



**FULL-YEAR
RESIDENT**

The February 3, 2004, special election will affect how you prepare and file your return.

**Before Filing
Your Taxes**

Please wait to file your return until after the February 3, 2004, special election results are known.

- If Measure 30 PASSES, follow the GREEN instructions inside.
- If Measure 30 FAILS, follow the ORANGE instructions inside.

For more information, see page 2.

Oregon 2003

Individual Income Tax Forms **405** and **40** with Instructions

Take a look at our new **personal income tax** pages at

www.dor.state.or.us/tax

Quick Links

- 2003 Oregon Tax Forms
- Income Tax Calculator
- Payment Calculator
- Newsroom
- Español

More, searchable Oregon income tax information

Quick links to hot topics and important news

New tools including calendars and calculators

My Taxes
Information about preparing and filing your income taxes

Tax Calendar
Important dates for income tax programs

Element Web Site
Working students: Fill out your return in five easy steps



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

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Oregon Department
of Revenue

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	\$750 *
Single	Under 65	\$4,490
	65 or over	\$5,690
Head of household	Under 65	\$5,580
	65 or over	\$6,780
Married, joint return	Both under 65	\$9,000
	One 65 or over	\$10,000
	Both 65 or over	\$11,000
Married, separate return	Under 65	\$4,490
	65 or over	\$5,490
Qualifying widow(er)	Under 65	\$6,290
	65 or over	\$7,290

In addition, file a return if:

- You are required to file a federal return.
- You had \$1 or more of Oregon income tax withheld from your wages.

* The larger of \$750 or your earned income plus \$250, up to your standard deduction amount shown on page 31.

These instructions aren't a complete statement of laws and Oregon Department of Revenue rules. You may need more information. See page 40.

Electronic filing

Electronic filing (e-file) is a fast, efficient, and accurate way to file.



For more information about how electronic filing works, visit our Web site. Or, see page 40 to order the information circular, *Electronic Filing for Oregon*.

Working student Web site

The Oregon Department of Revenue's "5 Easy Steps to Cash" Web site helps working students file their Oregon personal income tax returns and understand the state's tax system. You may prepare your return on the student Web site if:



www.steps2cash.org

- You lived in Oregon for all of 2003; and
- You were single with no children as of December 31, 2003; and
- Someone else can claim you as a dependent; and
- In 2003, you worked only in Oregon; and
- You had income only from your job(s) and/or interest; and
- You are not claiming any credits. (You may claim the severely disabled exemption credit if you qualify.)

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New information

Possible new legislation. There will be a special election on February 3, 2004. If Measure 30 passes, the following personal income tax laws will go into effect:

- **Certain sport utility vehicles, trucks, and vans: addition for depreciation.** If you used a sports utility vehicle, truck, or van in your business, you may have an addition for the depreciation deducted on your federal return.
- **Special Oregon medical deduction.** The age requirement for this deduction is age 63. The deduction is limited based on your federal adjusted gross income.
- **Surcharge.** The surcharge is a percentage of your tax after credits.

Rounding cents to the nearest whole dollar. You must round all amounts to the nearest whole dollar. You will no longer enter cents on your Oregon return.

Federal law. Oregon is tied to the December 31, 2002, federal definition of taxable income. Oregon will not automatically adopt federal changes after December 31, 2002. Oregon remains permanently tied to federal law for depreciation of assets, pension plans, and tax-exempt or tax-deferred savings programs. Oregon has not adopted all of the provisions of the Military Family Tax Relief Act of 2003. Contact us for more information.

Form changes. Form 40S has changed. You may claim only the following credits on Form 40S for 2003:

- Exemption credit,
- Earned income credit,
- Child and dependent care credit, and
- Working family child care credit.

If you plan to take any other credit or credit carryforward, you must use Form 40. See page 32 for credit information.

Working family child care credit. Beginning in 2003, this credit for low-income families with qualifying child care expenses is refundable. You must complete and attach Schedule WFC to claim this credit. See page 21.

Federal tax subtraction. The federal tax subtraction limit has increased to \$3,500 (\$1,750 married filing separately.) See page 9 or 27.

Important reminders

Direct deposit. The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. If you choose direct deposit, contact your bank to make sure that your deposit will be accepted and to get your correct routing and account numbers. The Department of Revenue is not responsible if your bank rejects your deposit. We will issue you a paper check if the bank rejects your direct deposit. See page 12 or 38 for more information.

Payment coupon, Form RPC. Oregon provides a payment coupon to use when you have tax to pay. Form RPC is similar to the federal coupon and is easy to use. See page 37.

Oregon tax credits. When claiming an Oregon tax credit, you **must** claim the maximum credit allowable each year, up to your tax liability.

Oregon extension form. If you need more time to file, use Form 40-EXT to file an extension and make a tax payment to Oregon or to file an extension for Oregon only. See page 5 for more information.

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

General information

What income does Oregon tax?

An Oregon resident is taxed on all income, including income from outside the state. A nonresident of Oregon is taxed only on income from Oregon sources.

Residency

Am I a resident, a nonresident, or a part-year resident? The following will help you decide.

- You are a full-year **Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
 - You think of Oregon as your permanent home; and
 - Oregon is the center of your financial, social, and family life; and
 - Oregon is the place you intend to come back to when you are away.

You are still a **full-year resident** if:

- You temporarily moved out of Oregon, or
- You moved back to Oregon after a temporary absence.

You may also be considered a full-year resident if you spent more than 200 days in Oregon during the tax year or if you are a nonresident alien.

- You are a **nonresident** if your permanent home was outside Oregon all year.
- You are a **part-year resident** if you moved into or out of Oregon during the tax year. You are not a part-year resident if:
 - You temporarily moved out of Oregon, or
 - You moved back to Oregon after a temporary absence.

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

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

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

Oregon residents living abroad. Generally, if you qualify for the federal earned income exclusion or housing exclusion for United States residents living abroad, you are considered a nonresident.

Filing status

Generally, you must use the same filing status for your Oregon and federal returns.

Exceptions for married persons when spouses are:

- **Full-year resident and part-year resident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The full-year resident files Form 40, and the part-year resident files Form 40P. If you choose to file a joint return for Oregon, use Form 40P.
- **Full-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The full-year resident files Form 40, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.
- **Part-year resident and nonresident.** You may file separate Oregon returns. If you file separate returns for Oregon, you **must** use the married filing separately filing status. The part-year resident files Form 40P, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.

Need more information? Visit our Web site. Or, see page 40 to order the *Part-Year Resident and Nonresident* booklet and the information circular, *Married Persons Filing Separate Returns*.

Military personnel

Residents stationed in Oregon. If you are an Oregon resident stationed in Oregon, file Form 40.

Residents stationed outside Oregon. If you are an Oregon resident stationed outside Oregon, you may file Form 40N from the *Part-Year Resident and Nonresident* booklet if you meet the requirements for special-case Oregon residents or Oregon residents living abroad. See "Residency" on this page. File Form 40 if you don't meet the listed requirements.

Nonresidents stationed in Oregon. Oregon doesn't tax your military pay while you are stationed in Oregon. File Form 40N if you or your spouse had income from other Oregon sources or to claim a refund of Oregon tax withheld from your military pay.

Military Family Tax Relief Act. Oregon has not adopted all of the provisions of this act. Contact us for more information.

Need more information? Visit our Web site. Or, see page 40 to order the *Part-Year Resident and Nonresident* booklet and the information circular, *Military Personnel Filing Information*.

Filing for a deceased person

See "Do I need to file?" on page 2 to determine if a return must be filed for a deceased individual. If you are filing a return and claiming a refund for someone who is now deceased, file Form 243, *Claim to Refund Due a Deceased Person*, with the return. This will allow the department to issue the refund check in your name. Call the department to order this form. If you are a court-appointed or certified personal representative, Form 243 is not needed.

What form do I use?

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

- You are a full-year Oregon resident; and
- Your income is only from wages, interest, ordinary dividends, unemployment, fellowship grants, and taxable scholarships not used to pay for housing; and
- You claim the standard deduction on your return; and
- Your Oregon taxable income is \$50,000 or less; and
- You claim only the exemption credit, earned income credit, child and dependent care credit, and/or working family child care credit; and
- You are **not** claiming a carryover of the child and dependent care credit from prior years; and
- You do **not** have pension or annuity income or IRA distributions; and
- You do **not** owe penalty or interest; and
- You did **not** pay estimated tax during the year.

If you are a working student, you may be eligible to complete Form 40S using our working student Web site. See page 2 for more information.

Use Form 40 if BOTH of the following are true:

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

Use Form 40 if any ONE of the following is true:

- You received Social Security, pension, or annuity income; or
- You used taxable scholarship income for housing and you qualify for the Oregon subtraction; or
- You paid or should have paid estimated tax during the year; or

- You have adjustments to income on your federal tax return such as alimony or IRA deductions; or
- You have Oregon additions or subtractions other than the federal tax subtraction (the most common ones are listed on the return); or
- You itemize deductions on your Oregon return; or
- You are married filing separately and your spouse is itemizing; or
- You are a nonresident alien; or
- You are claiming tax credits other than the exemption credit, earned income credit, child and dependent care credit, or working family child care credit; or
- You are claiming a carryover of the child and dependent care credit from prior years; or
- You are in the military and are claiming the subtraction for military active duty pay; or
- You owe penalty or interest; or
- You want to apply all or part of your refund to your 2004 estimated tax.

