

## Which partnerships must file an Oregon partnership return?

- Every partnership having income derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

Nonresident partners can file an Oregon nonresident return or join together to file a Multiple Nonresident return (Schedule MNR). You may order this return and instructions off our Internet web site or by calling (see page 2).

## What must be attached to the Oregon partnership return?

Attach the information in the following order:

- A list of partners, if more than 10 partners at any time during the year.
- An apportionment schedule, if you answered yes to question 5 on Form 65.
- An Oregon Depreciation Schedule (form 150-101-025), if Oregon depreciation is different from federal depreciation.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis and fair market value.
- A copy of federal Form 1065, U.S. Partnership Return of Income, or Form 1065-B, U.S. Return of Income for Electing Large Partnerships. Include all pages and supporting schedules.
- Federal Schedule K-1s, if the partnership has less than 11 partners during the year.

## Filing deadlines and date of connection to federal law

Returns for the 1999 calendar year are due by April 17, 2000. Fiscal year returns are due by the 15th day of the fourth month after the end of the partnership's tax year.

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 affecting taxable income will automatically be adopted by Oregon. The partnership's tax year for Oregon must be the same as for federal. Oregon doesn't have a required payment for partnerships choosing an alternative tax year.

Oregon recognizes the federal "check the box" regulations for unincorporated organizations. Also, Oregon treats the electing large partnership the same as federal.

## Partnership failure-to-file penalty

A penalty may be assessed if a partnership doesn't file a return or fails to provide information to the Department of Revenue as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months. Each partner is personally liable for a portion of the penalty.

## Individual income tax returns

The Oregon individual income tax booklet lists filing requirements for partners' individual income tax returns. See page 2 to order full-year resident and part-year/nonresident booklets. A partnership is not subject to tax, but each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual return.

Partners report their share of Oregon modifications on Forms 40, 40N, or 40P. Generally, increases to income go on the "Other additions" line of the Oregon individual return. Generally, decreases to income go on the "Other subtractions" line of the Oregon individual return. Label the line "Oregon partnership modifications." Separately stated items go on the appropriate line of the Oregon individual return.

Nonresident partners can choose to file an individual nonresident return or join together to file a multiple nonresident tax return. Call 503-945-8462 to order instructions for filing multiple nonresident returns.

## Guaranteed payments

Guaranteed payments paid to a nonresident partner are treated as distributions. Income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

## Oregon modifications to federal partnership income

Complete Schedule I to figure Oregon modifications to federal partnership income. Attach schedules if necessary to explain and compute the modifications.

Generally, each partner's share of modifications is figured by using the profit sharing percentage shown on that partner's federal Schedule K-1. Each partner's share of the Oregon modifications must be reported on the partner's Schedule K-1 or equivalent. Show separately any Oregon modification which could have a special tax effect on a partner's individual return. The modifications may be added to the federal Schedule K-1s and labeled "Oregon modifications."

**Gain on voluntary and involuntary conversions.** Partnerships may elect for their resident partners to defer the gain on voluntary and involuntary conversions where partnership property voluntarily or involuntarily converted is in Oregon and the property acquired is outside Oregon.

Partnerships must make the election for all consenting resident partners. Attach a statement to Oregon Form 65 stating that the Oregon partners are electing to defer the gain.

To defer the gain to property outside Oregon, the Oregon partners must agree to report the gain if they later become nonresidents. They must also report the gain if they lose their federal deferral.

Nonresident partners must report the gain when the property voluntarily or involuntarily converted is in Oregon and the property acquired is outside Oregon. The basis of the property must be adjusted for those nonresident partners.

### **Depreciation differences (1981–1985 ACRS assets)**

Did you amend your 1996 Oregon income tax return to revoke the one-time adjustment, but only received a portion of the full tax benefit? The adjustment aligned Oregon basis with federal basis.

The adjustment now has a two-year carry-forward provision. You may carry forward any unused amount. Amend your 1997 return to claim the unused portion of the deduction. If needed, you may also amend your 1998 Oregon income tax return. Any amount not used within two years is lost.

**Deferral of reinvested capital gain.** You may defer capital gain on the sale of certain business assets if you reinvested in qualifying business assets within six months. If the partnership elected to defer capital gain by making the required reinvestment, the qualifying capital gain should be reported as an Oregon modification on the partner's schedule K-1. Attach a copy of the completed form "Oregon Deferral of Reinvested Capital Gain" (150-101-153) to the partnership return. Also provide a copy of the form to each partner to attach to the Oregon Individual Income Tax Return. Partners should refer to the instructions for individual filers (Oregon Forms 40, 40P and 40N) for more information on how to report the deferred capital gain.

### **Credits**

Partners may qualify for the following tax credits on their individual income tax returns even though the costs were paid by the partnership.

- Child development
- Pollution control facilities
- Business energy
- Fish habitat improvement
- Reforestation
- Bone marrow donation program
- Donating crops to a gleaning cooperative
- Investment in reclaimed plastic projects
- First Break Program—hiring gang-affected youth
- Political contributions
- Pollution prevention
- Dependent care assistance
- Fish screening
- Farmworker housing

### **Tri-County Metropolitan Transportation District (Tri-Met) and Lane Transit District tax**

If your employees perform services in either the Tri-Met Transportation District (parts of Clackamas, Multnomah, and Washington counties) or the Lane Transit District (Lane County), you must file a Combined Employer's Registration Report. Wages for services within the districts are subject to these taxes. To order forms, see information below.

### **Tri-Met and Lane Transit District self-employment taxes**

Self-employment earnings of taxpayers doing business or providing services within the Tri-Met and Lane Transit dis-

tricts are subject to this tax. A partnership may elect to file and pay the transit district self-employment tax on behalf of all the individual partners. Use the partnership's net self-employment earnings (including partners' guaranteed payments) to figure the tax.

Any 1999 Tri-Met or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 17, 2000. Fiscal year partnerships must file Form TM or Form LTD by April 15 of the year following the calendar year in which the fiscal year ends.

### **District boundary information**

Tri-Met boundaries	503-239-6466
Lane Transit District boundaries	541-741-6100

### **Federal Privacy Act information**

The request for Social Security numbers is made by authority of Section 405, Title 42, of the United States Code. You are required to give us this information. It is used to establish the identity of the partners. Except as specifically allowed by law, all information contained in your tax return is confidential and cannot be disclosed by the department. Any violation is a class C felony.

**Mail this return to:** Oregon Department of Revenue  
PO Box 14260  
Salem OR 97309-5060

### **Do you need help?**

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

Representatives are available 7:30 A.M.–5:10 P.M. Monday–Friday, except Wednesday when the hours are 9 A.M.–5:10 P.M. From April 3 – April 17, representatives are available from 7 A.M.–7 P.M., Monday–Friday. Closed on holidays.

**TTY** (hearing or speech impaired only): **These numbers are answered by machine only and are not for voice use.** The 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 below. Include your Employer Identification Number (EIN) and a daytime telephone number for faster service.

### **To order forms and instructions**

**Write to:** Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Our Internet address is: [www.dor.state.or.us](http://www.dor.state.or.us)

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