

# 1998 Oregon

## Full-Year Resident Forms 40S & 40 with Instructions

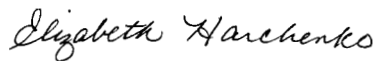
Dear Taxpayer,

Paying income taxes is important. Taxes provide funding for education, public safety, and health services. Page two of this booklet shows how our income tax dollars are spent. Thank you for supporting these important services.

The Department of Revenue is committed to administering tax laws fairly and efficiently to fund services for Oregonians. We are continually looking for ways to make filing your return easier. In addition to filing on paper, you can file your return electronically. Filing electronically helps to eliminate errors, which means a faster refund.

I urge you to check your return carefully to avoid delays in processing your return and issuing your refund. The back cover of this booklet shows how to get help and includes our Web site address.

Sincerely,



Elizabeth Harchenko, Director  
Oregon Department of Revenue

### How to get your refund faster

- ✓ Type or legibly print your name, address, and Social Security number.
- ✓ Be sure to attach your W-2s.
- ✓ Use the correct Social Security number.
- ✓ Double-check your math.
- ✓ Make sure you subtract your correct federal tax liability (see instructions for the correct amount).
- ✓ Be sure to sign your return.
- ✓ File electronically. See page 3 for details.

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

# What services are paid for with your income tax dollar

## Education—57¢

- ✓ The Department of Education is responsible for the 505,000 students in the K-12 system. Its mission is to raise academic achievement to measurable standards.
- ✓ The Office of Community College Services is responsible for 17 community colleges. It serves more than 335,000 students each year. It is the largest educator of adults seeking new knowledge and skills.
- ✓ The Department of Higher Education enhances our quality of life by providing excellent and affordable post-secondary education. Seven campuses statewide offer education, research, and community service programs. These programs help sustain Oregon's quality of life.

## Public Safety—14¢

- ✓ The Department of Corrections promotes public safety by holding offenders responsible for their actions. They work to reduce the risk of future criminal behavior.
- ✓ The Department of Justice is the state's legal counsel. It manages programs that include crime victims' compensation, organized crime, consumer protection, and district attorney assistance.
- ✓ The Oregon State Police develop, promote, and maintain protection of the people, property, and natural resources of Oregon. They enhance the safety and livability of Oregon by serving and protecting its citizens.



## Human Resources—22¢

- ✓ The Department of Human Resources is the state's health and human services agency. Its mission is to assist Oregonians to become independent, healthy, and safe. More than 150 field offices directly serve several hundred thousand Oregonians. Human Resources works to achieve its mission through programs such as Medicaid, food stamps, senior services, mental health, and child protective services.

## Other Services—7¢

- ✓ This category includes the states' environmental, regulatory, and administrative agencies. Forestry, State Library, Office of Energy, Agriculture, Transportation, Consumer and Business Services, and Environmental Quality are just a few of the departments, commissions, and boards that make up this group.

To find out more about these and other state agencies that work to serve Oregon and its 3.2 million citizens, visit Oregon Online at [www.state.or.us](http://www.state.or.us)

These instructions aren't a complete statement of laws and Oregon Department of Revenue rules. You may need more information or forms. See page 36.

If you have disabilities and need special accommodations, see page 36 for numbers to call and places to get help.

## Contents

Filing information .....	3
New information .....	4
Residency .....	5
What form to file .....	5
Estimated tax .....	6
Form 40S instructions .....	9
Form 40S .....	13
Standard deduction .....	14
Form 40 .....	17
Tax tables .....	21
Tax rate chart .....	23
Form 40 instructions .....	24
Exemptions .....	24
Additions .....	25
Subtractions .....	26
Deductions .....	28
Oregon tax .....	29
Credits .....	29
Tax payments, penalty, and interest .....	34
Taxpayer assistance .....	36
Publications .....	36

## Electronic Filing

Electronic Filing offers efficient and accurate return filing for full-year residents. You will receive your refund within approximately 10–12 business days. If you owe additional tax, you can file your return any time before the due date and you will have until April 15, 1999 to pay the tax.

Oregon participates in a joint federal/state electronic filing program. This program allows federal and state returns to be sent together electronically.

There are three options for filing your return electronically:

1. **Tax Preparer.** Some tax professionals are able to electronically file your tax return. Ask your preparer if they offer electronic filing or check the yellow pages to find one located in your area.
2. **Tax Software.** If you have a modem, you can purchase tax software that gives you the option to electronically file your return. Read the software package carefully to see if the electronic filing option is available.
3. **Internet.** There are several companies which provide on-line filing for a fee. These companies have either programs that can be downloaded to prepare your return and then transmitted electronically or forms where you can enter your information and then transmit it. For companies offering Oregon federal/state electronic filing, check the department's Web site at [www.dor.state.or.us](http://www.dor.state.or.us) and click on "Electronic Filing."

## 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	\$700
Single	Under 65	\$4,440
	65 or older	\$5,640
Head of household	Under 65	\$5,280
	65 or older	\$6,480
Married, joint return	Under 65 (both)	\$8,280
	65 or older (one)	\$9,280
	65 or older (both)	\$10,280
Married, separate return	Under 65	\$4,140
	65 or older	\$5,140
Qualifying widow(er)	Under 65	\$5,640
	65 or older	\$6,640

In addition, file a return if:

- You are required to file a federal return.
- You had \$5 or more of Oregon income tax withheld from your wages.

# New information

**Address labels.** The department did not issue address labels this year in response to a growing concern over the use of Social Security numbers on the labels. Be sure to type or legibly write your name, address, and Social Security number on the form you file with the department.

**Oregon Lottery.** Oregon Lottery winnings greater than \$600 are no longer exempt from Oregon tax. Taxable winning amounts are determined on a per ticket basis. Winnings from any individual ticket of more than \$600 must be included in Oregon income if the winning ticket was purchased on or after January 1, 1998.

*Example 1:* You purchase three tickets that paid \$500 each, none are taxable for Oregon. If one ticket paid more than \$600, only that one would be taxable.

Winnings of \$600 or less or winnings from a ticket purchased before January 1, 1998 do not have to be included in Oregon income. A subtraction is allowed on the Oregon return for any of these winnings included in federal income.

*Example 2:* You bought a winning Megabucks ticket in August of 1997. The winnings are paid in equal payments over 20 years. None of these payments are taxable.

This new law includes all games offered by the Oregon Lottery (Keno, Megabucks, Powerball, Sports Action, video poker, etc.). It applies to all individuals that receive lottery winnings while residents of Oregon.

**Federal pensions.** Beginning in 1998, some or all of your federal pension income may be subtracted from Oregon

income. The subtraction amount is based on the number of months of federal service before and after October 1, 1991. For example, if all months of service were before October 1, 1991, the entire federal pension is subtracted from Oregon income. If no months of service were before October 1, 1991, no subtraction is allowed. If your months of service were both before and after October 1, 1991, you will subtract a percentage of your pension income. See page 26 for Form 40, line 17 instructions and worksheet to determine your subtraction amount.

**Roth IRA's.** If you converted a regular Individual Retirement Account to a Roth IRA in 1998, the converted account is taxable by Oregon to the same extent as federal.

**Federal law.** Oregon is permanently tied to federal law. Most items are treated the same way on your Oregon and federal returns. Any future federal law changes will automatically be adopted by Oregon.

**Blue ink.** Throughout this booklet, there are special instructions to use blue ink when filling out forms or writing checks. New equipment used to scan documents cannot read certain colors of ink, especially red. Using blue ink will make the information on the forms easier to read and make processing faster. We appreciate your cooperation.

**Retirement income credit and Special Oregon medical deduction.** The minimum age requirement is 61.

**Estimated tax.** Oregon laws differ from federal laws for estimated tax. You still must make estimated tax payments for Oregon if you expect to owe more than \$500.

# 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 definitions will help you decide.

- You are an Oregon resident, even though you live outside Oregon, if all of the following are true:
  - You think of Oregon as your permanent home.
  - Oregon is the center of your financial, social, and family life.
  - Oregon is the place you intend to come back to when you are away.
- You are a nonresident if your permanent home is outside Oregon all year.
- You are a part-year resident if you moved into or out of Oregon during the tax year. You are still a full-year resident if:
  - You temporarily moved out of Oregon, or
  - You moved back to Oregon after a temporary absence.

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

- You are an Oregon resident who lived outside Oregon the entire year.
- You didn't keep a home in Oregon during any part of the year.
- You maintained a permanent home outside of Oregon.
- You spent less than 31 days in Oregon during the year.

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. The full-year resident will file on Form 40 and the part-year resident will file on Form 40P. If you choose to file a joint return for Oregon, file on Form 40P.
- Full-year resident and nonresident. You may file separate Oregon returns. The full-year resident will file on Form 40 and the nonresident will file on Form 40N. If you choose to file a joint return for Oregon, file on Form 40N.
- Part-year resident and nonresident. You may file separate Oregon returns. The part-year resident will file on Form 40P and the nonresident will file on Form

40N. If you choose to file a joint return for Oregon, file on Form 40N.

- See page 36 to order the information circular "Married Persons Filing Separate Returns."

## Armed forces

I was in the armed forces in 1998. How should I file?

- You may file as a nonresident if you meet all of the following requirements:
  - You didn't have a personal residence in Oregon for yourself or for your family during any part of 1998.
  - Your personal residence was outside of Oregon during all of 1998.
  - You spent less than 31 days in Oregon in 1998.

File Form 40N to get a refund of Oregon tax withheld from your military wages. Form 40N is in the nonresident and part-year resident booklet. See page 36 to order that booklet.

- If you don't meet all three requirements, file Form 40 in this booklet.
- Nonresidents stationed in Oregon. Oregon doesn't tax your military income, but Oregon does tax other income earned in Oregon by you or your spouse. Nonresident members of the Oregon National Guard or reserves may exclude only active duty pay. If you have income taxed by Oregon, use Form 40N in the nonresident and part-year resident booklet.

## What form do I use?

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

- You are a full-year Oregon resident.
- Your income is only from wages, interest, ordinary dividends, unemployment, taxable scholarships, and fellowship grants.
- You claim the standard deduction on your return.
- Your Oregon taxable income is \$50,000 or less.
- You do not have pension or annuity income.
- You do not owe penalty or interest.
- You did not pay estimated tax during the year.

Use Form 40 if:

- You are a full-year Oregon resident, and
- You can't use Form 40S.

You'll need to use Form 40 even if only one of the following is true:

- You paid or should have paid estimated tax during the year.
- You have adjustments on Form 1040, line 32, or Form 1040A, line 17. Examples are alimony and IRA deductions.

- You have Oregon “additions” or “subtractions” other than the federal tax subtraction. The most common ones are listed on the return.
- You itemize deductions on your Oregon return.
- You are married filing separately and your spouse is itemizing.
- You are claiming tax credits other than the exemption credit or those listed on page 10.
- You received Social Security, pension, or annuity income.
- You are in the military and are claiming the subtraction for military active duty pay.
- You owe penalty or interest.
- You want to apply all or part of your refund to your 1999 estimated tax.

Use Form 40P if:

- You are a part-year resident, or
- You are a part-year resident filing a joint return, and your spouse is a full-year resident, or
- You and your spouse are part-year residents filing jointly.

Use Form 40N if:

- You are a nonresident, or
- You are a nonresident filing a joint return, and your spouse is a full-year or part-year resident, or
- You and your spouse are nonresidents filing jointly.

To order forms 40P and 40N and instructions, see page 36.

## When should I file my return?

File as soon as possible. The filing deadline for calendar year 1998 is April 15, 1999.

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

## Need more time to file?

Generally, Oregon allows you the same extension you have for your federal return. *If you filed a federal extension, you need only check the box on the front of the Oregon return when you file.* You are not required to send an extension form to Oregon unless:

- You are making a tax payment to Oregon.
  - Send us a copy of the federal extension with your Oregon payment.
- You are filing an extension for Oregon only.
  - Send us a federal extension form and write “For Oregon Only” across the top. Use Oregon amounts on the form. We’ll notify you only if your extension is denied.