Use Form 40P if any ONE of the following is true:

- You are a part-year resident, or
- You are filing jointly and one spouse is a full-year Oregon resident and one is a part-year resident, or
- You are filing jointly and both spouses are part-year Oregon residents, or
- You qualified as an Oregon resident living abroad for part of the year.

Use Form 40N if any ONE of the following is true:

- You are a nonresident, or
- You are a special-case Oregon resident (see "Residency" on page 4), or
- You and your spouse are filing jointly and one (or both) of you is a nonresident, or
- You meet the military personnel nonresident requirements explained on page 4, or
- You qualified as an Oregon resident living abroad for the entire year.

Forms 40P and 40N are included in the *Part-Year Resident and Nonresident* booklet. Download the booklet from our Web site or see page 40 to order.

When should I file my return?

File your return after the February 3, 2004, special election results are known. The filing deadline for calendar year 2003 is **April 15, 2004**. If you can't pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty. Payment plans are available. Contact the department to make payment arrangements. See page 40.

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

What if I need more time to file?

Generally, Oregon allows you the same extension you have for your federal return. However, in some cases,

you will need to file the **Oregon extension form**, Form 40-EXT. Download it from our Web site or see page 40 to order this form. The following will help you decide when you need to file Oregon Form 40-EXT:

- If you filed a federal extension, Form 4868, and you expect to get a refund for Oregon:
 - You do not need to file Form 40-EXT.
 - Check box 7b on Form 40S or Form 40 when you file your return.
 - Keep a copy of your federal extension in your records. You are not required to send us a copy of your federal extension.
- If you did not file a federal extension but need more time to file for **Oregon only** and you expect an Oregon refund:
 - File Oregon Form 40-EXT. Enter -0- in the payment amount box on the Form 40-EXT payment coupon and mail the entire form to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
 - Check box 7b on Form 40S or Form 40 when you file your return.
 - Keep a copy of your extension in your records.
- If you need more time to file for Oregon and you need to make a tax payment to Oregon:
 - File Oregon Form 40-EXT with your check or money order. Detach the payment coupon from the Form 40-EXT. Send your Form 40-EXT payment coupon and your check or money order by April 15, 2004, to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
 - Check box 7b on Form 40S or Form 40 when you file your return.
 - Keep a copy of your extension in your records.

An extension does not mean more time to pay!

You must pay any tax you expect to owe when you file your extension. If you don't pay all the tax due with your extension, you will owe interest on the unpaid balance after April 15, 2004, to the date of your payment. The 2004 interest rate is 6 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 10 percent per year. You may also owe a late-payment penalty.

Were you stationed in a designated combat zone?

Did you receive additional time to file your 2003 federal return and pay your 2003 tax? If so, Oregon allows the same additional time to file and pay. Write "combat zone" in blue or black ink at the top of your return when you file it. Contact the department if you were stationed in a contingency area. Or, visit our Web site for more information.

Penalties

You will owe a 5 percent late-payment penalty on any 2003 tax not paid by April 15, 2004.

If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a penalty of 25 percent of any tax not paid.

Exception: You don't have to pay a penalty if you do **all** of the following:

1. Get an extension of time to file your return; and
2. Pay at least 90 percent of the tax due by April 15, 2004; and
3. Pay the balance of tax due when you file by the extension deadline; and
4. Pay the interest on the balance of tax due when you file or within 30 days of our billing date.

A 100 percent penalty is charged if you don't file a return for **three consecutive years** by the due date of the third year including extensions. The penalty is 100 percent of the unpaid tax for each of the three years.

Interest on underpayment of estimated tax

You may owe interest on underpayment of estimated tax if:

- You owe \$1,000 or more on your return after credits and withholding; or
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2003.

See the instructions for Form 40, line 53, on page 36.

2004 estimated tax

Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to determine if you need to make estimated tax payments for 2004.

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2004 Oregon individual income tax return.

Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2004 Oregon income tax return after credits and withholding must make estimated payments. You may need to make estimated payments if:

- You are self-employed and don't have Oregon tax withheld from your income.
- You receive Oregon lottery winnings under \$5,000.
- You receive income such as pensions, interest, or dividends and Oregon tax is not withheld.
- You are a wage earner and expect to owe tax of \$1,000 or more on your 2004 return. You may want to increase the amount your employer withholds from your Oregon wages. If you and your spouse both work, visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some*

Special Cases. Or, call the department to order it. See page 40.

When do I pay?

The due dates are April 15, 2004*; June 15, 2004; September 15, 2004; and January 18, 2005.

Send your payment with Form 40ES. Visit our Web site to download the form. Or, see page 40 to order estimated tax coupons, instructions, and the information circular.

* *Please send your 2004 Oregon Form 40ES and payment in a different envelope from your 2003 Oregon income tax return. This will help us credit your payment more efficiently.*

What if I am self-employed?

If you are self-employed and do business in Multnomah, Clackamas, or Washington counties, you may need to file Form TM, *TriMet Self-Employment Tax Return*. If you are self-employed and do business in Lane County, you may need to file Form LTD, *Lane Transit District Self-Employment Tax Return*. Contact the department to order either of these forms. Or, visit our Web site to download the forms.

Frequently asked questions

Is my tax return private information?

Yes. All information provided on the return is confidential. Any Oregon Department of Revenue employee who gives out unauthorized information about your return may be convicted of a class C felony.

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. You can download a change of address form from our Web site. Or, write to: Address Change, Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Or, you can call

one of the numbers listed on page 40. Remember to file a change of address form at your local post office.

What tax records do I need to keep?

You need to keep:

- A complete copy of your federal and state returns even if you use a tax practitioner or file electronically.
- The original of all receipts, canceled checks, statements, and other records you used to prepare your return. **Save these records for at least three years from the due date of the return or three years from the date you file your return, whichever is later.** If your return is audited, the law says you must show proof of your income and expenses.
- All records from the sale or purchase of property and investments. Keep these records for at least three years after you report the gain or loss on the property or investment.

Visit our Web site for more information about record-keeping requirements. Or, see page 40 to order the information circular.

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

File Form 40X, *Oregon Amended Individual Income Tax 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 or another state's return, usually you'll need to amend your Oregon return. Visit our Web site to download Form 40X and instructions. Or, see page 40 to order.

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

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

Instructions for Forms 40S and 40

Step 1: Select the appropriate form.

See page 5 to decide which form to use. Not everyone may file Form 40S (short form).

Step 2: Fill out your federal form.

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

Form 40 filers. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR, or TeleFile Tax Record to your Oregon Form 40. Don't attach federal Schedule A, B, C, or D, or

Form 2441, etc. We may ask you for copies of schedules or additional information later.

See "What tax records do I need to keep?" above.

Step 3: Start the Oregon form.

Fiscal year filers

You must use Form 40. Write the ending date of your fiscal year in the space provided. Write "Fiscal year" at the top of the return. Please use **blue** or **black** ink.

Name and address

Please type or clearly print your name, address, telephone number, and correct Social Security number on your return.

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

Individual Taxpayer Identification Number (ITIN). If the IRS has issued you an ITIN because you do not have a Social Security number, enter your ITIN on your Oregon tax return wherever your SSN is requested.

Birth year. Enter the four digits of the year you were born. For example, "1963."

Check the boxes

Filing status

1–**5** Check the box next to your filing status. Check the same filing status you checked on your federal return. If you and your spouse don't have the same residency status, you may file separate returns for Oregon even if you filed your federal return as married filing jointly. See page 4 for additional information.

If you are **married filing separately**, fill in your spouse's name and Social Security number next to box 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 person who qualifies you for head of household filing status next to box 4.

Exemptions

6a & **6b** **Yourself and spouse.** Check "Yourself" and other boxes that apply. If someone else can claim you as a dependent, you can't claim an exemption for yourself; enter -0- in the total box on 6a unless you have a severe disability.

Severely disabled. Did you have a severe disability at the end of 2003? If so, you may claim an additional exemption credit. You may qualify for the severely disabled exemption even if someone else can claim you as a dependent. You are considered to have a severe disability if **any** of the following apply:

- You permanently lost the use of one or both feet, or
- You permanently lost the use of both hands, or
- You are permanently blind, or
- You have a permanent condition that, without special equipment or outside help, limits your ability to:
 - Earn a living, or
 - Maintain a household, or
 - Transport yourself.

Special equipment doesn't include items such as 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 loss of use of limbs credit. You must file Form 40 to claim this credit. See instructions on page 34.

