTIMATED TAX

10

(See separate instructions)

| For Office Use Only | |
|------------------------|-----|
| Date Received | |
| Social Security Number | - - |

- Complete and file with your 1998 Oregon individual income tax return.

| | |
|------|------------------------|
| Name | Social Security Number |
|------|------------------------|

PART 1 — Exceptions to paying interest (Check the box if you qualify for any of these exceptions)

Refer to the instructions to see if you qualify for an exception.

- ➔ **Exception 1** — Farmers and Commercial Fishers. To meet this exception, your gross income from farming or fishing must be two-thirds (66.7%) or more of your total gross income for 1997 or 1998.
- ➔ **Exception 2** — Prior Year. You may qualify for this exception if **all** of the following apply:
 - Your net income tax was -0- for 1997 or you were not required to file a return in 1997, **and**
 - You were a full-year resident in 1997, **and**
 - Your 1997 tax year was a full 12 months.
- ➔ **Exception 3** — In 1997 or 1998, you retired at age 62 or older, or became disabled; **and** your underpayment was due to a reasonable cause. Attach a statement to explain the cause.
- ➔ **Exception 4** — Underpayment due to a casualty, disaster, or other unusual circumstance; **and** it would be unfair to impose interest. Attach a statement to explain your situation.
- ➔ **Exception 5** — S corporation shareholders. The S corporation income must be for the first year you elected S corporation status.

If you meet an exception, you don't owe interest due to underpayment of estimated tax. Be sure to include this form when you file your return and **check the box** on Form 40, line 50; or Form 40N or 40P, line 69. If you don't qualify for **any** exceptions, go to Part 2.

PART 2 — Figure your required annual payment — see separate line instructions.

| | | | |
|--|---|--|--|
| 1. 1998 net income tax | 1 | | |
| 2. Multiply line 1 by 90% (.90) | 2 | | |
| 3. 1998 Oregon income tax withheld from income | 3 | | |
| 4. Line 1 minus line 3. If less than \$500, stop here! You don't need to file this form..... | 4 | | |
| 5. Enter the tax shown on your 1997 tax return (110% of that amount if the adjusted gross income shown on that return is more than \$150,000, or if married filing separately for 1998, \$75,000). (Caution: see instructions) ... | 5 | | |
| 6. Enter the smaller of line 2 or line 5..... | 6 | | |

Note: If line 3 is equal to or more than line 6, **stop here!** You do not owe underpayment interest. File this form with your return.

PART 3 — Figure your underpayment — see separate line instructions.

| | | Payment Periods — Due Dates | | | |
|---|----|-----------------------------|---------------|----------------|---------------|
| | | A | B | C | D |
| | | April 15, 1998 | June 15, 1998 | Sept. 15, 1998 | Jan. 15, 1999 |
| 7. Divide the amount on line 6 by 4 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)..... | 7 | | | | |
| 8. 1998 estimated tax paid and tax withheld for each period. If line 8 is equal to or more than line 7 for all payment periods, stop here! You do not owe underpayment interest. File this form with your return | 8 | | | | |
| Complete lines 9 through 12 of the first column before starting the next column. | | | | | |
| 9. Overpayment from previous period. Amount on line 11 of prior column | 9 | | | | |
| 10. Add lines 8 and 9 | 10 | | | | |
| 11. Overpayment. Is line 7 less than line 10? If yes, line 10 minus line 7. Go to line 9 in next column | 11 | | | | |
| 12. Underpayment. Is line 7 more than line 10? If yes, line 7 minus line 10. Go to line 9 in next column | 12 | | | | |
| 13. Total Interest Due. Compute interest for the underpayment in each column (see interest worksheet on page 4). Enter the total interest from the worksheet here and on Form 40, line 50; or Form 40N or Form 40P, line 69. File this form with your return | 13 | | | | |

ANNUALIZED INCOME WORKSHEET

Read instructions **before** completing this worksheet.

Note: Starting with column A, complete lines 1 through 31 **before** going on to columns B, C, and D.

| | | A 1/1/98 to 3/31/98 | B 1/1/98 to 5/31/98 | C 1/1/98 to 8/31/98 | D 1/1/98 to 12/31/98 |
|--|----|---------------------------|---------------------------|---------------------------|----------------------------|
| 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 amounts | 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 amounts | 7 | 4 | 2.4 | 1.5 | 1 |
| 8. Annualized Oregon subtractions. Multiply line 6 by line 7 | 8 | | | | |
| 9. Federal tax from the worksheet on page 3 of the instructions | 9 | | | | |
| 10. Total subtractions. Add lines 8 and 9 | 10 | | | | |
| 11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions) . . . | 11 | | | | |
| 12. Annualization amounts | 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 from Form 40, line 26 | 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 | 18 | | | | |
| 19. Total exemption credit (not annualized) from Form 40, line 33 | 19 | | | | |
| 20. Enter the credits for each period. Do not include exemption credits | 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 6, Part 2, by 4 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 3, line 7 (see front of the form). Go to line 1 in next column | 31 | | | | |

* or divide by the number of periods you resided in Oregon, if less than four. (See instructions, Part 3, line 7.)

File This Form With Your 1998 Oregon Individual Income Tax Return