Send your extension and payment to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.

- ✓ Be sure to check the “extension filed” box on the front of your Oregon return when you file.

More time to file doesn’t mean more time to pay!

You must pay any tax due when filing your extension.

If you don’t pay all of the tax due with your extension, you will owe interest after April 15, 1999, to the date of your payment. The current interest rate is 9 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 13 percent per year.

Were you stationed in the Persian Gulf or another designated combat zone? Did you receive additional time to file your 1998 federal return? If so, Oregon allows the same additional time to file. Write “combat zone” in blue ink at the top of the form.

## Penalties

You must pay a penalty if:

- You don’t file your return or pay your tax by the original due date of the return (even if you have an extension). The penalty is 5 percent of your unpaid tax.
- Your return isn’t filed within three months after the due date (including extensions). The penalty is 20 percent of the unpaid tax and is in addition to the 5 percent penalty.

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.
  2. Pay at least 90 percent of the tax due by April 15, 1999.
  3. Pay the balance of tax due at the time you file within the extension period.
  4. Pay the interest on the balance of tax due at the time you file your return or within 30 days of our billing date.
- You don’t file three consecutive years’ returns by the due date (including extensions) of the third year. The penalty is 100 percent of the unpaid tax on each of the three years’ tax returns.

## 1999 estimated tax

Some Oregon estimated tax laws are different than federal estimated tax laws. Use Oregon instructions to determine if: 1) you need to make estimated tax payments for 1999, or 2) you had an underpayment in 1998. See page 36 for more information.

Estimated tax is the amount of tax you expect to owe when you file your 1999 Oregon individual income tax return. The tax you owe is net income tax less your anticipated Oregon withholding.

Who must make estimated tax payments?

In most cases, people who expect to owe \$500 or more on their 1999 Oregon income tax return.

For example:

- Self-employed people who don't have Oregon tax withheld from their income.
- Others who don't have Oregon tax withheld from their income. Such income can include unemployment compensation, pensions, interest, or dividends.

There are other limitations based on income. See page 36 to order the estimated tax coupons and instructions or the information circular "Estimated Tax."

- Wage earners. If you expect to owe \$500 or more on your 1999 return, you may want to increase the amount your employer withholds from your wages for Oregon. If you and your spouse both work, see page 36 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases."

Exception: You don't have to pay estimated tax if at least two-thirds of your gross income is from farming or fishing. Attach Form 10, "Underpayment of Oregon Estimated Tax," to your Oregon income tax return. Check the box on Form 10 to tell us you qualify for the farmer's and fisher's exception. See page 36 to order Form 10.

How do I make estimated tax payments?

Complete an Oregon estimated tax Form 40ES. Forms are included with the Oregon estimated tax instruction booklet. The Oregon Department of Revenue mails estimated tax booklets and forms to taxpayers who may need to pay estimated tax based on past tax returns.

If you don't get your Oregon estimated tax forms by the end of February, see page 36 to order the forms.

When do I pay?

First-period estimated tax—due April 15, 1999.\*  
Second-period estimated tax—due June 15, 1999.  
Third-period estimated tax—due Sept. 15, 1999.  
Fourth-period estimated tax—due Jan. 18, 2000.

\* Don't send your 1999 Oregon estimated tax Form 40ES and payment with your 1998 Oregon income tax return. Mail Form 40ES with your estimated tax payment separately to: Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.

## Elderly Rental Assistance (ERA)

You may qualify for an ERA refund if you 1) were a renter who resided in Oregon on December 31, 1998; 2) were age 58 or older on December 31, 1998; 3) had household income less than \$10,000; and 4) used more than 20 percent of your household income to pay for rent, fuel, and utilities. For more information, see page 36 to order an ERA booklet.

## Are you self-employed?

If you are self-employed and do business in Washington, Multnomah, or Clackamas counties, you may need

to file Form TM, Tri-Met 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. See page 36 to order forms or receive information.

## Questions answered

What tax records do I need to keep?

Keep a complete copy of your federal and state returns. Also, keep all receipts, cancelled checks, statements, and documentation you used to prepare your return. Save these records for at least three years after you file your return. If your return is audited, the law says you must show proof of your income and expenses.

Also, save all records from the sale or purchase of property and investments. Keep these records for at least three years after you sell the property or investment.

For more information, see page 36 to order the information circular "Record Keeping Requirements."

I'm getting an income tax refund this year. When will I get my check?

- If you mail your return by April 1:  
— Allow 6–8 weeks.
- If you mail your return after April 1:  
— Allow 8–11 weeks.
- If you file your return electronically:  
— Allow 10–21 days.

If there is a mistake on your return, your refund will be delayed. By law, the Department of Revenue cannot issue a refund if the amount is less than \$5 or if your return is filed more than three years after the due date.

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 for a faster refund. Write to: Address Change, Oregon Department of Revenue, 955 Center St. NE, Salem OR 97310-2501. Or, you can call one of the numbers listed on page 36. Also, fill out a change of address form at your post office.

May I round off cents to the nearest whole dollar?

Yes. You may round off cents to the nearest whole dollar on your return and schedules. If you round off, do so for all amounts. You may drop amounts less than 50 cents. Increase amounts from 50 to 99 cents to the next dollar. For example, \$12.15 becomes \$12 and \$233.50 becomes \$234.

Is my tax return private information?

Yes. Any Oregon Department of Revenue employee who gives out unauthorized information about your return may be convicted of a class C felony.

Should I put my return together in a special order?

Yes. Put your Oregon return in the following order to speed processing. Top to bottom:

1. Form 40 or Form 40S with Form W-2s and all 1099s showing Oregon tax withholding stapled to the lower front.
2. Attach any payment on top of the W-2 forms.
3. Copy of the front and back of federal Form 1040, 1040A, 1040EZ, 1040PC, or Telefile Tax Record. Form 40S filers don't need to attach this item.
4. If applicable, Oregon Form 10, "Underpayment of Oregon Estimated Tax."
5. If applicable, proof to claim "Credit for Income Tax Paid to Another State."
6. If applicable, the form "Oregon Deferral of Reinvested Capital Gain."

Staple all the pages of your return together in the top left-hand corner.

Don't attach extension requests or any federal schedules such as A, B, C, D, Form 2441, etc. We receive some federal schedule information electronically from the IRS. We may, however, ask you for schedules or additional information later.

When do I need to file an amended Oregon return?

File Form 40X (Oregon amended return) any time you need to correct your Oregon return. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. If you amend your federal return, usually you'll need to amend your Oregon return. See page 36 to order Form 40X.

What if I'm audited by the IRS?

File an amended Oregon return if any changes are made. Generally, you must file within two years after the date of the federal audit report to receive a refund.



# Form 40S instructions

Caution: Not everyone may file Form 40S (short form). See page 5 to see if this is the right form for you.

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

Keep a complete copy of your federal and state returns. Also, keep the original of all papers or receipts you used to prepare your return. Save these records for at least three years after you file your return.

## Address section

The department did not issue labels this year in response to a growing concern over the use of Social Security numbers on the labels. Please type or legibly print your name, address, and Social Security number on your return.

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

**Age.** Fill in your age as of December 31, 1998.

## Check the boxes

### Filing status

Check the box next to your filing status. Check the same filing status you checked on your federal return. If you and your spouse don't have the same residency status, you may file separate returns for Oregon even if you filed married filing jointly for federal. See page 5 for exceptions.

If you are married filing separately, fill in your spouse's name and Social Security number by box number 3. Don't fill in your spouse's name or Social Security number in the heading of the return.

If you are filing as head of household, fill in the name of the qualifying person from your federal return by box number 4.

### Exemptions

**6a** & **6b** Yourself and spouse. Check "Yourself" and other boxes that apply. If you can be claimed as a dependent on someone else's return, you can't claim an exemption for yourself. Enter "0" on line 6a and check the box below.

**Severely disabled.** Did you have a severe disability at the end of 1998? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

- You permanently lost the use of one or both feet.
- You permanently lost the use of both hands.

- You have a permanent condition that, without special equipment or help, limits your ability to:
  - earn a living, or
  - maintain a household, or
  - transport yourself.

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

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but allows you to do 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.

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 credit for the loss of use of limbs. See instructions on page 11.

**6c** Dependents. Enter the number of your children claimed as dependents and other dependents in box 6c. Fill in the first names of your children and other dependents. In most cases, you must claim the same number of dependents as claimed on your federal return.

**6d** Disabled child. You may have an additional exemption for your dependent child with a disability. To qualify, your child must meet all of the following:

- Qualify as your dependent.
- Be age 17 or younger on December 31, 1998.
- Be eligible for "early intervention services" or diagnosed with a disability for special education purposes. Learning disabilities alone don't qualify for this exemption.
- Your child must have a health-related disability requiring special education as defined by the Oregon Department of Education. This includes:
  - Autism.
  - Visual impairment.
  - Mental retardation.
  - Serious emotional disturbance.
  - Traumatic brain injury.
  - Hearing impairment.
  - Orthopedic impairment.
  - Multiple disabilities.
- Your child must have been diagnosed as of December 31, 1998, through the child's local school district by a qualified examiner authorized by the Oregon Department of Education.

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).
- The child's Individualized Family Service Plan (IFSP).

Keep the statement and cover sheet with your permanent health records. Write in your child's name on "Disabled children only," line 6d. Also be sure to include the child's name on line 6c for "Dependents."

**7** Age 65 or older, or blind. Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31, 1998. You are entitled to a larger standard deduction. If you or your spouse are blind, you may also qualify for an additional exemption credit. See lines 6a and 6b on page 9.

## Line instructions

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

**8** Wages. Fill in all pay for work (shown on your W-2s) plus your taxable scholarships and fellowship grants.

**9** Interest and dividends. Add lines 9a and 9b.

9a. Fill in your total interest. Include:

- Any interest received or credited to your account so you could withdraw it.
- Any interest received on tax refunds.

If you have interest from the U.S. government, other than tax refund interest, file Oregon Form 40.

9b. Fill in your total dividends. If you have dividends that are nontaxable distributions, you can't use Form 40S. Use Form 40 instead.

**10** Unemployment. Fill in all unemployment compensation. This is the amount on federal Form 1040, line 19; Form 1040A, line 12; Form 1040EZ, line 3; or Telefile Tax Record, line D.

**12** 1998 federal tax liability. Caution: Carefully follow the instructions below. Don't confuse your federal tax liability on your federal return with the federal tax withheld on your W-2. They are not the same.

Limit: You may deduct your total federal income tax liability after credits up to \$3,000. Don't fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

Fill in your federal tax liability from:

- Form 1040EZ, line 10, or

- Form 1040A, line 32, or
- Form 1040, line 49, or
- Telefile Tax Record, tax from second box, line J.

Is the IRS figuring your federal tax for you? Do not write an amount on line 12. Attach a copy of your federal Form 1040, 1040A, or 1040EZ. We will use that information to determine your federal tax liability. If you need help, see page 36 for numbers to call.

**15** Oregon taxable income. Caution: Is the amount more than \$50,000? If so, you must use Form 40.

**18** Earned income credit. You are allowed an Oregon earned income credit only if you qualify for and claim the earned income credit on your federal return.

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8a; Form 1040A, line 37a; Form 1040, line 59a; or Telefile Tax Record, line K). 1. \_\_\_\_\_
2. Multiply line 1 by 5 percent (.05). 2. \_\_\_\_\_  
Enter the result here and on your Oregon Form 40S, line 18.

The Oregon earned income credit is limited to your tax liability. You cannot carry over any amount that exceeds your tax liability to next year's return.