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

6d **Child(ren) with a disability.** You may be entitled to an additional personal exemption for your dependent child who has a qualifying disability. To qualify, **all** of the following must be true. Your child:

- Qualified as your dependent for 2003; and
- Was age 17 or younger on December 31, 2003; and
- Was eligible for "early intervention services" or received special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone don't qualify); and
- Was considered to have a disability as of December 31, 2003, under the federal Individuals with Disabilities Education Act and related Oregon laws. Eligible disabilities include:
 - Autism.
 - Deaf-blind.
 - Hearing impairment.
 - Mental retardation.
 - Multiple disabilities.
 - Orthopedic impairment.
 - Other health impairment.
 - Serious emotional disturbance.
 - Traumatic brain injury.
 - Visual impairment.

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

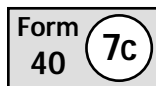
Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Child(ren) with a disability." Also be sure to include the child's name on line 6c for "All dependents."

7a **Age 65 or older, or blind.** Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2003. You are entitled to a larger standard deduction on Form 40S, line 10; or Form 40, line 26. If you or your spouse are blind, you may also qualify for the severely disabled exemption credit. See the instructions for lines 6a and 6b, page 8.

7b **Extension.** If you filed an extension of time to file, check the box on line 7b. See page 5 for more information.



Dependent. If someone else can claim you as a dependent, you can't claim an exemption for yourself. Check the box on Form 40S, line 7c. Also, enter -0- in the total box on line 6a unless you are severely disabled.



Deferral of gain. Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check the box on Form 40, line 7c. Also, complete and attach Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*. Download it from our Web site or see page 40 to order.

Form 40S filers, continue below to complete your return.

Form 40 filers, go to page 26 to complete your return.

Form 40S line instructions

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

You **must** round off cents to the nearest dollar. For example, \$12.15 becomes \$12 and \$233.50 becomes \$234.

8 Income

8a Wages. Fill in all pay for work. This amount is usually shown on Form W-2. Pay for work includes wages, salaries, tips, and commissions plus your taxable scholarships and fellowship grants. If you paid for housing with scholarship funds, file Form 40.

8b Unemployment. Fill in all unemployment compensation. This is the amount on federal Form 1040, line 19; Form 1040A, line 13; Form 1040EZ, line 3; Form 1040NR, line 20; or Telefile Tax Record, line D.

8c Interest and dividends. Add together your total interest and dividends and enter the result on line 8c. Your total interest includes:

- Any interest received or credited to your account that you can withdraw.
- Any interest received on tax refunds.

You can't use Form 40S if:

- You have interest from the U.S. government, such as savings bond interest; **or**
- You received nontaxable distributions or capital gain distributions.

Use Form 40 instead.

8d Total income. Add together the amounts shown in boxes 8a, 8b, and 8c. Enter the result on Form 40S, line 8d.

9 **2003 federal tax liability.** Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

You may deduct your total federal income tax liability after credits, up to \$3,500. Don't fill in less than -0- or more than \$3,500 (\$1,750 if married filing separately).

1. Enter your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 54; Form 1040NR, line 50; or TeleFile Tax Record, line K, box 2. 1. _____
2. Enter the amount of your 2003 advanced federal child tax credit you received or the amount you were credited (before offsets). 2. _____
3. Subtract line 2 from line 1. Enter result here. 3. _____
4. Enter \$3,500 (\$1,750 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40S, line 9. 5. _____

Is the IRS figuring your federal tax for you? Do not write an amount on line 9. Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record. Write "Calculate federal tax" at the top of your return in blue or black ink. We will use the information on your federal return to determine your federal tax liability.

10 **Standard deduction.** See the back of Form 40S for instructions unless you can be claimed as a dependent on another person's return. If you are a dependent, use the following worksheet to figure your standard deduction.

Standard deduction worksheet for dependents

1. Enter your earned income. 1. _____
2. Additional \$250. 2. 250
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction set amount. 4. 750
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,670
7. Enter the smaller of line 5 or line 6. 7. _____
8. If you are under age 65, enter -0-.
If you are age 65 or older, enter \$1,200. 8. _____
9. If you are not blind, enter -0-.
If you are blind, enter \$1,200. 9. _____
10. Add lines 7, 8, and 9. Enter the total here and on Form 40S, line 10; or Form 40, line 26. This is your standard deduction. 10. _____

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

13 **Tax from tables.** Figure the tax on your Oregon taxable income, line 12. See page 23 for the tax tables.

15 **Earned income credit.** You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$).

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040EZ, line 8; Form 1040A, line 41; Form 1040, line 63; or TeleFile Tax Record, line L. 1. _____
2. Decimal amount. 2. .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40S, line 15. 3. _____

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability. Any unused credit cannot be refunded.

16 **Child and dependent care credit.** You are allowed an Oregon credit **only** if you qualify for the federal child and dependent care credit. You may be able to claim the Oregon credit even if you can't use all of your federal credit. In most cases, you cannot claim the credit if you are married filing separately.

Use the following worksheet:

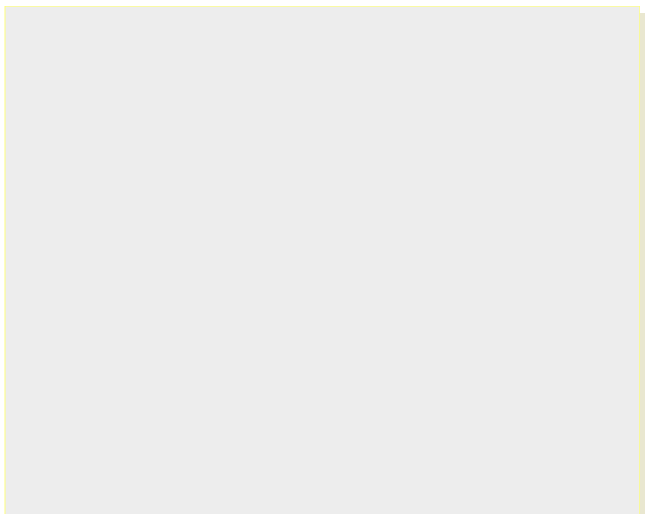
1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. _____
2. Enter the decimal amount from the following table. 2. _____

If your federal taxable income from Form 1040, line 40; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
—	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal on line 2. Enter here and on Form 40S, line 16. 3. _____

Note: Did you pay 2002 child care expenses in 2003? If so, you may be able to use that amount to increase your 2003 Oregon child and dependent care credit. Please contact us for more information. See page 40.

Carryover. Your total 2003 child and dependent care credit can't be more than your 2003 tax liability for Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost. If you are claiming a carryover this year, you **must** file Form 40.



If Measure 30
FAILS

19

Surcharge. If the measure fails, the surcharge is not law. Enter -0- on Form 40S, line 19, and complete line 20. Follow line 21 instructions to complete your return.

21 **Oregon income tax withheld.** Fill in the total **Oregon** tax withheld from your wages and other income. That's the amount shown on your Form(s) W-2 in box 17 or on Form 1099. Don't use the FICA (Social Security) tax withheld. Don't use tax withheld from your wages by other states. **Staple a readable copy** of your Form(s) W-2 from each job and any 1099 showing Oregon income tax withheld to the lower front of your return.

If you don't have a Form W-2 or 1099, you must provide other proof of any tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you paid estimated tax for 2003, you **must** use Form 40.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2004 wages for Oregon. Visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, call the department to order. See page 40.

22 **Working family child care credit.** This credit is available to low-income families with **qualifying** child care expenses. The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference.

Complete Schedule WFC, *Oregon Working Family Child Care Credit*, on page 21 to figure your credit. You must attach Schedule WFC to your return to claim the credit. Make a copy for your records.

If you qualify, you may claim this credit in addition to the child and dependent care credit.

Example: A married couple with one qualifying child had total income of \$31,502 and total child care expenses of \$3,650 in 2003. With a household size of three, they use Table 3 on page 22 to find the correct decimal (.36) and multiply it by \$3,650 to figure their credit of \$1,314. They must complete and attach Schedule WFC, *Oregon Working Family Child Care Credit*, to their return to claim this credit.

24 **Refund.** If line 23 is more than line 20, you have a refund. Enter your refund amount on line 24 and then go to line 26.

25 **Tax to pay.** If line 20 is more than line 23, you have tax to pay.

- Make your check or money order payable to "**Oregon Department of Revenue.**" **Do not** make your payment out to "IRS," "Treasury," or "Internal Revenue Service."
- Write your Social Security number and "2003 Oregon Form 40S" on your check.
- Please use **blue or black** ink. Do not use gel pens or red ink.
- **Don't send cash or a postdated check.**
- Staple your payment and the Form RPC payment coupon (page 37) to your return on top of the Form(s) W-2.

Payment plan. If you can't pay in full now, we will work with you to set up a payment plan. Contact the department for more information.

If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. See page 36.

Charitable donations. If you don't have a refund but want to contribute to a charity listed on lines 26–31, mail your donation to the charity's address listed on our Web site. Do not mail your donation to the Department of Revenue.

Go to the signature block section on page 38 to finish your return.

Charitable checkoffs

You may choose to donate all or part of your refund to the charities listed below. Donations will reduce your refund. You may donate to any or all of the charities on lines 26–30. You may also donate to **one** of the charities listed under the instructions for line 31. Or, you can mail your donations to the addresses listed on our Web site.

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

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

28 **Alzheimer's Disease Research.** Your donation goes to the Alzheimer's Association for research on Alzheimer's and related disorders.

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

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

31 **Other charity.** You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 31. **Only one code may be entered.** Check the box for the amount you want to donate and write it on line 31. Or, you can mail your donations to the addresses listed on our Web site.

Habitat for Humanity (Code 1). Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.

Oregon Head Start Association (Code 2). Your donation will help Head Start provide services to the lowest-income, highest-need children and families.

American Diabetes Association (Code 3). Your donation will help continue diabetes research and advocacy programs in Oregon.

Oregon Coast Aquarium (Code 4). Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.

SMART (Code 5). Your donation will help fund the Start Making A Reader Today early literacy program for Oregon's most vulnerable children.

SOLV (Code 6). Your donation will help fund thousands of projects to clean up beaches, forests, rivers, and neighborhoods across Oregon.

St. Vincent de Paul Society of Oregon (Code 7). Your donation will help provide services leading to self-sufficiency for low-income Oregonians.

The Nature Conservancy (Code 8). Your donation will help purchase and restore critical habitats for Oregon's at-risk plants, fish, and wildlife.

Doernbecher Children's Hospital Foundation (Code 9). Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

The Oregon Humane Society (Code 10). Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Salvation Army—Oregon (Code 11). Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Oregon Veterans' Home (Code 12). Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

Planned Parenthood of Oregon (Code 13). Your donation will fund family planning services and reproductive health education programs.

33 **Net refund.** You must reduce your refund by any donations on lines 26–31. The department cannot issue a refund when the return is filed more than three years after the due date of the return.

Direct deposit

34 **Direct deposit.** Complete line 34 if you want us to deposit your refund directly into your bank account instead of mailing you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32.
4. **Enter the account number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Do not include hyphens, spaces, or special symbols. Enter the number left to right and leave any unused boxes blank.

Go to the signature block section on page 38 to finish your return.

[Form 40S (front)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40S (back)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40S (front)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40S (back)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40 (front)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40 (back)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40 (front)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

[Form 40 (back)]

The tax forms are a separate download. You will find them at:
<http://www.dor.state.or.us/formspit.html>

Schedule WFC

Oregon Working Family Child Care Credit for Form 40 and Form 40S Filers

2003

The working family child care credit is available to low income families with child care expenses. To qualify, **all of the following must be true:**

- Your child care expenses must be paid by you or your employer to allow you and your spouse to work or attend school; **and**
- Your child care expenses must be for your child under the age of 13 (or for a child with a disability); **and**
- Your child care must be provided by someone other than the child's parent, guardian, or a brother or sister under age 19; **and**
- Your adjusted gross income is less than the limit for your household size; **and**
- You have at least \$6,600 of earned income; **and**
- You have less than \$2,600 of investment income (interest, dividends, and capital gains).

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2003 to qualify.

Child Care Expense Paid in 2003

Name of Care Provider	Social Security No.(SSN)/FEIN	Address of Care Provider	Amount Paid
1.			
2.			
3.			
4. Add lines 1 through 3. Enter this amount on line 18 below			Total Child Care Expense 4

Household Size

Your household size is generally the number of individuals living in your home that you claim on your federal return. Parents who share custody of their children have different rules.

Custodial parent: Enter the exemption information from your federal return on lines 5–12. Also enter the information for any child who lived with you, but whom you allowed the other parent to claim on his or her tax return.

Noncustodial parent: Enter the exemption information from your federal return on lines 5–12. **DO NOT** enter the exemption information for any child who did not live with you more than half the year even though the child's other parent may have allowed you to claim the exemption on your tax return. Enter that child's information on lines 14–16.

To determine your household size, provide the following information:

Your First and Last Name	Your SSN					
5.		Note: Noncustodial parents may not increase household size based on a dependency exemption given to you by the custodial parent.				
Spouse's Name, if Joint Return	Spouse's SSN					
6.	Names of Dependents Who Lived With You	Dependent's SSN	Dependent's Date of Birth	Check if you did not claim this dependent on your federal return	Number of months this dependent lived with you	Relationship
7.				<input type="checkbox"/>		
8.				<input type="checkbox"/>		
9.				<input type="checkbox"/>		
10.				<input type="checkbox"/>		
11.				<input type="checkbox"/>		
12.				<input type="checkbox"/>		
13. Add the number of names listed on lines 5 through 12						Total Household Size 13

Noncustodial Parent

Enter on lines 14–16 the information for any child who did not live with you for more than half the year.

Child's First and Last Name	Child's SSN	Child's Date of Birth	Relationship
14.			
15.			
16.			

Computation of Credit

17. Enter your federal adjusted gross income (Form 40S, line 8d or Form 40, line 8)	17	<input type="text"/>
18. Enter the total qualifying child care expense paid in 2003 from line 4 above	18	<input type="text"/>
19. Enter the decimal amount from the Working Family Child Care Credit table on the back (use the table that matches your household size from line 13 above). For example, if the amount on line 13 is 4, use Table 4	19	<input type="text" value="X"/>
20. Multiply the amount on line 18 by the decimal amount on line 19. Enter the result here and on Form 40S, line 22 or Form 40, line 48. This is your working family child care credit	20	<input type="text"/>

Working Family Child Care Credit—2003 Tables

Table 1, household size = 1		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$17,950	.40
\$17,950	18,850	.36
18,850	19,750	.32
19,750	20,650	.24
20,650	21,550	.16
21,550	22,450	.08
22,450	—	.00

Table 2, household size = 2		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$24,250	.40
\$24,250	25,450	.36
25,450	26,650	.32
26,650	27,900	.24
27,900	29,100	.16
29,100	30,300	.08
30,300	—	.00

Table 3, household size = 3		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$30,500	.40
\$30,500	32,050	.36
32,050	33,550	.32
33,550	35,100	.24
35,100	36,600	.16
36,600	38,150	.08
38,150	—	.00

Table 4, household size = 4		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$36,800	.40
\$36,800	38,650	.36
38,650	40,500	.32
40,500	42,300	.24
42,300	44,150	.16
44,150	46,000	.08
46,000	—	.00

Table 5, household size = 5		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$43,100	.40
\$43,100	45,250	.36
45,250	47,400	.32
47,400	49,550	.24
49,550	51,700	.16
51,700	53,850	.08
53,850	—	.00

Table 6, household size = 6		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$49,350	.40
\$49,350	51,850	.36
51,850	54,300	.32
54,300	56,750	.24
56,750	59,250	.16
59,250	61,700	.08
61,700	—	.00

Table 7, household size = 7		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$55,650	.40
\$55,650	58,400	.36
58,400	61,200	.32
61,200	64,000	.24
64,000	66,750	.16
66,750	69,550	.08
69,550	—	.00

Table 8, household size = 8*		
If the amount on line 17 is:		Enter this decimal amount on line 19:
at least:	but less than:	
—	\$61,900	.40
\$61,900	65,000	.36
65,000	68,100	.32
68,100	71,200	.24
71,200	74,300	.16
74,300	77,400	.08
77,400	—	.00