**19** Working family credit. This credit is available to low income families with qualifying child care expenses.

### Qualifications

You qualify for this credit if all the following are true:

- Your federal adjusted gross income is less than the limit for your household size (see tables on page 30),
- Your expenses are for your child under age 13 (or for your disabled child, see page 9),
- Care is not provided by the child's parent or guardian (unless provided in a licensed child care facility),
- Care is not provided by a brother or sister under age 19,
- You have earned income of at least \$6,000,
- You have less than \$2,300 of investment income (investment income is generally interest, dividends, and capital gains), and,
- If you are married filing separately, you must be legally separated or living apart on December 31, 1998.

Use the following worksheet to figure your credit:

### Household size

1. Enter the number of exemptions reported on your federal return. 1. \_\_\_\_\_
2. Add any children who live with you, but are claimed as dependents by your former spouse. 2. \_\_\_\_\_

3. Line 1 plus line 2. This is your household size. 3. \_\_\_\_\_

Credit amount

4. Enter your federal adjusted gross income (Form 1040EZ, line 4; Form 1040A, line 18; Form 1040, line 33; or Telefile Tax Record, line H). 4. \_\_\_\_\_

5. Enter total child care expenses paid by you in 1998. 5. \_\_\_\_\_

6. Enter the decimal amount from the correct table on page 30. The tables are based on household size (line 3 from above). For example, if the amount on line 3 is 7, use Table 7. 6. \_\_\_\_\_

7. Multiply line 5 by line 6. Enter the result here and on Form 40S, line 19. 7. \_\_\_\_\_

*Example:* A married couple with one qualifying child had federal adjusted gross income of \$22,436 and total child care expenses of \$2,650 in 1998. With a household size of three, they use Table 3 to find the correct decimal (.32) and multiply it by \$2,650 to figure their credit of \$848.

The working family credit is limited to your tax liability. You cannot carry over any amount that exceeds your tax liability to next year's return. This credit may be claimed in addition to the child and dependent care credit.

**20** 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 can't 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.  $\times$  \_\_\_\_\_

If your federal taxable income from Form 1040, line 39, or Form 1040A, line 24 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 amount on line 2. Enter here and on Form 40S, line 20. 3. \_\_\_\_\_

Note: Did you pay 1997 child care expenses in 1998? If so, you may be able to use that amount to increase your 1998 Oregon child and dependent care credit. Call our Tax Help number (page 36) to get more information.

Carryover. Your total 1998 child care credit can't be more than your 1998 tax liability for Oregon. Any excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 21.

**21** Other credits.

- Political contribution credit. Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. The contribution must have been made during 1998. It must have been a donation of money 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 on in Oregon; or a political committee organized only to support or oppose ballot measures to be voted on in Oregon.

- Child and dependent care credit carryover from prior years. Fill in the carryover amount on line 21. See page 33 of Form 40 instructions.

- Credit for the elderly or the disabled. You get an Oregon credit only if you qualify for the federal credit. The Oregon credit is 40 percent of the federal credit.

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

- Credit for income tax paid to another state. You may be eligible for this credit if you paid income tax to another state. See page 32 of Form 40 instructions to figure your credit.

- Credit for home care of an elderly person. See page 33 of Form 40 instructions.

- Credit for loss of use of limbs. If you have a permanent and complete loss of the use of two limbs, you may take a tax credit of \$50. If your spouse qualifies, he or she may also claim a \$50 credit. You can't claim this credit for a dependent.

Obtain a Disability Certification Form the first year you file for the credit. Get the form from your county public health officer. The health officer must sign the form. Keep the form with your permanent health records.

You also qualify for an additional exemption for severely disabled persons. See page 9.

The following credits apply to only a few people and aren't explained in this booklet. See page 36 to get more information on these credits.

- Child development.
- Rural medical practitioners, dentists, or optometrists.
- Involuntary moving of a mobile home.

**24** Oregon income tax withheld. Fill in the total Oregon tax withheld from your wages and other income. That's the amount shown on your W-2 forms or 1099 forms. Don't use the FICA (Social Security) amount.

Staple readable copies of your wage slips and 1099s with Oregon withholding to the lower front of your return. If you don't have a W-2 form, you must provide other proof of any tax withheld from your wages. Proof may include a final paycheck stub or a letter from your employer. We can accept only W-2 forms until February 1.

If you paid estimated tax for 1998, you must use Form 40.

If you have tax to pay, you may want to increase the amount your employer withholds from your wages for Oregon. If you and your spouse both work, see page 36 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases."

**26** Tax-to-pay. Make your check or money order payable to "Oregon Department of Revenue" and attach to your return on top of the W-2s. We prefer you use blue ink. Do not use red ink. Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1998 Form 40S" on your check or money order. Don't send cash or a post-dated check.

If you owe more than \$500, you should have made estimated tax payments. See instructions for interest on underpayment of estimated tax on page 34.

Stop here on the form.

**27** – **31** You must have a refund of \$5 or greater on line 25 to use lines 27–31. Donations will reduce your refund. If you don't have a refund on line 25 but you want to contribute, mail your donations to the addresses below.

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

Oregon Department of Fish and Wildlife  
Attention: Fiscal Manager  
PO Box 59  
Portland OR 97207

**28** 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  
800 NE Oregon St., Suite 1140  
Portland OR 97232-2162

**29** Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Alliance of Oregon for research on Alzheimer's disease and related disorders.

Alzheimer's Research Alliance  
PO Box 10051  
Portland OR 97296

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

OCADSV  
520 NW Davis, Suite 310  
Portland OR 97209

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

The Research and Education Group  
2701 NW Vaughn St., Suite 840  
Portland OR 97210-5311

**33** Net refund. By law, the Oregon Department of Revenue cannot refund amounts less than \$5. Generally, the department cannot issue a refund when the return is filed more than three years after the due date of the return.

### To avoid processing delays, remember to:

Type or legibly print your name, address, and Social Security number on the return.

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. Errors will slow the processing of your return.

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

Staple readable copies of wage slips and 1099s showing Oregon withholding to the front of the return.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage.

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

If you can't pay now, file your return anyway. The Department of Revenue will work with you to set up a payment plan on a case-by-case basis. Send a written request for a payment plan with your tax return. See page 36 for taxpayer assistance information.

Some of the page number references in the instructions will appear to be inaccurate. The reason for this is that I removed the forms from this instruction booklet. Please use the numbers at the bottom of each page.