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

2003 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:	
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
\$ 0				\$ 4,000				\$ 9,000				\$ 14,000			
				4,000 – 4,100	233	203		9,000 – 9,100	637	532		14,000 – 14,100	1,087	909	
				4,100 – 4,200	240	208		9,100 – 9,200	646	539		14,100 – 14,200	1,096	918	
				4,200 – 4,300	247	213		9,200 – 9,300	655	546		14,200 – 14,300	1,105	927	
				4,300 – 4,400	254	218		9,300 – 9,400	664	553		14,300 – 14,400	1,114	936	
				4,400 – 4,500	261	223		9,400 – 9,500	673	560		14,400 – 14,500	1,123	945	
				4,500 – 4,600	268	228		9,500 – 9,600	682	567		14,500 – 14,600	1,132	954	
				4,600 – 4,700	275	233		9,600 – 9,700	691	574		14,600 – 14,700	1,141	963	
				4,700 – 4,800	282	238		9,700 – 9,800	700	581		14,700 – 14,800	1,150	972	
0 – 20	0	0	0	4,800 – 4,900	289	243		9,800 – 9,900	709	588		14,800 – 14,900	1,159	981	
20 – 50	2	2	2	4,900 – 5,000	296	248		9,900 – 10,000	718	595		14,900 – 15,000	1,168	990	
\$ 50				\$ 5,000				\$ 10,000				\$ 15,000			
50 – 100	4	4		5,000 – 5,100	303	253		10,000 – 10,100	727	602		15,000 – 15,100	1,177	999	
100 – 200	8	8		5,100 – 5,200	310	259		10,100 – 10,200	736	609		15,100 – 15,200	1,186	1,008	
200 – 300	13	13		5,200 – 5,300	317	266		10,200 – 10,300	745	616		15,200 – 15,300	1,195	1,017	
300 – 400	18	18		5,300 – 5,400	324	273		10,300 – 10,400	754	623		15,300 – 15,400	1,204	1,026	
400 – 500	23	23		5,400 – 5,500	331	280		10,400 – 10,500	763	630		15,400 – 15,500	1,213	1,035	
500 – 600	28	28		5,500 – 5,600	338	287		10,500 – 10,600	772	637		15,500 – 15,600	1,222	1,044	
600 – 700	33	33		5,600 – 5,700	345	294		10,600 – 10,700	781	644		15,600 – 15,700	1,231	1,053	
700 – 800	38	38		5,700 – 5,800	352	301		10,700 – 10,800	790	651		15,700 – 15,800	1,240	1,062	
800 – 900	43	43		5,800 – 5,900	359	308		10,800 – 10,900	799	658		15,800 – 15,900	1,249	1,071	
900 – 1,000	48	48		5,900 – 6,000	366	315		10,900 – 11,000	808	665		15,900 – 16,000	1,258	1,080	
\$ 1,000				\$ 6,000				\$ 11,000				\$ 16,000			
1,000 – 1,100	53	53		6,000 – 6,100	373	322		11,000 – 11,100	817	672		16,000 – 16,100	1,267	1,089	
1,100 – 1,200	58	58		6,100 – 6,200	380	329		11,100 – 11,200	826	679		16,100 – 16,200	1,276	1,098	
1,200 – 1,300	63	63		6,200 – 6,300	387	336		11,200 – 11,300	835	686		16,200 – 16,300	1,285	1,107	
1,300 – 1,400	68	68		6,300 – 6,400	394	343		11,300 – 11,400	844	693		16,300 – 16,400	1,294	1,116	
1,400 – 1,500	73	73		6,400 – 6,500	403	350		11,400 – 11,500	853	700		16,400 – 16,500	1,303	1,125	
1,500 – 1,600	78	78		6,500 – 6,600	412	357		11,500 – 11,600	862	707		16,500 – 16,600	1,312	1,134	
1,600 – 1,700	83	83		6,600 – 6,700	421	364		11,600 – 11,700	871	714		16,600 – 16,700	1,321	1,143	
1,700 – 1,800	88	88		6,700 – 6,800	430	371		11,700 – 11,800	880	721		16,700 – 16,800	1,330	1,152	
1,800 – 1,900	93	93		6,800 – 6,900	439	378		11,800 – 11,900	889	728		16,800 – 16,900	1,339	1,161	
1,900 – 2,000	98	98		6,900 – 7,000	448	385		11,900 – 12,000	898	735		16,900 – 17,000	1,348	1,170	
\$ 2,000				\$ 7,000				\$ 12,000				\$ 17,000			
2,000 – 2,100	103	103		7,000 – 7,100	457	392		12,000 – 12,100	907	742		17,000 – 17,100	1,357	1,179	
2,100 – 2,200	108	108		7,100 – 7,200	466	399		12,100 – 12,200	916	749		17,100 – 17,200	1,366	1,188	
2,200 – 2,300	113	113		7,200 – 7,300	475	406		12,200 – 12,300	925	756		17,200 – 17,300	1,375	1,197	
2,300 – 2,400	118	118		7,300 – 7,400	484	413		12,300 – 12,400	934	763		17,300 – 17,400	1,384	1,206	
2,400 – 2,500	123	123		7,400 – 7,500	493	420		12,400 – 12,500	943	770		17,400 – 17,500	1,393	1,215	
2,500 – 2,600	128	128		7,500 – 7,600	502	427		12,500 – 12,600	952	777		17,500 – 17,600	1,402	1,224	
2,600 – 2,700	135	133		7,600 – 7,700	511	434		12,600 – 12,700	961	784		17,600 – 17,700	1,411	1,233	
2,700 – 2,800	142	138		7,700 – 7,800	520	441		12,700 – 12,800	970	792		17,700 – 17,800	1,420	1,242	
2,800 – 2,900	149	143		7,800 – 7,900	529	448		12,800 – 12,900	979	801		17,800 – 17,900	1,429	1,251	
2,900 – 3,000	156	148		7,900 – 8,000	538	455		12,900 – 13,000	988	810		17,900 – 18,000	1,438	1,260	
\$ 3,000				\$ 8,000				\$ 13,000				\$ 18,000			
3,000 – 3,100	163	153		8,000 – 8,100	547	462		13,000 – 13,100	997	819		18,000 – 18,100	1,447	1,269	
3,100 – 3,200	170	158		8,100 – 8,200	556	469		13,100 – 13,200	1,006	828		18,100 – 18,200	1,456	1,278	
3,200 – 3,300	177	163		8,200 – 8,300	565	476		13,200 – 13,300	1,015	837		18,200 – 18,300	1,465	1,287	
3,300 – 3,400	184	168		8,300 – 8,400	574	483		13,300 – 13,400	1,024	846		18,300 – 18,400	1,474	1,296	
3,400 – 3,500	191	173		8,400 – 8,500	583	490		13,400 – 13,500	1,033	855		18,400 – 18,500	1,483	1,305	
3,500 – 3,600	198	178		8,500 – 8,600	592	497		13,500 – 13,600	1,042	864		18,500 – 18,600	1,492	1,314	
3,600 – 3,700	205	183		8,600 – 8,700	601	504		13,600 – 13,700	1,051	873		18,600 – 18,700	1,501	1,323	
3,700 – 3,800	212	188		8,700 – 8,800	610	511		13,700 – 13,800	1,060	882		18,700 – 18,800	1,510	1,332	
3,800 – 3,900	219	193		8,800 – 8,900	619	518		13,800 – 13,900	1,069	891		18,800 – 18,900	1,519	1,341	
3,900 – 4,000	226	198		8,900 – 9,000	628	525		13,900 – 14,000	1,078	900		18,900 – 19,000	1,528	1,350	

2003 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:									
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J								
		Your tax is:				Your tax is:				Your tax is:				Your tax is:									
\$ 19,000				\$ 24,000				\$ 29,000				\$ 34,000											
19,000 – 19,100	1,537	1,359	24,000 – 24,100	1,987	1,809	29,000 – 29,100	2,437	2,259	34,000 – 34,100	2,887	2,709	19,100 – 19,200	1,546	1,368	24,100 – 24,200	1,996	1,818	29,100 – 29,200	2,446	2,268	34,100 – 34,200	2,896	2,718
19,200 – 19,300	1,555	1,377	24,200 – 24,300	2,005	1,827	29,200 – 29,300	2,455	2,277	34,200 – 34,300	2,905	2,727	19,300 – 19,400	1,564	1,386	24,300 – 24,400	2,014	1,836	29,300 – 29,400	2,464	2,286	34,300 – 34,400	2,914	2,736
19,400 – 19,500	1,573	1,395	24,400 – 24,500	2,023	1,845	29,400 – 29,500	2,473	2,295	34,400 – 34,500	2,923	2,745	19,500 – 19,600	1,582	1,404	24,500 – 24,600	2,032	1,854	29,500 – 29,600	2,482	2,304	34,500 – 34,600	2,932	2,754
19,600 – 19,700	1,591	1,413	24,600 – 24,700	2,041	1,863	29,600 – 29,700	2,491	2,313	34,600 – 34,700	2,941	2,763	19,700 – 19,800	1,600	1,422	24,700 – 24,800	2,050	1,872	29,700 – 29,800	2,500	2,322	34,700 – 34,800	2,950	2,772
19,800 – 19,900	1,609	1,431	24,800 – 24,900	2,059	1,881	29,800 – 29,900	2,509	2,331	34,800 – 34,900	2,959	2,781	19,900 – 20,000	1,618	1,440	24,900 – 25,000	2,068	1,890	29,900 – 30,000	2,518	2,340	34,900 – 35,000	2,968	2,790
\$ 20,000				\$ 25,000				\$ 30,000				\$ 35,000											
20,000 – 20,100	1,627	1,449	25,000 – 25,100	2,077	1,899	30,000 – 30,100	2,527	2,349	35,000 – 35,100	2,977	2,799	20,100 – 20,200	1,636	1,458	25,100 – 25,200	2,086	1,908	30,100 – 30,200	2,536	2,358	35,100 – 35,200	2,986	2,808
20,200 – 20,300	1,645	1,467	25,200 – 25,300	2,095	1,917	30,200 – 30,300	2,545	2,367	35,200 – 35,300	2,995	2,817	20,300 – 20,400	1,654	1,476	25,300 – 25,400	2,104	1,926	30,300 – 30,400	2,554	2,376	35,300 – 35,400	3,004	2,826
20,400 – 20,500	1,663	1,485	25,400 – 25,500	2,113	1,935	30,400 – 30,500	2,563	2,385	35,400 – 35,500	3,013	2,835	20,500 – 20,600	1,672	1,494	25,500 – 25,600	2,122	1,944	30,500 – 30,600	2,572	2,394	35,500 – 35,600	3,022	2,844
20,600 – 20,700	1,681	1,503	25,600 – 25,700	2,131	1,953	30,600 – 30,700	2,581	2,403	35,600 – 35,700	3,031	2,853	20,700 – 20,800	1,690	1,512	25,700 – 25,800	2,140	1,962	30,700 – 30,800	2,590	2,412	35,700 – 35,800	3,040	2,862
20,800 – 20,900	1,699	1,521	25,800 – 25,900	2,149	1,971	30,800 – 30,900	2,599	2,421	35,800 – 35,900	3,049	2,871	20,900 – 21,000	1,708	1,530	25,900 – 26,000	2,158	1,980	30,900 – 31,000	2,608	2,430	35,900 – 36,000	3,058	2,880
\$ 21,000				\$ 26,000				\$ 31,000				\$ 36,000											
21,000 – 21,100	1,717	1,539	26,000 – 26,100	2,167	1,989	31,000 – 31,100	2,617	2,439	36,000 – 36,100	3,067	2,889	21,100 – 21,200	1,726	1,548	26,100 – 26,200	2,176	1,998	31,100 – 31,200	2,626	2,448	36,100 – 36,200	3,076	2,898
21,200 – 21,300	1,735	1,557	26,200 – 26,300	2,185	2,007	31,200 – 31,300	2,635	2,457	36,200 – 36,300	3,085	2,907	21,300 – 21,400	1,744	1,566	26,300 – 26,400	2,194	2,016	31,300 – 31,400	2,644	2,466	36,300 – 36,400	3,094	2,916
21,400 – 21,500	1,753	1,575	26,400 – 26,500	2,203	2,025	31,400 – 31,500	2,653	2,475	36,400 – 36,500	3,103	2,925	21,500 – 21,600	1,762	1,584	26,500 – 26,600	2,212	2,034	31,500 – 31,600	2,662	2,484	36,500 – 36,600	3,112	2,934
21,600 – 21,700	1,771	1,593	26,600 – 26,700	2,221	2,043	31,600 – 31,700	2,671	2,493	36,600 – 36,700	3,121	2,943	21,700 – 21,800	1,780	1,602	26,700 – 26,800	2,230	2,052	31,700 – 31,800	2,680	2,502	36,700 – 36,800	3,130	2,952
21,800 – 21,900	1,789	1,611	26,800 – 26,900	2,239	2,061	31,800 – 31,900	2,689	2,511	36,800 – 36,900	3,139	2,961	21,900 – 22,000	1,798	1,620	26,900 – 27,000	2,248	2,070	31,900 – 32,000	2,698	2,520	36,900 – 37,000	3,148	2,970
\$ 22,000				\$ 27,000				\$ 32,000				\$ 37,000											
22,000 – 22,100	1,807	1,629	27,000 – 27,100	2,257	2,079	32,000 – 32,100	2,707	2,529	37,000 – 37,100	3,157	2,979	22,100 – 22,200	1,816	1,638	27,100 – 27,200	2,266	2,088	32,100 – 32,200	2,716	2,538	37,100 – 37,200	3,166	2,988
22,200 – 22,300	1,825	1,647	27,200 – 27,300	2,275	2,097	32,200 – 32,300	2,725	2,547	37,200 – 37,300	3,175	2,997	22,300 – 22,400	1,834	1,656	27,300 – 27,400	2,284	2,106	32,300 – 32,400	2,734	2,556	37,300 – 37,400	3,184	3,006
22,400 – 22,500	1,843	1,665	27,400 – 27,500	2,293	2,115	32,400 – 32,500	2,743	2,565	37,400 – 37,500	3,193	3,015	22,500 – 22,600	1,852	1,674	27,500 – 27,600	2,302	2,124	32,500 – 32,600	2,752	2,574	37,500 – 37,600	3,202	3,024
22,600 – 22,700	1,861	1,683	27,600 – 27,700	2,311	2,133	32,600 – 32,700	2,761	2,583	37,600 – 37,700	3,211	3,033	22,700 – 22,800	1,870	1,692	27,700 – 27,800	2,320	2,142	32,700 – 32,800	2,770	2,592	37,700 – 37,800	3,220	3,042
22,800 – 22,900	1,879	1,701	27,800 – 27,900	2,329	2,151	32,800 – 32,900	2,779	2,601	37,800 – 37,900	3,229	3,051	22,900 – 23,000	1,888	1,710	27,900 – 28,000	2,338	2,160	32,900 – 33,000	2,788	2,610	37,900 – 38,000	3,238	3,060
\$ 23,000				\$ 28,000				\$ 33,000				\$ 38,000											
23,000 – 23,100	1,897	1,719	28,000 – 28,100	2,347	2,169	33,000 – 33,100	2,797	2,619	38,000 – 38,100	3,247	3,069	23,100 – 23,200	1,906	1,728	28,100 – 28,200	2,356	2,178	33,100 – 33,200	2,806	2,628	38,100 – 38,200	3,256	3,078
23,200 – 23,300	1,915	1,737	28,200 – 28,300	2,365	2,187	33,200 – 33,300	2,815	2,637	38,200 – 38,300	3,265	3,087	23,300 – 23,400	1,924	1,746	28,300 – 28,400	2,374	2,196	33,300 – 33,400	2,824	2,646	38,300 – 38,400	3,274	3,096
23,400 – 23,500	1,933	1,755	28,400 – 28,500	2,383	2,205	33,400 – 33,500	2,833	2,655	38,400 – 38,500	3,283	3,105	23,500 – 23,600	1,942	1,764	28,500 – 28,600	2,392	2,214	33,500 – 33,600	2,842	2,664	38,500 – 38,600	3,292	3,114
23,600 – 23,700	1,951	1,773	28,600 – 28,700	2,401	2,223	33,600 – 33,700	2,851	2,673	38,600 – 38,700	3,301	3,123	23,700 – 23,800	1,960	1,782	28,700 – 28,800	2,410	2,232	33,700 – 33,800	2,860	2,682	38,700 – 38,800	3,310	3,132
23,800 – 23,900	1,969	1,791	28,800 – 28,900	2,419	2,241	33,800 – 33,900	2,869	2,691	38,800 – 38,900	3,319	3,141	23,900 – 24,000	1,978	1,800	28,900 – 29,000	2,428	2,250	33,900 – 34,000	2,878	2,700	38,900 – 39,000	3,328	3,150

2003 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:	If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:	If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:	If income from Form 40S, line 12; or Form 40, line 29 is:		And you use column:
At least:	But less than:	S J	At least:	But less than:	S J	At least:	But less than:	S J	At least:	But less than:	S J
		Your tax is:			Your tax is:			Your tax is:			Your tax is:
\$ 39,000			\$ 42,000			\$ 45,000			\$ 48,000		
39,000 – 39,100	3,337	3,159	42,000 – 42,100	3,607	3,429	45,000 – 45,100	3,877	3,699	48,000 – 48,100	4,147	3,969
39,100 – 39,200	3,346	3,168	42,100 – 42,200	3,616	3,438	45,100 – 45,200	3,886	3,708	48,100 – 48,200	4,156	3,978
39,200 – 39,300	3,355	3,177	42,200 – 42,300	3,625	3,447	45,200 – 45,300	3,895	3,717	48,200 – 48,300	4,165	3,987
39,300 – 39,400	3,364	3,186	42,300 – 42,400	3,634	3,456	45,300 – 45,400	3,904	3,726	48,300 – 48,400	4,174	3,996
39,400 – 39,500	3,373	3,195	42,400 – 42,500	3,643	3,465	45,400 – 45,500	3,913	3,735	48,400 – 48,500	4,183	4,005
39,500 – 39,600	3,382	3,204	42,500 – 42,600	3,652	3,474	45,500 – 45,600	3,922	3,744	48,500 – 48,600	4,192	4,014
39,600 – 39,700	3,391	3,213	42,600 – 42,700	3,661	3,483	45,600 – 45,700	3,931	3,753	48,600 – 48,700	4,201	4,023
39,700 – 39,800	3,400	3,222	42,700 – 42,800	3,670	3,492	45,700 – 45,800	3,940	3,762	48,700 – 48,800	4,210	4,032
39,800 – 39,900	3,409	3,231	42,800 – 42,900	3,679	3,501	45,800 – 45,900	3,949	3,771	48,800 – 48,900	4,219	4,041
39,900 – 40,000	3,418	3,240	42,900 – 43,000	3,688	3,510	45,900 – 46,000	3,958	3,780	48,900 – 49,000	4,228	4,050
\$ 40,000			\$ 43,000			\$ 46,000			\$ 49,000		
40,000 – 40,100	3,427	3,249	43,000 – 43,100	3,697	3,519	46,000 – 46,100	3,967	3,789	49,000 – 49,100	4,237	4,059
40,100 – 40,200	3,436	3,258	43,100 – 43,200	3,706	3,528	46,100 – 46,200	3,976	3,798	49,100 – 49,200	4,246	4,068
40,200 – 40,300	3,445	3,267	43,200 – 43,300	3,715	3,537	46,200 – 46,300	3,985	3,807	49,200 – 49,300	4,255	4,077
40,300 – 40,400	3,454	3,276	43,300 – 43,400	3,724	3,546	46,300 – 46,400	3,994	3,816	49,300 – 49,400	4,264	4,086
40,400 – 40,500	3,463	3,285	43,400 – 43,500	3,733	3,555	46,400 – 46,500	4,003	3,825	49,400 – 49,500	4,273	4,095
40,500 – 40,600	3,472	3,294	43,500 – 43,600	3,742	3,564	46,500 – 46,600	4,012	3,834	49,500 – 49,600	4,282	4,104
40,600 – 40,700	3,481	3,303	43,600 – 43,700	3,751	3,573	46,600 – 46,700	4,021	3,843	49,600 – 49,700	4,291	4,113
40,700 – 40,800	3,490	3,312	43,700 – 43,800	3,760	3,582	46,700 – 46,800	4,030	3,852	49,700 – 49,800	4,300	4,122
40,800 – 40,900	3,499	3,321	43,800 – 43,900	3,769	3,591	46,800 – 46,900	4,039	3,861	49,800 – 49,900	4,309	4,131
40,900 – 41,000	3,508	3,330	43,900 – 44,000	3,778	3,600	46,900 – 47,000	4,048	3,870	49,900 – 50,001	4,318	4,140
\$ 41,000			\$ 44,000			\$ 47,000					
41,000 – 41,100	3,517	3,339	44,000 – 44,100	3,787	3,609	47,000 – 47,100	4,057	3,879			
41,100 – 41,200	3,526	3,348	44,100 – 44,200	3,796	3,618	47,100 – 47,200	4,066	3,888			
41,200 – 41,300	3,535	3,357	44,200 – 44,300	3,805	3,627	47,200 – 47,300	4,075	3,897			
41,300 – 41,400	3,544	3,366	44,300 – 44,400	3,814	3,636	47,300 – 47,400	4,084	3,906			
41,400 – 41,500	3,553	3,375	44,400 – 44,500	3,823	3,645	47,400 – 47,500	4,093	3,915			
41,500 – 41,600	3,562	3,384	44,500 – 44,600	3,832	3,654	47,500 – 47,600	4,102	3,924			
41,600 – 41,700	3,571	3,393	44,600 – 44,700	3,841	3,663	47,600 – 47,700	4,111	3,933			
41,700 – 41,800	3,580	3,402	44,700 – 44,800	3,850	3,672	47,700 – 47,800	4,120	3,942			
41,800 – 41,900	3,589	3,411	44,800 – 44,900	3,859	3,681	47,800 – 47,900	4,129	3,951			
41,900 – 42,000	3,598	3,420	44,900 – 45,000	3,868	3,690	47,900 – 48,000	4,138	3,960			