Webmaster

# 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 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column	
At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>0</b>				<b>4,000</b>				<b>9,000</b>				<b>14,000</b>			
				<b>4,000 – 4,100</b>	238 203			<b>9,000 – 9,100</b>	653 542			<b>14,000 – 14,100</b>	1,103 941		
				<b>4,100 – 4,200</b>	245 208			<b>9,100 – 9,200</b>	662 549			<b>14,100 – 14,200</b>	1,112 950		
				<b>4,200 – 4,300</b>	252 213			<b>9,200 – 9,300</b>	671 556			<b>14,200 – 14,300</b>	1,121 959		
				<b>4,300 – 4,400</b>	259 218			<b>9,300 – 9,400</b>	680 563			<b>14,300 – 14,400</b>	1,130 968		
				<b>4,400 – 4,500</b>	266 223			<b>9,400 – 9,500</b>	689 570			<b>14,400 – 14,500</b>	1,139 977		
				<b>4,500 – 4,600</b>	273 228			<b>9,500 – 9,600</b>	698 577			<b>14,500 – 14,600</b>	1,148 986		
				<b>4,600 – 4,700</b>	280 234			<b>9,600 – 9,700</b>	707 584			<b>14,600 – 14,700</b>	1,157 995		
				<b>4,700 – 4,800</b>	287 241			<b>9,700 – 9,800</b>	716 591			<b>14,700 – 14,800</b>	1,166 1,004		
				<b>4,800 – 4,900</b>	294 248			<b>9,800 – 9,900</b>	725 598			<b>14,800 – 14,900</b>	1,175 1,013		
				<b>4,900 – 5,000</b>	301 255			<b>9,900 – 10,000</b>	734 605			<b>14,900 – 15,000</b>	1,184 1,022		
<b>0 – 20</b>	<b>20 – 50</b>	<b>0</b>	<b>0</b>												
		<b>2</b>	<b>2</b>												
<b>50</b>				<b>5,000</b>				<b>10,000</b>				<b>15,000</b>			
<b>50 – 100</b>		<b>4</b>	<b>4</b>	<b>5,000 – 5,100</b>	308 262			<b>10,000 – 10,100</b>	743 612			<b>15,000 – 15,100</b>	1,193 1,031		
<b>100 – 200</b>		<b>8</b>	<b>8</b>	<b>5,100 – 5,200</b>	315 269			<b>10,100 – 10,200</b>	752 619			<b>15,100 – 15,200</b>	1,202 1,040		
<b>200 – 300</b>		<b>13</b>	<b>13</b>	<b>5,200 – 5,300</b>	322 276			<b>10,200 – 10,300</b>	761 626			<b>15,200 – 15,300</b>	1,211 1,049		
<b>300 – 400</b>		<b>18</b>	<b>18</b>	<b>5,300 – 5,400</b>	329 283			<b>10,300 – 10,400</b>	770 633			<b>15,300 – 15,400</b>	1,220 1,058		
<b>400 – 500</b>		<b>23</b>	<b>23</b>	<b>5,400 – 5,500</b>	336 290			<b>10,400 – 10,500</b>	779 640			<b>15,400 – 15,500</b>	1,229 1,067		
<b>500 – 600</b>		<b>28</b>	<b>28</b>	<b>5,500 – 5,600</b>	343 297			<b>10,500 – 10,600</b>	788 647			<b>15,500 – 15,600</b>	1,238 1,076		
<b>600 – 700</b>		<b>33</b>	<b>33</b>	<b>5,600 – 5,700</b>	350 304			<b>10,600 – 10,700</b>	797 654			<b>15,600 – 15,700</b>	1,247 1,085		
<b>700 – 800</b>		<b>38</b>	<b>38</b>	<b>5,700 – 5,800</b>	357 311			<b>10,700 – 10,800</b>	806 661			<b>15,700 – 15,800</b>	1,256 1,094		
<b>800 – 900</b>		<b>43</b>	<b>43</b>	<b>5,800 – 5,900</b>	365 318			<b>10,800 – 10,900</b>	815 668			<b>15,800 – 15,900</b>	1,265 1,103		
<b>900 – 1,000</b>		<b>48</b>	<b>48</b>	<b>5,900 – 6,000</b>	374 325			<b>10,900 – 11,000</b>	824 675			<b>15,900 – 16,000</b>	1,274 1,112		
<b>1,000</b>				<b>6,000</b>				<b>11,000</b>				<b>16,000</b>			
<b>1,000 – 1,100</b>		<b>53</b>	<b>53</b>	<b>6,000 – 6,100</b>	383 332			<b>11,000 – 11,100</b>	833 682			<b>16,000 – 16,100</b>	1,283 1,121		
<b>1,100 – 1,200</b>		<b>58</b>	<b>58</b>	<b>6,100 – 6,200</b>	392 339			<b>11,100 – 11,200</b>	842 689			<b>16,100 – 16,200</b>	1,292 1,130		
<b>1,200 – 1,300</b>		<b>63</b>	<b>63</b>	<b>6,200 – 6,300</b>	401 346			<b>11,200 – 11,300</b>	851 696			<b>16,200 – 16,300</b>	1,301 1,139		
<b>1,300 – 1,400</b>		<b>68</b>	<b>68</b>	<b>6,300 – 6,400</b>	410 353			<b>11,300 – 11,400</b>	860 703			<b>16,300 – 16,400</b>	1,310 1,148		
<b>1,400 – 1,500</b>		<b>73</b>	<b>73</b>	<b>6,400 – 6,500</b>	419 360			<b>11,400 – 11,500</b>	869 710			<b>16,400 – 16,500</b>	1,319 1,157		
<b>1,500 – 1,600</b>		<b>78</b>	<b>78</b>	<b>6,500 – 6,600</b>	428 367			<b>11,500 – 11,600</b>	878 717			<b>16,500 – 16,600</b>	1,328 1,166		
<b>1,600 – 1,700</b>		<b>83</b>	<b>83</b>	<b>6,600 – 6,700</b>	437 374			<b>11,600 – 11,700</b>	887 725			<b>16,600 – 16,700</b>	1,337 1,175		
<b>1,700 – 1,800</b>		<b>88</b>	<b>88</b>	<b>6,700 – 6,800</b>	446 381			<b>11,700 – 11,800</b>	896 734			<b>16,700 – 16,800</b>	1,346 1,184		
<b>1,800 – 1,900</b>		<b>93</b>	<b>93</b>	<b>6,800 – 6,900</b>	455 388			<b>11,800 – 11,900</b>	905 743			<b>16,800 – 16,900</b>	1,355 1,193		
<b>1,900 – 2,000</b>		<b>98</b>	<b>98</b>	<b>6,900 – 7,000</b>	464 395			<b>11,900 – 12,000</b>	914 752			<b>16,900 – 17,000</b>	1,364 1,202		
<b>2,000</b>				<b>7,000</b>				<b>12,000</b>				<b>17,000</b>			
<b>2,000 – 2,100</b>		<b>103</b>	<b>103</b>	<b>7,000 – 7,100</b>	473 402			<b>12,000 – 12,100</b>	923 761			<b>17,000 – 17,100</b>	1,373 1,211		
<b>2,100 – 2,200</b>		<b>108</b>	<b>108</b>	<b>7,100 – 7,200</b>	482 409			<b>12,100 – 12,200</b>	932 770			<b>17,100 – 17,200</b>	1,382 1,220		
<b>2,200 – 2,300</b>		<b>113</b>	<b>113</b>	<b>7,200 – 7,300</b>	491 416			<b>12,200 – 12,300</b>	941 779			<b>17,200 – 17,300</b>	1,391 1,229		
<b>2,300 – 2,400</b>		<b>119</b>	<b>118</b>	<b>7,300 – 7,400</b>	500 423			<b>12,300 – 12,400</b>	950 788			<b>17,300 – 17,400</b>	1,400 1,238		
<b>2,400 – 2,500</b>		<b>126</b>	<b>123</b>	<b>7,400 – 7,500</b>	509 430			<b>12,400 – 12,500</b>	959 797			<b>17,400 – 17,500</b>	1,409 1,247		
<b>2,500 – 2,600</b>		<b>133</b>	<b>128</b>	<b>7,500 – 7,600</b>	518 437			<b>12,500 – 12,600</b>	968 806			<b>17,500 – 17,600</b>	1,418 1,256		
<b>2,600 – 2,700</b>		<b>140</b>	<b>133</b>	<b>7,600 – 7,700</b>	527 444			<b>12,600 – 12,700</b>	977 815			<b>17,600 – 17,700</b>	1,427 1,265		
<b>2,700 – 2,800</b>		<b>147</b>	<b>138</b>	<b>7,700 – 7,800</b>	536 451			<b>12,700 – 12,800</b>	986 824			<b>17,700 – 17,800</b>	1,436 1,274		
<b>2,800 – 2,900</b>		<b>154</b>	<b>143</b>	<b>7,800 – 7,900</b>	545 458			<b>12,800 – 12,900</b>	995 833			<b>17,800 – 17,900</b>	1,445 1,283		
<b>2,900 – 3,000</b>		<b>161</b>	<b>148</b>	<b>7,900 – 8,000</b>	554 465			<b>12,900 – 13,000</b>	1,004 842			<b>17,900 – 18,000</b>	1,454 1,292		
<b>3,000</b>				<b>8,000</b>				<b>13,000</b>				<b>18,000</b>			
<b>3,000 – 3,100</b>		<b>168</b>	<b>153</b>	<b>8,000 – 8,100</b>	563 472			<b>13,000 – 13,100</b>	1,013 851			<b>18,000 – 18,100</b>	1,463 1,301		
<b>3,100 – 3,200</b>		<b>175</b>	<b>158</b>	<b>8,100 – 8,200</b>	572 479			<b>13,100 – 13,200</b>	1,022 860			<b>18,100 – 18,200</b>	1,472 1,310		
<b>3,200 – 3,300</b>		<b>182</b>	<b>163</b>	<b>8,200 – 8,300</b>	581 486			<b>13,200 – 13,300</b>	1,031 869			<b>18,200 – 18,300</b>	1,481 1,319		
<b>3,300 – 3,400</b>		<b>189</b>	<b>168</b>	<b>8,300 – 8,400</b>	590 493			<b>13,300 – 13,400</b>	1,040 878			<b>18,300 – 18,400</b>	1,490 1,328		
<b>3,400 – 3,500</b>		<b>196</b>	<b>173</b>	<b>8,400 – 8,500</b>	599 500			<b>13,400 – 13,500</b>	1,049 887			<b>18,400 – 18,500</b>	1,499 1,337		
<b>3,500 – 3,600</b>		<b>203</b>	<b>178</b>	<b>8,500 – 8,600</b>	608 507			<b>13,500 – 13,600</b>	1,058 896			<b>18,500 – 18,600</b>	1,508 1,346		
<b>3,600 – 3,700</b>		<b>210</b>	<b>183</b>	<b>8,600 – 8,700</b>	617 514			<b>13,600 – 13,700</b>	1,067 905			<b>18,600 – 18,700</b>	1,517 1,355		
<b>3,700 – 3,800</b>		<b>217</b>	<b>188</b>	<b>8,700 – 8,800</b>	626 521			<b>13,700 – 13,800</b>	1,076 914			<b>18,700 – 18,800</b>	1,526 1,364		
<b>3,800 – 3,900</b>		<b>224</b>	<b>193</b>	<b>8,800 – 8,900</b>	635 528			<b>13,800 – 13,900</b>	1,085 923			<b>18,800 – 18,900</b>	1,535 1,373		
<b>3,900 – 4,000</b>		<b>231</b>	<b>198</b>	<b>8,900 – 9,000</b>	644 535			<b>13,900 – 14,000</b>	1,094 932			<b>18,900 – 19,000</b>	1,544 1,382		

# 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 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column	
At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>19,000</b>				<b>24,000</b>				<b>29,000</b>				<b>34,000</b>			
19,000 – 19,100	1,553	1,391	24,000 – 24,100	2,003	1,841	29,000 – 29,100	2,453	2,291	34,000 – 34,100	2,903	2,741				
19,100 – 19,200	1,562	1,400	24,100 – 24,200	2,012	1,850	29,100 – 29,200	2,462	2,300	34,100 – 34,200	2,912	2,750				
19,200 – 19,300	1,571	1,409	24,200 – 24,300	2,021	1,859	29,200 – 29,300	2,471	2,309	34,200 – 34,300	2,921	2,759				
19,300 – 19,400	1,580	1,418	24,300 – 24,400	2,030	1,868	29,300 – 29,400	2,480	2,318	34,300 – 34,400	2,930	2,768				
19,400 – 19,500	1,589	1,427	24,400 – 24,500	2,039	1,877	29,400 – 29,500	2,489	2,327	34,400 – 34,500	2,939	2,777				
19,500 – 19,600	1,598	1,436	24,500 – 24,600	2,048	1,886	29,500 – 29,600	2,498	2,336	34,500 – 34,600	2,948	2,786				
19,600 – 19,700	1,607	1,445	24,600 – 24,700	2,057	1,895	29,600 – 29,700	2,507	2,345	34,600 – 34,700	2,957	2,795				
19,700 – 19,800	1,616	1,454	24,700 – 24,800	2,066	1,904	29,700 – 29,800	2,516	2,354	34,700 – 34,800	2,966	2,804				
19,800 – 19,900	1,625	1,463	24,800 – 24,900	2,075	1,913	29,800 – 29,900	2,525	2,363	34,800 – 34,900	2,975	2,813				
19,900 – 20,000	1,634	1,472	24,900 – 25,000	2,084	1,922	29,900 – 30,000	2,534	2,372	34,900 – 35,000	2,984	2,822				
<b>20,000</b>				<b>25,000</b>				<b>30,000</b>				<b>35,000</b>			
20,000 – 20,100	1,643	1,481	25,000 – 25,100	2,093	1,931	30,000 – 30,100	2,543	2,381	35,000 – 35,100	2,993	2,831				
20,100 – 20,200	1,652	1,490	25,100 – 25,200	2,102	1,940	30,100 – 30,200	2,552	2,390	35,100 – 35,200	3,002	2,840				
20,200 – 20,300	1,661	1,499	25,200 – 25,300	2,111	1,949	30,200 – 30,300	2,561	2,399	35,200 – 35,300	3,011	2,849				
20,300 – 20,400	1,670	1,508	25,300 – 25,400	2,120	1,958	30,300 – 30,400	2,570	2,408	35,300 – 35,400	3,020	2,858				
20,400 – 20,500	1,679	1,517	25,400 – 25,500	2,129	1,967	30,400 – 30,500	2,579	2,417	35,400 – 35,500	3,029	2,867				
20,500 – 20,600	1,688	1,526	25,500 – 25,600	2,138	1,976	30,500 – 30,600	2,588	2,426	35,500 – 35,600	3,038	2,876				
20,600 – 20,700	1,697	1,535	25,600 – 25,700	2,147	1,985	30,600 – 30,700	2,597	2,435	35,600 – 35,700	3,047	2,885				
20,700 – 20,800	1,706	1,544	25,700 – 25,800	2,156	1,994	30,700 – 30,800	2,606	2,444	35,700 – 35,800	3,056	2,894				
20,800 – 20,900	1,715	1,553	25,800 – 25,900	2,165	2,003	30,800 – 30,900	2,615	2,453	35,800 – 35,900	3,065	2,903				
20,900 – 21,000	1,724	1,562	25,900 – 26,000	2,174	2,012	30,900 – 31,000	2,624	2,462	35,900 – 36,000	3,074	2,912				
<b>21,000</b>				<b>26,000</b>				<b>31,000</b>				<b>36,000</b>			
21,000 – 21,100	1,733	1,571	26,000 – 26,100	2,183	2,021	31,000 – 31,100	2,633	2,471	36,000 – 36,100	3,083	2,921				
21,100 – 21,200	1,742	1,580	26,100 – 26,200	2,192	2,030	31,100 – 31,200	2,642	2,480	36,100 – 36,200	3,092	2,930				
21,200 – 21,300	1,751	1,589	26,200 – 26,300	2,201	2,039	31,200 – 31,300	2,651	2,489	36,200 – 36,300	3,101	2,939				
21,300 – 21,400	1,760	1,598	26,300 – 26,400	2,210	2,048	31,300 – 31,400	2,660	2,498	36,300 – 36,400	3,110	2,948				
21,400 – 21,500	1,769	1,607	26,400 – 26,500	2,219	2,057	31,400 – 31,500	2,669	2,507	36,400 – 36,500	3,119	2,957				
21,500 – 21,600	1,778	1,616	26,500 – 26,600	2,228	2,066	31,500 – 31,600	2,678	2,516	36,500 – 36,600	3,128	2,966				
21,600 – 21,700	1,787	1,625	26,600 – 26,700	2,237	2,075	31,600 – 31,700	2,687	2,525	36,600 – 36,700	3,137	2,975				
21,700 – 21,800	1,796	1,634	26,700 – 26,800	2,246	2,084	31,700 – 31,800	2,696	2,534	36,700 – 36,800	3,146	2,984				
21,800 – 21,900	1,805	1,643	26,800 – 26,900	2,255	2,093	31,800 – 31,900	2,705	2,543	36,800 – 36,900	3,155	2,993				
21,900 – 22,000	1,814	1,652	26,900 – 27,000	2,264	2,102	31,900 – 32,000	2,714	2,552	36,900 – 37,000	3,164	3,002				
<b>22,000</b>				<b>27,000</b>				<b>32,000</b>				<b>37,000</b>			
22,000 – 22,100	1,823	1,661	27,000 – 27,100	2,273	2,111	32,000 – 32,100	2,723	2,561	37,000 – 37,100	3,173	3,011				
22,100 – 22,200	1,832	1,670	27,100 – 27,200	2,282	2,120	32,100 – 32,200	2,732	2,570	37,100 – 37,200	3,182	3,020				
22,200 – 22,300	1,841	1,679	27,200 – 27,300	2,291	2,129	32,200 – 32,300	2,741	2,579	37,200 – 37,300	3,191	3,029				
22,300 – 22,400	1,850	1,688	27,300 – 27,400	2,300	2,138	32,300 – 32,400	2,750	2,588	37,300 – 37,400	3,200	3,038				
22,400 – 22,500	1,859	1,697	27,400 – 27,500	2,309	2,147	32,400 – 32,500	2,759	2,597	37,400 – 37,500	3,209	3,047				
22,500 – 22,600	1,868	1,706	27,500 – 27,600	2,318	2,156	32,500 – 32,600	2,768	2,606	37,500 – 37,600	3,218	3,056				
22,600 – 22,700	1,877	1,715	27,600 – 27,700	2,327	2,165	32,600 – 32,700	2,777	2,615	37,600 – 37,700	3,227	3,065				
22,700 – 22,800	1,886	1,724	27,700 – 27,800	2,336	2,174	32,700 – 32,800	2,786	2,624	37,700 – 37,800	3,236	3,074				
22,800 – 22,900	1,895	1,733	27,800 – 27,900	2,345	2,183	32,800 – 32,900	2,795	2,633	37,800 – 37,900	3,245	3,083				
22,900 – 23,000	1,904	1,742	27,900 – 28,000	2,354	2,192	32,900 – 33,000	2,804	2,642	37,900 – 38,000	3,254	3,092				
<b>23,000</b>				<b>28,000</b>				<b>33,000</b>				<b>38,000</b>			
23,000 – 23,100	1,913	1,751	28,000 – 28,100	2,363	2,201	33,000 – 33,100	2,813	2,651	38,000 – 38,100	3,263	3,101				
23,100 – 23,200	1,922	1,760	28,100 – 28,200	2,372	2,210	33,100 – 33,200	2,822	2,660	38,100 – 38,200	3,272	3,110				
23,200 – 23,300	1,931	1,769	28,200 – 28,300	2,381	2,219	33,200 – 33,300	2,831	2,669	38,200 – 38,300	3,281	3,119				
23,300 – 23,400	1,940	1,778	28,300 – 28,400	2,390	2,228	33,300 – 33,400	2,840	2,678	38,300 – 38,400	3,290	3,128				
23,400 – 23,500	1,949	1,787	28,400 – 28,500	2,399	2,237	33,400 – 33,500	2,849	2,687	38,400 – 38,500	3,299	3,137				
23,500 – 23,600	1,958	1,796	28,500 – 28,600	2,408	2,246	33,500 – 33,600	2,858	2,696	38,500 – 38,600	3,308	3,146				
23,600 – 23,700	1,967	1,805	28,600 – 28,700	2,417	2,255	33,600 – 33,700	2,867	2,705	38,600 – 38,700	3,317	3,155				
23,700 – 23,800	1,976	1,814	28,700 – 28,800	2,426	2,264	33,700 – 33,800	2,876	2,714	38,700 – 38,800	3,326	3,164				
23,800 – 23,900	1,985	1,823	28,800 – 28,900	2,435	2,273	33,800 – 33,900	2,885	2,723	38,800 – 38,900	3,335	3,173				
23,900 – 24,000	1,994	1,832	28,900 – 29,000	2,444	2,282	33,900 – 34,000	2,894	2,732	38,900 – 39,000	3,344	3,182				



# 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 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column					
At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>				
		Your tax is:				Your tax is:				Your tax is:					
<b>39,000</b>				<b>42,000</b>				<b>45,000</b>				<b>48,000</b>			
39,000 – 39,100	3,353	3,191	42,000 – 42,100	3,623	3,461	45,000 – 45,100	3,893	3,731	48,000 – 48,100	4,163	4,001				
39,100 – 39,200	3,362	3,200	42,100 – 42,200	3,632	3,470	45,100 – 45,200	3,902	3,740	48,100 – 48,200	4,172	4,010				
39,200 – 39,300	3,371	3,209	42,200 – 42,300	3,641	3,479	45,200 – 45,300	3,911	3,749	48,200 – 48,300	4,181	4,019				
39,300 – 39,400	3,380	3,218	42,300 – 42,400	3,650	3,488	45,300 – 45,400	3,920	3,758	48,300 – 48,400	4,190	4,028				
39,400 – 39,500	3,389	3,227	42,400 – 42,500	3,659	3,497	45,400 – 45,500	3,929	3,767	48,400 – 48,500	4,199	4,037				
39,500 – 39,600	3,398	3,236	42,500 – 42,600	3,668	3,506	45,500 – 45,600	3,938	3,776	48,500 – 48,600	4,208	4,046				
39,600 – 39,700	3,407	3,245	42,600 – 42,700	3,677	3,515	45,600 – 45,700	3,947	3,785	48,600 – 48,700	4,217	4,055				
39,700 – 39,800	3,416	3,254	42,700 – 42,800	3,686	3,524	45,700 – 45,800	3,956	3,794	48,700 – 48,800	4,226	4,064				
39,800 – 39,900	3,425	3,263	42,800 – 42,900	3,695	3,533	45,800 – 45,900	3,965	3,803	48,800 – 48,900	4,235	4,073				
39,900 – 40,000	3,434	3,272	42,900 – 43,000	3,704	3,542	45,900 – 46,000	3,974	3,812	48,900 – 49,000	4,244	4,082				
<b>40,000</b>				<b>43,000</b>				<b>46,000</b>				<b>49,000</b>			
40,000 – 40,100	3,443	3,281	43,000 – 43,100	3,713	3,551	46,000 – 46,100	3,983	3,821	49,000 – 49,100	4,253	4,091				
40,100 – 40,200	3,452	3,290	43,100 – 43,200	3,722	3,560	46,100 – 46,200	3,992	3,830	49,100 – 49,200	4,262	4,100				
40,200 – 40,300	3,461	3,299	43,200 – 43,300	3,731	3,569	46,200 – 46,300	4,001	3,839	49,200 – 49,300	4,271	4,109				
40,300 – 40,400	3,470	3,308	43,300 – 43,400	3,740	3,578	46,300 – 46,400	4,010	3,848	49,300 – 49,400	4,280	4,118				
40,400 – 40,500	3,479	3,317	43,400 – 43,500	3,749	3,587	46,400 – 46,500	4,019	3,857	49,400 – 49,500	4,289	4,127				
40,500 – 40,600	3,488	3,326	43,500 – 43,600	3,758	3,596	46,500 – 46,600	4,028	3,866	49,500 – 49,600	4,298	4,136				
40,600 – 40,700	3,497	3,335	43,600 – 43,700	3,767	3,605	46,600 – 46,700	4,037	3,875	49,600 – 49,700	4,307	4,145				
40,700 – 40,800	3,506	3,344	43,700 – 43,800	3,776	3,614	46,700 – 46,800	4,046	3,884	49,700 – 49,800	4,316	4,154				
40,800 – 40,900	3,515	3,353	43,800 – 43,900	3,785	3,623	46,800 – 46,900	4,055	3,893	49,800 – 49,900	4,325	4,163				
40,900 – 41,000	3,524	3,362	43,900 – 44,000	3,794	3,632	46,900 – 47,000	4,064	3,902	49,900 – 50,001	4,334	4,172				
<b>41,000</b>				<b>44,000</b>				<b>47,000</b>							
41,000 – 41,100	3,533	3,371	44,000 – 44,100	3,803	3,641	47,000 – 47,100	4,073	3,911							
41,100 – 41,200	3,542	3,380	44,100 – 44,200	3,812	3,650	47,100 – 47,200	4,082	3,920							
41,200 – 41,300	3,551	3,389	44,200 – 44,300	3,821	3,659	47,200 – 47,300	4,091	3,929							
41,300 – 41,400	3,560	3,398	44,300 – 44,400	3,830	3,668	47,300 – 47,400	4,100	3,938							
41,400 – 41,500	3,569	3,407	44,400 – 44,500	3,839	3,677	47,400 – 47,500	4,109	3,947							
41,500 – 41,600	3,578	3,416	44,500 – 44,600	3,848	3,686	47,500 – 47,600	4,118	3,956							
41,600 – 41,700	3,587	3,425	44,600 – 44,700	3,857	3,695	47,600 – 47,700	4,127	3,965							
41,700 – 41,800	3,596	3,434	44,700 – 44,800	3,866	3,704	47,700 – 47,800	4,136	3,974							
41,800 – 41,900	3,605	3,443	44,800 – 44,900	3,875	3,713	47,800 – 47,900	4,145	3,983							
41,900 – 42,000	3,614	3,452	44,900 – 45,000	3,884	3,722	47,900 – 48,000	4,154	3,992							

## Tax Rate Charts

### Tax Rate Chart A:

For persons filing  
Single or Married filing separately

If your taxable income is: Your tax is:  
Over \$50,000 ..... \$4,334 plus 9% of excess over \$50,000

### Tax Rate Chart B:

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 ..... \$4,172 plus 9% of excess over \$50,000



# Form 40 instructions

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

You must attach a copy (front and back) of your federal 1040, 1040A, 1040EZ, or 1040PC to your Oregon tax return. Don't attach any federal schedules such as A, B, C, D, Form 2441, etc. We may, however, ask you for schedules or additional information later.

Keep a complete copy of your federal and state returns. Also, keep the original of all papers or receipts you used to prepare your return. Save these records for at least three years after you file your return.

## Fiscal year filers

Write "Fiscal Year" in the center at the top of the form. We prefer you use blue ink. Fill in the dates of your fiscal year.

## Address section

The department did not issue labels this year in response to a growing concern over the use of Social Security numbers on the labels. Please type or legibly print your name, address, and Social Security number on your return.

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

**Age.** Fill in your age as of December 31, 1998.

## Check the boxes

### Filing status

Check the box next to your filing status. Check the same filing status you checked on your federal return. If you and your spouse don't have the same residency status, you may file separate returns for Oregon even if you filed married filing jointly for federal. See page 5 for exceptions.

If you are married filing separately, fill in your spouse's name and Social Security number next to box number 3. Don't fill in your spouse's name or Social Security number in the heading of the return.

If you are filing as head of household, fill in the name of the qualifying person from your federal return by box number 4.

### Exemptions

**6a** & **6b** Yourself and spouse. Check "Yourself" and other boxes that apply. If you can

be claimed as a dependent on someone else's return, you can't claim an exemption for yourself. Enter "0" on line 6a.

**Severely disabled.** Did you have a severe disability at the end of 1998? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

- You permanently lost the use of one or both feet.
- You permanently lost the use of both hands.
- You have a permanent condition that, without special equipment or help, limits your ability to:
  - earn a living, or
  - maintain a household, or
  - transport yourself.

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

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but allows you to do 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.

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 credit for the loss of use of limbs. See instructions on page 33.

**6c** Dependents. Enter the number of your children claimed as dependents and other dependents in box 6c. In most cases, you must claim the same number of dependents as claimed on your federal return.

**6d** Disabled child. You may have an additional exemption for your dependent child with a disability. To qualify, your child must meet all of the following:

- Qualify as your dependent.
- Be age 17 or younger on December 31, 1998.
- Be eligible for "early intervention services" or diagnosed with a disability for special education purposes. Learning disabilities alone don't qualify for this exemption.
- Your child must have a health-related disability requiring special education as defined by the Oregon Department of Education. This includes:
  - Autism.
  - Visual impairment.

- Mental retardation.
  - Serious emotional disturbance.
  - Traumatic brain injury.
  - Hearing impairment.
  - Orthopedic impairment.
  - Multiple disabilities.
- Your child must have been diagnosed as of December 31, 1998, through the child's local school district, by a qualified examiner authorized by the Oregon Department of Education.