2003 Tax Rate Charts

S **Chart S:**
For persons filing
Single or Married filing separately

If your taxable income is: Your tax is:
Over \$50,000.....\$4,322 plus 9% of excess over \$50,000

J **Chart J:**
For persons filing
Jointly, Head of household, or Qualifying widow(er) with dependent child

If your taxable income is: Your tax is:
Over \$50,000.....\$4,144 plus 9% of excess over \$50,000

Form 40 line instructions

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

You **must** round off cents to the nearest dollar. For example, \$12.15 becomes \$12 and \$233.50 becomes \$234.

8 **Federal adjusted gross income.** Enter your federal adjusted gross income from Form 1040, line 34; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 33; or TeleFile Tax Record, line I. Attach the first two pages of your federal return. This helps us verify your income and speeds the processing of your return.

Additions

Additions are items the federal government does not tax but Oregon does. Additions increase the income taxed by Oregon.

9 **Interest and dividends on state and local government bonds outside of Oregon.** You must add to Oregon income any interest and dividends you received from state and local governments **outside of** Oregon. You don't pay federal tax on this interest, but you do pay Oregon tax.

Example: Include interest from state of Washington bonds or from San Francisco city bonds. Do not include interest from Oregon government bonds and interest from U.S. territories or possessions (such as Guam, Puerto Rico, and the Virgin Islands).

10 **Other additions.** You may need to report one or more other additions explained below. Please identify the addition(s) you are reporting in the space on line 10 using the abbreviation shown in brackets. If you have more than one addition, show the amount and type of each on the form. Fill in the total amount of "other additions" on line 10.

If Measure 30 FAILS

Certain sport utility vehicles, trucks, or vans: **Section 179 expense or depreciation deduction.** If the measure fails, there is no addition. Skip the green section above.

- **Federal deduction for long-term care insurance premiums [LTCIP].** Will you claim an Oregon long-term care insurance credit this year? Did you claim a federal deduction for the premiums? If so, you must add to Oregon income the amount of premiums that resulted in a tax benefit on your federal return. Visit our Web site for more information. Or, call the department to order the information circular, *Long-Term Care Insurance Premiums Tax Credit*.
- **Federal election on interest and dividends of a minor child [Minor].** Did you report interest or dividends of your minor child on your federal return? If so, you must add to Oregon income the amount that is subject to the special federal tax. Fill in the smaller of line 7 or 8 from federal Form 8814. Add to that any interest or dividends your child received from state and local governments outside of Oregon.
- **Federal income tax refunds [Fed ref].** Did you get a federal tax refund in 2003 because you filed an amended federal return for a prior year or because you were audited? If so, you must add the amount of the refund for which you received an Oregon tax benefit in a prior year. You received an Oregon tax benefit if the amount of the refund was claimed as part of your federal tax subtraction on your Oregon return for the prior year.

- **Gambling losses claimed as an itemized deduction [Gambling].** Did you claim gambling losses as an itemized deduction on your federal Schedule A? If so, you must add the gambling losses claimed as an itemized deduction that are more than the gambling winnings taxed by Oregon. See page 29 for more information about winnings taxed by Oregon. Contact the department for more information. See page 40.
- **Lump-sum payment from a qualified retirement plan [Lump-sum].** Did you use the 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 Form(s) W-2 and other Form(s) 1099.
- **Unused business credits [UBC].** Did you claim a deduction on your federal return for unused business credits? If so, you must add this amount back to Oregon income.
- The following additions apply to only a few people and are not explained in this booklet. See page 40 for taxpayer assistance.
 - Claim of right [COR].
 - Depletion in excess of property basis [Depl].
 - Difference in depreciation for Oregon [Dif dep].
 - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
 - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [Basis dif].
 - Individual Development Account [IDA].
 - Military Family Tax Relief Act provisions [MFTRA].
 - Non-Oregon source net operating loss [NOL].
 - Non-qualified withdrawal from an Oregon 529 college savings plan [QTSP].
 - Passive activity losses [PAL].
 - Sale of Oregon inherited farm or forest property acquired from a decedent who died before January 1, 1987 [Inher F/F].

Subtractions

Subtractions are items the federal government taxes but Oregon does not. Subtractions reduce the income taxed by Oregon.

13 **2003 federal tax liability.** Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

You may deduct your total federal income tax liability, after credits, up to \$3,500. Don't fill in less than -0- or more than \$3,500 (\$1,750 if married filing separately).

1. Enter your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 54; Form 1040NR, line 50; or TeleFile Tax Record, line K, box 2. 1. _____
2. Enter tax on qualified retirement plans, Form 1040, line 57; or Form 1040NR, line 53, and recapture taxes included on Form 1040, line 60. 2. _____
3. Add lines 1 and 2. 3. _____
4. Enter the amount of your 2003 advanced federal child tax credit you received or the amount you were credited (before offsets). 4. _____
5. Subtract line 4 from line 3. Enter result here. 5. _____
6. Enter \$3,500 (\$1,750 if married filing separately). 6. _____
7. Enter the smaller of line 5 or line 6 here and on Form 40, line 13. 7. _____

Caution: Don't add:

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

Did you pay additional federal tax in 2003 because you were audited or you filed an amended return? If so, read the instructions for line 18 on page 29 for federal tax from a prior year.

The total of your federal tax subtraction (line 13), your federal tax from a prior year (line 18), and your foreign tax subtraction (line 18) can't exceed \$3,500 (\$1,750 if married filing separately). The foreign tax portion of your federal tax subtraction cannot be more than \$3,000 (\$1,500 if married filing separately).

14 **Social Security and Tier 1 Railroad Retirement Board benefits income.** Write in the amount, if any, from federal Form 1040, line 20b; or Form 1040A, line 14b. If you have tier 2, windfall/vested dual, or supplemental Railroad Retirement Board benefits, see page 40 to contact us for more information.

15 **Oregon income tax refund included in federal income.** Fill in your Oregon income tax refund from your federal Form 1040, line 10. **Do not include other states' refunds.**

16 **Interest and dividends from U.S. government.** Fill in interest and dividends from the U.S. government that you included on your federal return.

Include U.S. government interest and dividends you received through partnerships or grantor trusts.

Examples:

- You may subtract interest from U.S. Series EE or HH bonds and Treasury bills or notes.
- You may subtract interest and dividends paid to you by organizations that invest in U.S. government securities. Check the information on your Form 1099. The payer may have given the percentage of interest and dividends from U.S. government securities. If you are unsure if you can subtract the interest or dividends you earned, visit our Web site for more information about interest and dividends on U.S. bonds and notes. Or, contact us to order the information circular. See page 40.
- If you reported interest or dividends of your minor child on your federal return, you may subtract any U.S. government interest included.
- **Don't include interest on federal tax refunds in the subtraction.** You must reduce U.S. government interest and dividends by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.