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

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

Keep the statement and cover sheet with your permanent health records. Write in your child's name on "Disabled children only," line 6d. Be sure to also include the child as a dependent in the total for line 6c.

**7** Age 65 or older, or blind. Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31, 1998. You are entitled to a larger standard deduction. If you or your spouse are blind, you may also qualify for an additional exemption credit. See lines 6a and 6b on page 24.

## Line instructions

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

## Additions

Additions increase your federal adjusted gross income.

**9** Interest and dividends on government bonds of other states. You must add to Oregon income any interest and dividends you received from state and local governments other than Oregon. Generally, 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. Leave out interest from Oregon government bonds and interest from U.S. territories or possessions (such as Guam, Puerto Rico, and the Virgin Islands).

**10** Other additions. Identify the additions you are reporting in the space on the form.

- Federal election on interest and dividends of a minor child. Did you make the election to report interest or dividends of your minor child on your federal return? If so, you must add the amount that is

subject to the special federal tax to Oregon income. On Form 40, line 10, fill in the smaller of line 7 or 8 from federal Form 8814.

- Federal income tax refunds. Did you get a federal tax refund in 1998 because you filed an amended federal return for a prior year, or because you were audited? If so, you may need to include the refund on line 10. If you need help, see page 36 for taxpayer assistance information.
- Unused business credits. Did you claim a deduction on your federal return for unused business credits? If so, these must be added back to Oregon income.
- Difference in depreciation for Oregon. You may have a depreciation difference for Oregon and may need the Oregon Depreciation Schedule and instructions. See page 36 to order or for taxpayer assistance information. Is your Oregon depreciation less than your federal depreciation? If so, fill in the amount from the Oregon Depreciation Schedule, line 2. If not, see instructions for Form 40, line 18.
- Gambling losses claimed as an itemized deduction. Did you claim gambling losses as an itemized deduction on your federal Schedule A? For Oregon purposes, gambling losses are limited to gambling winnings taxed by Oregon. If you need help, see page 36 for taxpayer assistance information.
- Lump-sum payment from a qualified retirement plan. Did you use the 5- or 10-year averaging method for federal purposes? If so, all or part of your lump-sum distribution must be added to income on your Oregon return. The amount of the addition is the total of your ordinary income portion and your capital gain portion. Include the capital gain portion only if you did not include it in your federal adjusted gross income. This information is on the federal Form 1099R your employer gave you. Fill in this sum on line 10. Attach a copy of federal Form 1099R to your Oregon return with your wage slips.
- Other additions. The following additions apply to only a few people and are not explained in this booklet. If you need help, see page 36 for taxpayer assistance information.
  - Gain or loss on the sale of depreciable property.
  - Depletion in excess of property basis.
  - Sale of Oregon inherited farm or forest property acquired from a decedent who died before January 1, 1987.
  - Passive losses.
  - Fiduciary adjustments from Oregon estates and simple or complex trusts.
  - Previously deferred reinvested gain.

## Subtractions

Subtractions reduce your federal adjusted gross income.

**13** 1998 federal tax liability. Caution: Carefully follow the instructions below. Don't confuse your federal tax liability calculated on your federal return with the federal tax withheld on your W-2. They are not the same.

**Limit:** You may deduct your total federal income tax liability after credits of up to \$3,000. Don't fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

Fill in your federal tax liability from:

- Form 1040, line 49, or
- Form 1040A, line 32, or
- Form 1040EZ, line 10, or
- Telefile Tax Record, tax from second box, line J.

On your federal return did you have:

- Alternative minimum tax, Form 1040, line 51?
- Tax on qualified retirement plans, Form 1040, line 53? If so, include these in your federal tax subtraction.

**Caution:** Don't add:

- Self-employment tax, Form 1040, line 50.
- Social Security and Medicare tax on tips, Form 1040, line 52.
- Advance earned income credit payments, Form 1040, line 54, or Form 1040A, line 33.
- Household employment taxes, Form 1040, line 55.

Did you pay additional federal tax in 1998 because you were audited or you filed an amended return? If so, read the instructions for line 18.

**Note:** Your federal tax subtraction, line 13, plus your foreign tax subtraction (from "Other subtractions," line 18) can't exceed \$3,000.

**14** Social Security income. Write in the amount, if any, from federal Form 1040, line 20b, or Form 1040A, line 13b. If you have Tier 2, windfall/dual-vested, or supplemental Railroad retirement benefits, read the instructions for line 18.

**15** Oregon income tax refund included in federal income. Fill in your Oregon income tax refund from your federal Form 1040, line 10.

**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 got through partnerships or grantor trusts. *Examples:* interest from U.S. Series EE or HH bonds, and Treasury bills or notes. You may also 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.

U.S. government interest and dividends must be reduced by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.

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

**17** Federal pension income. You may be able to subtract some or all of your pension income. This includes benefits paid to the retiree or to the surviving spouse. The subtraction amount is based on the number of months of federal service before and after October 1, 1991. Subtract your entire federal pension if all your months of federal service occurred before October 1, 1991. 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 your pension income. Once you have determined the percentage, it will not change from year to year.

*Example:* Joe worked for the U.S. Postal Service from February 5, 1965 until November 16, 1995. He worked a total of 370 months; 320 months before October 1, 1991. In 1998, he received federal pension income of \$35,000. He can subtract 86.5 percent ( $320 \div 370$ ), or \$30,275 ( $86.5\% \times \$35,000$ ) of his federal pension. He will continue to subtract 86.5 percent from Oregon income in future years.

Use the following worksheet to determine your subtraction amount:

1. Federal pension included in income. 1. \_\_\_\_\_
2. Divide months of service before October 1, 1991 by total months of service. 2. \_\_\_\_\_
3. Multiply line 1 by line 2. Enter here and on Form 40, line 17. 3. \_\_\_\_\_

**18** Other subtractions. You may qualify for other subtractions explained below. Identify the subtraction in the space on the form.

- Deferral of reinvested capital gain. You may defer capital gain on the sale of certain business assets if you reinvest proceeds in qualifying business assets within six months. Attach the form "Oregon Deferral of Reinvested Capital Gain" to the back of your return. Enter the amount on line 18 and label it "Deferral of Reinvested Gain." See page 36 to order or for taxpayer assistance information.
- Military active duty. You may qualify for three different subtractions for U.S. military active duty pay. To be eligible for the subtractions, the active duty pay must be included in federal income.

The Oregon military active duty pay subtractions are as follows:

1. If you entered the military for the first time in 1998 or if you were discharged from military service in 1998, you can subtract all military active duty income earned outside Oregon.
2. You can subtract active duty pay earned outside Oregon from January 1 through the date the President sets as the end of combat activities in the Persian Gulf. The date was not set when this publication was printed.
3. Whether or not you are eligible for the other military subtractions, you may still subtract up to \$3,000 of active duty pay. The subtraction for each spouse receiving active duty pay is limited to \$3,000.

Reserve summer camp is active duty. However, drills and weekend meetings of reserve units aren't active duty. If you are in the guards or the reserves, and your W-2 form doesn't show a separate amount for active duty, contact your paymaster.

Note: You may qualify for more than one military active duty pay subtraction. However, your total subtraction cannot exceed your total active duty pay income.

Enter the total of your military subtractions on line 18. Label it "Military active duty pay."

*Example 1:* Denise enlisted in the Navy in 1993. From January 1, 1998, until August 15, 1998, she was stationed in Hawaii. From August 15 until the end of the year she served in Oregon as a recruiter. For 1998 she earned the following active duty pay: \$10,000 in Hawaii and \$6,000 in Oregon. Combat activities have not ended in the Persian Gulf. She is eligible for the following subtractions: \$10,000 earned outside of Oregon during the time of the Persian Gulf crisis, and \$3,000 earned within the state, for a total of \$13,000.

*Example 2:* In 1998, Andy was stationed in Omaha, Nebraska. He spent more than 30 days in Oregon. Andy had lived in Oregon before enlisting in the Army. He earned \$25,000 for the year—\$3,200 earned after December 1. If the President declared the end of the combat activities in the Persian Gulf on December 1, his subtraction is figured as follows: Active duty pay earned outside of Oregon before Persian Gulf combat activities ended is \$21,800 (\$25,000 – \$3,200). Active duty pay earned in Oregon is limited to \$3,000 for a total subtraction of \$24,800.

*Example 3:* Paul is an officer in the Air Force Reserve. He earned \$3,300 from reserve summer camp and additional active duty days in Oregon. He earned \$4,200 during the year for weekend drills and meetings of his reserve unit. Since all of his active duty pay was earned in Oregon, he only qualifies for the \$3,000 subtraction. Therefore, his total subtraction is \$3,000.

*Example 4:* Natasha enlisted in the Army April 15 and was stationed overseas. She earned \$8,000 in 1998. She qualifies for the year-of-entry subtraction of \$8,000 and for the \$3,000 subtraction. She also qualifies for a subtraction for active duty pay earned outside of Oregon. However, her total military active duty pay subtraction cannot exceed \$8,000.

*Example 5:* Ryan served in a combat zone from January 1 until May 9. He filed jointly with his wife who lives and maintains a residence in Oregon. He earned \$8,000 combat pay. He was transferred to Germany for the rest of 1998 where he earned an additional \$15,000 of active duty pay. The President did not declare an end to the combat activities in 1998. Ryan excluded his \$8,000 combat pay on his federal return, so he can't subtract it on his Oregon return. His Oregon subtraction is limited to the \$15,000 earned outside of Oregon and included in federal income.

- Federal tax from a prior year. Did you pay additional federal tax in 1998 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 doesn't include the tax from the original return or interest or penalties you paid.

To figure your subtraction for federal tax from a prior year, follow these steps:

- Step 1: From \$3,000 (\$1,500 if married filing separately) subtract your federal tax, Form 40, line 13.
- Step 2: On Form 40, line 18, fill in the lesser of:
  - The amount you figured in step 1, or
  - Additional federal tax from a prior year.

Label the line "Prior year's federal tax" and list the year(s) involved.

- Difference in depreciation for Oregon. You may have a depreciation difference for Oregon and may need the Oregon Depreciation Schedule and instructions. See page 36 to order or for taxpayer assistance information. Is your Oregon depreciation more than your federal depreciation? If so, fill in the amount from the Oregon Depreciation Schedule, line 2. If not, see the instructions for Form 40, line 10.
- Difference in home mortgage interest for Oregon. 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 your itemized deductions reported on your federal return. You must itemize deductions for Oregon to claim this subtraction.
- Payments from IRAs, Keoghs, 403(b), and 457 plans. 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;
- You paid tax on these contributions in your state of residence; and
- You did not receive a tax benefit for these contributions by any other state.

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

- Lottery winnings included on your federal return. Winnings from Oregon Lottery tickets purchased before January 1, 1998, or from tickets purchased on or after January 1, 1998 of \$600 or less are not taxed by Oregon. Fill in the total of these Oregon Lottery and Powerball winnings from your federal return. Label the line, "Oregon Lottery." Do not subtract winnings from tribal gaming centers. Do you have gambling losses claimed as an itemized deduction? If so, see page 25.
- Logger's and construction worker's commuting costs. You may claim the cost of getting to job sites more than 50 miles from your home. You must be a buckler or a faller with your own equipment and be paid on a per unit cut basis or be a member of a recognized construction trade, craft, or union.

Commuting costs are gas, oil, upkeep, and repairs. You may claim only the actual costs of commuting. Don't use the federal mileage rate. You can't claim meals or lodging. Construction workers can't claim more than one year of commuting costs for the same job site. Keep a record of your actual costs. Be sure to label this subtraction as "Commuting costs." Don't include any costs you claimed as employee business expenses in your itemized deductions.

- American Indian. Are you an enrolled member of a federally recognized tribe? If so, you may subtract any income earned while living and working in "Indian country." Indian country means those areas set aside for the residence of tribal Indians. It includes reservation land and other land held in trust by the United States for a tribe. Label the line "American Indian" and include your tribal enrollment number on line 18.
- Federal tax credits. Did you claim a federal tax credit, such as a jobs credit or business credit? If so, you may have been required to reduce your federal expenses because you claimed that credit. You may also claim those unallowed expenses as a subtraction for Oregon.
- Interest on government bonds of Oregon. Were you required to include interest from Oregon state and local government bonds in your federal income? If so, fill in the amount included on federal Form 1040, line 8a, and label it "Interest on Oregon bonds."
- Other subtractions. The following subtractions apply to only a few people and are not explained in this

booklet. If you need help, see page 36 for taxpayer assistance information.

- Foreign tax.
- Gain or loss on the sale of depreciable property.
- Artists who make a charitable art donation.
- Tier 2, windfall/dual-vested, or supplemental Railroad retirement and Railroad unemployment benefits.
- Passive losses.
- Local private activity bond interest.
- Fiduciary adjustments from Oregon estates and simple or complex trusts.
- Underground storage tank pollution grant.

## Deductions

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger.

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

Note: Married persons filing separate returns must itemize deductions if their spouse itemizes. Don't claim the standard deduction if your spouse itemizes.

**21** Itemized deductions. Generally, 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 don't itemize on your federal return. If you itemize for Oregon only, fill out a separate Schedule A for Oregon. 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 61 or older on December 31, 1998? If so, your deduction is the lesser of line 1 or line 3 from your federal Schedule A. To claim this deduction, you must itemize deductions. You can do this by filling out a Schedule A for both federal and Oregon or filling out one for Oregon only. (Keep your Schedule A with your tax records.)

**24** State income tax claimed as an itemized deduction. Fill in the amount of Oregon income tax you claimed as an itemized deduction on federal Schedule A, line 5.

Are you claiming a credit for income taxes paid to another state? If so, include the other state's tax after credits on the mutually taxed income or the other state's tax claimed as an itemized deduction, whichever is less. See instructions for line 40, page 32.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$124,500 (\$62,250 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. See

page 36 to order the information circular "Limit on Itemized Deductions."

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

Single	\$1,800
Married filing jointly	3,000
Married filing separately	1,500
Head of household	2,640
Qualifying widow(er)	3,000

Caution: If you can be claimed as a dependent on another person's return, your standard deduction is limited to the greater of:

1. Your earned income plus \$250, but no more than the maximum allowed for your filing status, as shown above, or
2. \$700.

This limit applies even if you can be, but are not claimed as a dependent on another person's return.

Also: You are allowed an additional deduction amount if you or your spouse are age 65 or older or blind. The additional amount is based on your filing status:

Single or head of household	\$1,200
All others	\$1,000

*Example:* Al and Amy Edwards are filing a joint return. Al is 70 years old and blind. Amy is 68. Their standard deduction is figured as follows:

Married filing jointly	\$3,000
Additional amount due to Al's age	1,000
Additional amount due to Amy's age	1,000
Additional amount due to Al's blindness	+1,000
Total standard deduction	<u>\$6,000</u>

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

**27** Total deductions. Enter line 25 or line 26, whichever is larger.

## Oregon tax

**30** Oregon tax. Figure the tax on your Oregon taxable income, line 29. Use the tax tables or rate charts on pages 21-23.

*Example 1:* A single Oregon taxpayer has taxable income of \$19,500. The tax from the table on page 22 is \$1,598.

*Example 2:* A married couple has Oregon taxable income of \$69,500. They are filing jointly. They use the married filing jointly rate chart B. They figure their tax like this:

Oregon taxable income	\$69,500
Subtract	<u>-50,000</u>
	19,500
Multiply by 9%	<u>× .09</u>

	1,755
Then add	+ 4,172
Their Oregon tax is	<u>\$ 5,927</u>

**31** Interest on certain installment sales. Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as federal. The current interest rate is .75 percent per month (9 percent per year).

## Credits

Credits reduce, but cannot exceed, your Oregon tax. Some credits may have a carry forward provision that allows you to use the remaining balance in the next year. Credits that cannot be carried forward should be used first.

**34** Earned income credit. You are allowed an Oregon earned income credit only if you qualify for and claim the earned income credit on your federal return.

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8a; Form 1040A, line 37a; Form 1040, line 59a; or Telefile Tax Record, line K). 1. \_\_\_\_\_
2. Multiply 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 over any amount that exceeds your tax liability.

**35** Working family credit. This credit is available to low income families with qualifying child care expenses.

### Qualifications

You qualify for this credit if all the following are true:

- Your federal adjusted gross income is less than the limit for your household size (see tables on page 30);
- Your expenses are for your child under age 13 (or for your disabled child, see page 24);
- Care is not provided by the child's parent or guardian (unless provided in a licensed child care facility);
- Care is not provided by a brother or sister under age 19;
- You have earned income of at least \$6,000;
- You have less than \$2,300 of investment income (investment income is generally interest, dividends, and capital gains); and,
- If you are married filing separately, you must be legally separated or living apart on December 31, 1998.

# Working Family Credit—1998 Tables

**Table 1, household size = 1**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$12,100	.40
\$12,100	12,900	.36
12,900	13,700	.32
13,700	14,500	.24
14,500	15,300	.16
15,300	16,100	.08
16,100	—	.00

**Table 2, household size = 2**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$16,300	.40
\$16,300	17,350	.36
17,350	18,450	.32
18,450	19,550	.24
19,550	20,600	.16
20,600	21,700	.08
21,700	—	.00

**Table 3, household size = 3**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$20,500	.40
\$20,500	21,850	.36
21,850	23,200	.32
23,200	24,550	.24
24,550	25,950	.16
25,950	27,300	.08
27,300	—	.00

**Table 4, household size = 4**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$24,700	.40
\$24,700	26,300	.36
26,300	27,950	.32
27,950	29,600	.24
29,600	31,250	.16
31,250	32,900	.08
32,900	—	.00

**Table 5, household size = 5**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$28,900	.40
\$28,900	30,800	.36
30,800	32,750	.32
32,750	34,650	.24
34,650	36,600	.16
36,600	38,500	.08
38,500	—	.00

**Table 6, household size = 6**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$33,100	.40
\$33,100	35,300	.36
35,300	37,500	.32
37,500	39,700	.24
39,700	41,900	.16
41,900	44,100	.08
44,100	—	.00

**Table 7, household size = 7**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$37,300	.40
\$37,300	39,750	.36
39,750	42,250	.32
42,250	44,750	.24
44,750	47,200	.16
47,200	49,700	.08
49,700	—	.00

**Table 8, household size = 8 or more**

If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$41,500	.40
\$41,500	44,250	.36
44,250	47,000	.32
47,000	49,750	.24
49,750	52,550	.16
52,550	55,300	.08
55,300	—	.00

Use the following worksheet to figure your credit:

### Household size

1. Enter the number of exemptions reported on your federal return. 1. \_\_\_\_\_
2. Add any children who live with you, but are claimed as dependents by your former spouse. 2. \_\_\_\_\_
3. Line 1 plus line 2. This is your household size. 3. \_\_\_\_\_

### Credit amount

4. Enter your federal adjusted gross income (Form 1040EZ, line 4; Form 1040A, line 18; Form 1040, line 33; or Telefile Tax Record, line H.) 4. \_\_\_\_\_
5. Enter total child care expenses paid by you in 1998. 5. \_\_\_\_\_
6. Enter the decimal amount from the correct table on page 30. The tables are based on household size (line 3 from above). For example, if the amount on line 3 is 7, use Table 7. 6. \_\_\_\_\_
7. Multiply line 5 by line 6. Enter the result here and on Form 40, line 35. 7. \_\_\_\_\_

*Example:* A married couple with one qualifying child had a federal adjusted gross income of \$22,436 and total child care expenses of \$2,650 in 1998. With a household size of three, they use Table 3 to find the correct decimal (.32) and multiply it by \$2,650 to figure their credit of \$848.

The working family credit is limited to your tax liability. You cannot carry over any amount that exceeds your tax liability. This credit may be claimed in addition to the child and dependent care credit.

**36** Retirement income credit. Were you age 61 or older on December 31, 1998, and receiving retirement income? If so, you may qualify for a credit. Retirement income includes payments included in Oregon taxable income from a:

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

Use the worksheet below to figure your credit.

### PART 1

#### • General limits

You don't qualify for this credit if:

- The person receiving the retirement income was less than age 61 on December 31, 1998,

- Your household income is \$22,500 or more (\$45,000 or more if married filing jointly), or
- You received more than \$7,500 (\$15,000 if married filing jointly) in Social Security and/or Tier 1 Railroad retirement benefits.

### PART 2

#### • Determining household income limits

See "What is included in household income?" below to determine your household income.

1. Enter household income. 1. \_\_\_\_\_
2. Household income base. 2. \_\_\_\_\_  
Enter \$15,000 (\$30,000 if married filing jointly).
3. Line 1 minus line 2, but not less than -0-. 3. \_\_\_\_\_

### PART 3

#### • Determining credit amount

1. Enter \$7,500 (\$15,000 if married filing jointly). 1. \_\_\_\_\_
2. Enter both spouses' total Social Security and Tier 1 Railroad retirement benefits. 2. \_\_\_\_\_
3. Line 1 minus line 2 but not less than -0-. 3. \_\_\_\_\_
4. Enter household income limit from Part 2, line 3. 4. \_\_\_\_\_
5. Line 3 minus line 4, but not less than -0-. 5. \_\_\_\_\_
6. Enter Oregon taxable retirement income of the eligible individual(s). 6. \_\_\_\_\_
7. Enter the lesser of line 5 or line 6. 7. \_\_\_\_\_
8. Multiply line 7 by .09 (9%) and enter the result here and on Form 40, line 36. 8. \_\_\_\_\_

The credit is limited to your tax liability. There is no carry over. You may claim this credit or the credit for the elderly or the disabled, but not both.

What is included in household income? Household income includes all income (both taxable and nontaxable) received during the year except Social Security and Tier 1 Railroad retirement benefits. Include gross income reduced by adjustments reported in your federal adjusted gross income (AGI).

What is not included in household income? State tax refunds received during the year are not included in household income. Also, pension income received that is a return of your contributions and is excluded from federal income is not included. Do not include pension distributions which you "roll over" into an individual retirement account (IRA).



To determine household income, separate income (or loss) from businesses, farms, rentals, royalties, and dispositions of tangible or intangible property. Combine all income from a particular source to arrive at the net income or loss from that source. Any net loss from the source is limited to \$1,000. Net operating loss carrybacks or carryovers are not allowed. Capital loss carryovers are not allowed.

For example, you own a farm and have a \$3,000 loss. You are also a partner in a partnership whose main activity is farming. You have income from the partnership of \$1,000. Your net farm loss is \$2,000. You may claim only \$1,000 of this loss to compute your household income. Any net loss you have from any of the other sources mentioned in the previous paragraph is also limited to \$1,000 each.

If the combined total of your depreciation, depletion, and amortization deductions exceeds \$5,000, the excess must be added back into household income. You must also increase your household income by the Oregon income tax modification for depletion in excess of basis.

*Example:* Felipe has a business which had gross income of \$27,000 for the year. He has an \$11,000 depreciation deduction. Other business expenses are \$20,000. He reports a business loss for federal purposes of \$4,000 (\$27,000 - [\$20,000 + \$11,000]). With his depreciation deduction limited to \$5,000, the business income he includes in household income is \$2,000, figured as follows: \$27,000 - (\$20,000 + \$5,000) = \$2,000.

You also need to include items not in your federal AGI. These items include, but are not limited to:

- Veteran's and military benefits.
- Gifts and grants (total amount minus \$500).
- Disability pay.
- Nontaxable dividends (other than "return of capital" dividends).
- Inheritances.
- Insurance proceeds.
- Nontaxable interest.
- Lottery winnings.
- Railroad retirement benefits (Tier 2 only).
- Scholarships.
- Strike benefits.
- Welfare benefits.

If you need help, see page 36 for taxpayer assistance information.

**37** Child and dependent care credit. You are allowed an Oregon credit only if you qualify for the federal child and dependent care credit. You may still be able to claim the Oregon credit even if you can't use all of your federal 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 39, or Form 1040A, line 24 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 amount on line 2. Enter here and on Form 40, line 37. 3. \_\_\_\_\_

Note: Did you pay 1997 child care expenses in 1998? If so, you may be able to use that amount to increase your 1998 Oregon child and dependent care credit. See page 36 for taxpayer assistance information.

Carryover. Your total 1998 child care credit can't be more than your tax liability for Oregon. Any excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 41.

**38** Credit for the elderly or the disabled. The Oregon credit is 40 percent of the federal credit. You get an Oregon credit only if you qualify for the federal credit.

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

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

**39** Political contribution credit. Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. The contribution must have been made during 1998. It must have been a donation of money 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 committee organized only to support or oppose ballot measures to be voted on in Oregon.

**40** Credit for income tax paid to another state. Did you pay income taxes to another state? If so, you may be able to claim this credit. You must have income that is taxed by both Oregon and the other state during 1998.

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

This credit is only for state income tax. You can't claim this credit for city or county income tax, sales tax, property tax, school tax, or building funds.

Your credit is the lesser of the following:

- The other state's tax after credits.
- Your Oregon tax liability.
- The amount figured using the following formula:

$$\frac{\text{Your adjusted gross income taxed by both states}}{\text{Your modified adjusted gross income}} \times \text{Your Oregon tax after subtracting all other credits}$$

Divide your adjusted gross income (AGI) taxed by both states by your modified AGI. Multiply the result by your Oregon tax after subtracting all other credits.

If you file Form 40S, your modified AGI is line 11.

If you file Form 40, your modified AGI usually equals the sum of lines 8 and 9 minus lines 14–17. Add amounts on line 10 only if they are income that Oregon taxes but the federal government doesn't. Subtract amounts on line 18 only if they are income that the federal government taxes but Oregon doesn't.

**Caution:** You can't 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 lesser of the following:

- The other state's tax claimed as an itemized deduction.
- The other state's tax after credits.

Attach a copy of the other state's return and proof of payment to your Oregon return.

**41** Other credits. You may be entitled to other credits listed below. Identify the credit you are claiming on line 41 in the space on the form.

- Child and dependent care credit carryover from prior years. Fill in the carryover amount on line 41. Label the line "Child care credit carryover." The amount of the prior year carryover plus your current year's credit can't exceed your Oregon tax liability. Any excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost.
- Credit for loss of use of limbs. If you have a permanent and complete loss of the use of two limbs, you may take a tax credit of \$50. Your spouse may also claim a \$50 credit if he or she qualifies. You can't claim this credit for a dependent.

Obtain a Disability Certification Form the first year you file for the credit. Get the form from your county public health officer. The health officer must sign the form. Keep the form with your permanent health records.

You also qualify for the severely disabled exemption. See instructions on page 24.

- Credit for alternative energy devices. You must purchase energy efficient appliances or install solar devices or ground loop systems that provide 10 percent or more of an Oregon home's energy. See page 36 to order the information circular "Residential Energy Devices."
- Sewage treatment works hookup credit. Oregon residents could claim a credit for the cost of installing or connecting to specific sewage treatment works. The connection must have been required by an order from the assistant director for health issued after January 1, 1988, and before July 1, 1995. Claim one-fifth of the expenses each year, for five years, limited to \$160 per year.
- Credit for home care of an elderly person. You may be eligible for this credit if your household income is less than \$17,500 and you pay expenses for the care of someone age 60 or older. The care must keep that person from being placed in a nursing home. That person's household income must be \$7,500 or less. See page 36 to order the information circular, "Home Care for the Elderly Credit" and the form, "Credit for Home Care of an Elderly Person." The Oregon Department of Human Resources must certify that the elderly person qualifies.
- Other credits. The following credits apply to only a few people and aren't explained in this booklet. See page 36 for taxpayer assistance information.
  - Bone marrow donation program.
  - Business energy.
  - Child development.
  - Crops donated to gleaning cooperatives.
  - Dependent care assistance.
  - Farmworker housing.
  - First Break Program.
  - Fish habitat improvements.
  - Fish screening devices.
  - Involuntary moving of a mobile home.
  - Oregon tax on gain mutually taxed by another state or country. The gain must be from the sale of your home.
  - Pollution control facilities.
  - Pollution prevention credit.
  - Reclaimed plastic (investment in capital assets).
  - Reforestation of underproductive forest lands.
  - Rural medical practitioners, dentists, or optometrists.

## Tax payments, penalties, and interest

**44** Oregon income tax withheld. Fill in the total amount of Oregon tax withheld from your wages and other income. That's the amount shown on your W-2 forms in box 18 or 1099 forms. Don't use FICA (Social Security) tax withheld. Don't use tax withheld from your wages by other states. Staple readable copies of your W-2 or 1099 forms to the lower front of your return.

If you don't have a W-2 or 1099, you must provide other proof of any tax withheld from your wages. Proof may include a final paycheck stub or a letter from your employer. We can accept only W-2 forms before February 1.

If you have tax to pay, you may want to increase the amount your employer withholds from your wages for Oregon. If you and your spouse both work, see page 36 to order the information circular "Oregon Income Tax Withholding: Some Special Cases."

**45** Estimated tax you paid for the 1998 tax year. Fill in the total estimated tax payments you made before filing your Oregon return. Include any payments you made with your extension. Also include any refund applied from your 1997 income tax return or an Oregon amended return (Form 40X). If the department adjusted your 1997 refund, be sure to use the corrected amount.

**49** Penalty and interest.

Due date. Your return is due by April 15, 1999, unless you get an extension.

Penalty. Include a penalty payment if you:

- Mail your tax-to-pay after April 15 (even if you have an extension).
- File your income tax return showing a tax-to-pay after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax. If you file more than three months late, add an additional 20 percent penalty. See page 6 for how to avoid incurring a penalty.

Interest. Are you filing your return or paying your tax after April 15, 1999? If you are, include interest on any unpaid tax.

The current interest rate is .75 percent per month (9 percent per year). A full month, for example, is April 16 to May 15.

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

$$\text{Tax} \times .000247 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 13 percent per year.

**50** Interest on underpayment of estimated tax. You have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date.

You don't have an underpayment if you:

- Didn't need to pay estimated tax at any time for 1998, and
- Owe less than \$500 tax on your 1998 tax return.

The tax you owe is net income tax less your Oregon withholding.

If you have an underpayment or meet an exception, you must file Oregon Form 10, "Underpayment of Oregon Estimated Tax." See page 36 to order Form 10.

On Form 40, line 50, fill in the amount of interest due from Form 10 and check the box. Attach Form 10 to the back of the return.

**52** Amount-you-owe. Make your check or money order payable to "Oregon Department of Revenue" and attach to your return on top of the W-2s. We prefer you use blue ink. Do not use red ink. Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1998 Form 40" on your check or money order. Don't send cash or postdated checks.

Special instructions. Do you owe interest on line 50 and have an overpayment on line 47? If your overpayment is less than the interest due, fill in the result of line 51 minus line 47.

If you owe more than \$500, you should have made estimated tax payments. See instructions for line 50 above.

Stop here on the form.

**53** Refund. You must have a refund of \$5 or greater on line 53 to use lines 54-59.

**54** Estimated tax. If your refund is \$5 or more, you may apply part or all of your refund, line 53, to your 1999 Oregon estimated income tax. Fill in the amount you want to apply.

**55** - **59** Donations will reduce your refund. If you don't have a refund on line 53 but you want to contribute, mail your donations to the addresses below.

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

Oregon Department of Fish and Wildlife  
Attention: Fiscal Manager  
PO Box 59  
Portland OR 97207

**56** 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  
800 NE Oregon St., Suite 1140  
Portland OR 97232-2162

**57** Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Alliance of Oregon for research on Alzheimer's disease and related disorders.

Alzheimer's Research Alliance  
PO Box 10051  
Portland OR 97296

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

OCADSV  
520 NW Davis, Suite 310  
Portland OR 97209

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

The Research and Education Group  
2701 NW Vaughn St., Suite 840  
Portland OR 97210-5311

**61** Net refund. You must reduce your refund by any amounts applied to 1999 estimated tax and donations on lines 55-59. By law, the Oregon Department of Revenue cannot refund or apply amounts less than \$5. Generally, the department cannot issue a refund when the return is filed more than three years after the due date of the return.

### To avoid processing delays, remember to:

Type or legibly print your name, address, and Social Security number on the return.

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. Errors slow the processing of your return.

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

Staple readable copies of wage slips and 1099s showing Oregon withholding to the front of the return.

Attach a copy of your federal return.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage.

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

If you can't pay now, file your return anyway. The Department of Revenue will work with you to set up a payment plan on a case-by-case basis. Send a written request for a payment plan with your tax return. See page 36 for taxpayer assistance information.

# Taxpayer assistance

## Do you need help?

Telephone: Salem 503-378-4988

Toll-free within Oregon 1-800-356-4222  
*The toll-free number is only available  
January through April.*

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

Once you're in the system, push:

- 1 For current year personal income tax refund information (beginning March 1).
- 2 To order current year or amended forms. (Some federal forms available.)
- 6 For other information.
- 0 For assistance from a representative:  
Monday–Friday\* 7:30 A.M.–5:10 P.M.  
\*Except Wednesday 9 A.M.–5:10 P.M.  
April 1–April 15, Monday–Friday 7 A.M.–7 P.M.  
Closed on holidays

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

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

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

Correspondence. Use the Salem address on the front of this booklet. Include your Social Security number and a daytime telephone number for faster service.

## To get forms

Internet: [www.dor.state.or.us](http://www.dor.state.or.us)

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.

Forms and assistance are available at these offices. Don't send your return to these addresses.

Salem*	Portland**
Revenue Building	Federal Building Lobby
First floor, Room 135	1220 SW Third Ave.
955 Center St. NE	

\* 7:45 A.M.–5 P.M. Monday–Friday, except holidays.

\*\* January 4–April 15: We'll provide walk-in help from 9 A.M.–4 P.M., Monday–Friday, except holidays.

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



### Printed information (free) State forms only

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

- Amended Form 40X and instructions... 150-101-046
- Computing Interest on Tax You Owe ... 150-800-691
- Credit for Income Tax Paid to Other States ..... 150-101-646
- Depreciation form ..... 150-101-025
- Elderly Rental Assistance booklet ..... 150-545-002
- Estimated Tax circular ..... 150-101-648
- Estimated Tax coupons ..... 150-101-026-2
- Estimated Tax instructions ..... 150-101-026
- Home Care for the Elderly Credit ..... 150-101-653
- Interest and Dividends on U.S. Bonds and Notes ..... 150-101-615
- Interstate Transportation Wages ..... 150-101-601
- Limit on Itemized Deductions ..... 150-101-611
- Married Persons Filing Separate Returns 150-101-656
- Military Personnel Filing Information ... 150-101-657
- Oregon Deferral of Reinvested Gain ... 150-101-614
- Oregon Income Tax Withholding:  
Some Special Cases ..... 150-206-643

- Political Contributions ..... 150-101-662
- Record Keeping Requirements ..... 150-101-608
- Residential Energy Devices ..... 150-101-641
- Retirement Income ..... 150-101-673
- Senior Citizen's Property Tax Deferral ..... 150-310-675
- What To Do if You are Audited ..... 150-101-607
- Your Rights as an Oregon Taxpayer ..... 150-800-406
- List of other printed information:  
Forms/Publications Request ..... 150-800-390

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

Please print

Your name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP \_\_\_\_\_