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

17 **Federal pension income.** You may be able to subtract some or all of your taxable federal pension included in 2003 federal income. This includes benefits paid to the retiree or to the beneficiary. The subtraction amount is based on the number of months of federal service before and after October 1, 1991:

- **If all of your months of federal service occurred before October 1, 1991,** subtract 100 percent of the taxable amount of federal pension income you reported on your federal return.
- **If you have no months of service before October 1, 1991,** you cannot subtract any federal pension.
- **If your service was both before and after October 1, 1991,** you will subtract a percentage of the taxable federal pension income you reported on your federal return. To determine your percentage, divide your months of service before October 1, 1991, by your total months of service. Once you have determined the percentage, it will remain the same from year to year. Write it in the space provided on line 17.

Use the following formula to determine your subtraction amount:

$$\frac{\text{Months of service before 10/1/91}}{\text{Total months of service}} \times \text{Federal pension amount included in federal income} = \text{Oregon subtraction}$$

Example: Ann worked for the U.S. Forest Service from May 27, 1971, until January 7, 2003. She worked a total of 379 months, of which 244 months were worked before October 1, 1991. In 2003, she received taxable federal pension income of \$35,000. Using the formula above, her allowable subtraction is:

$$\frac{244}{379} (64.4\%) \times \$35,000 = \$22,540$$

She can subtract 64.4 percent (244 ÷ 379), or \$22,540 (\$35,000 × .644) of her taxable federal pension. She will continue to subtract 64.4 percent of her taxable federal pension income from Oregon income in future years.

18 **Other subtractions.** You may qualify for one or more other subtractions explained below. Identify the subtraction in the space on line 18 using the abbreviation shown in brackets. If you have more than one subtraction, show the amount and type of each on the form. Fill in the total amount of "other subtractions" on line 18. Do not use this line to subtract federal pension. See line 17. If you need more information about any of the following subtractions, visit our Web site. Or, see page 40 for taxpayer assistance information.

- **American Indian [Amer Ind].** Are you an enrolled member of a federally recognized tribe? You may be able to subtract all or part of your income if **all** of the following are true:
 - You are an enrolled member of a federally recognized American Indian tribe, and
 - Your income is earned in federally recognized Indian country, and
 - You live in federally recognized Indian country.

Please attach a completed copy of your *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe* (Form 150-101-049) to your return. Visit our Web site to download the form. Or, see page 40 to contact us.

- **Difference in depreciation for Oregon [Dif dep].** You may have a depreciation difference for Oregon and may need the *Oregon Depreciation Schedule* and instructions. Visit our Web site to download the schedule. Or, see page 40 to order.
- **Difference in home mortgage interest for Oregon [Dif hm].** 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.
- **Domestic partner benefits [Partner].** If your employer provides taxable health insurance or other benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. See page 40 for assistance information.

- **Federal tax credits [Fed exp].** 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 business and farm expenses because you claimed that credit. You may claim the unallowed expenses as a subtraction for Oregon.
- **Federal tax from a prior year [Prior fed].** Did you pay additional federal income tax in 2003 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 \$3,500 (\$1,750 if married filing separately) subtract your federal tax, Form 40, line 13.

Step 2: On Form 40, line 18, fill in the smaller of:

- The amount you figured in step 1, or
- Additional federal tax from a prior year.

Please list the year(s) involved.

- **Military active duty pay [Military].** You may qualify for a subtraction of U.S. military active duty pay. To be eligible for the subtraction, the active duty pay must be included in federal income.

You can subtract all active duty pay earned outside of Oregon during the year plus up to \$3,000 active duty pay earned in Oregon. **Note:** Your total subtraction cannot be more than your total active duty pay income.

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

Enter the total of your military subtractions on line 18.

Example: Barry enlisted in the Army in 1999. From January until August 15, 2003, he was stationed at Fort Lewis, Washington. He earned \$24,000 active duty pay there. From August 15 until the end of the year he served in Oregon as a recruiter. He earned \$12,000 in Oregon. He may subtract the \$24,000 earned outside of Oregon and \$3,000 earned within the state, for a total subtraction of \$27,000.

- **Oregon 529 College Savings Network [QTSP].** You may subtract contributions you made to an Oregon 529 college savings plan in 2003 but not more than \$2,000 (\$1,000 if married filing separately) per return. Keep a copy of your account statement with your tax records. For information about savings plans in Oregon, call 503-378-2882. Or, visit the network's Web site at www.oregon529network.com.

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

From the winnings you included in federal income, you may subtract from Oregon income:

- Winnings of \$600 or less from each single ticket or play; and
- Annual payments from tickets bought before 1998.

Example 1: Cheryl had winnings of \$200 from an Oregon Lottery scratch-off ticket in 2003. This income is included in her federal adjusted gross income. Oregon does not tax Oregon Lottery winnings of \$600 or less per single ticket or play, so Cheryl can subtract the \$200 she won on the scratch-off ticket.

Example 2: David won two prizes in 2003. He won \$1,000 playing Oregon Lottery video poker and \$500 playing an Oregon Lottery Keno game. David must include \$1,500 in his federal income, however, Oregon will not tax him on the \$500 he won playing Keno. He can subtract \$500 on his Oregon return because the winnings were from a single game and below the \$600 limit. He cannot subtract any of the \$1,000 he won playing video poker, because the prize was more than \$600 and is fully taxable to Oregon.

Do **not** subtract any other type of winnings; for example, winnings from tribal gaming centers. Do you have gambling losses claimed as an itemized deduction? If so, see page 27.

- **Payments from IRAs, Keoghs, 403(b), and 457 plans [Prev tax].** You may be able to subtract some of your payments if **all** of the following apply:

- You contributed to an IRA, Keogh, 403(b), or 457 plan when you were a nonresident; and
- You paid state income tax on these contributions in your state of residence; and
- You did not receive a tax benefit for these contributions from any other state.

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

- **Tuition and fees deduction [High Ed].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you were not allowed a federal tuition and fees deduction because you claimed the federal credit. Because Oregon does not have credits similar to the Hope or lifetime learning credits, you can take the federal tuition and fees deduction on your Oregon return as a subtraction. For 2003, the maximum amount you can claim is the lesser of \$3,000 or your actual expenses.

- The following subtractions apply to only a few people and are not explained in this booklet. Visit our Web site or see page 40 to contact us.
 - Artists who make a charitable art donation [Art].
 - Claim of right [COR].
 - Federal gain previously taxed by Oregon [Fed gain].
 - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
 - Foreign tax [Foreign].
 - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [Basis dif].
 - Individual Development Account [IDA].
 - Land donation to an educational institution [Land].
 - Local government bond interest [LGBI].
 - Logger and construction worker commuting costs [LCCC].
 - Net operating loss [NOL].
 - Passive activity losses [PAL].
 - Public Safety Memorial Fund Board payments [Memorial].
 - Scholarship awards used for housing expenses [Sch housing].
 - Tier 2, windfall/vested dual, or supplemental Railroad Retirement Board and railroad unemployment benefits [RR].

Deductions

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger, but not both.

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

Note: If you are married filing separately, you must itemize deductions if your spouse itemizes. Don't claim the standard deduction if your spouse itemizes.

21 **Itemized deductions.** You may claim your total itemized deductions after federal limitations as shown on federal Schedule A, line 28. You may claim itemized deductions for Oregon even if you don't have enough deductions to itemize on your federal return. **If you itemize for Oregon only,** fill out a federal Schedule A for Oregon purposes. Use your federal adjusted gross income to figure the Schedule A limitations. Keep the Schedule A with your tax records.

If Measure 30
FAILS

22

Special Oregon medical deduction. Were you or your spouse **age 62 or older** on December 31, 2003? If so, your deduction is the smaller of line 1 or line 3 from your federal Schedule A. To claim this deduction, you must itemize your deductions for Oregon. You can do this by filling out a Schedule A for both federal and Oregon or filling out one for Oregon only. Keep your Schedule A with your tax records.

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 an Oregon 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 33.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$139,500 (\$69,750 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. Visit our Web site for more information, or see page 40 to order the information circular, *Itemized Deductions Limit*.

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

Single.....	\$1,670
Married filing jointly.....	3,345
Married filing separately	
<i>If spouse claims standard deduction.....</i>	1,670
<i>If spouse claims itemized deductions.....</i>	-0-
Head of household.....	2,695
Qualifying widow(er).....	3,345

Standard deduction—Age 65 or older, or blind. If you or your spouse are age 65 or older, or blind, you are entitled to a larger standard deduction amount. Use the chart below to determine your larger standard deduction.

1. Are you: 65 or older? Blind?

If claiming spouse's exemption,
is your spouse: 65 or older? Blind?

2.

If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$2,870
	2	4,070
Head of household	1	3,895
	2	5,095
Qualifying widower	1	4,345
	2	5,345
Married filing jointly	1	4,345
	2	5,345
	3	6,345
	4	7,345
Married filing separately	1	2,670
	2	3,670
	3	4,670
	4	5,670

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

Standard deduction—Dependents. If someone else can claim you as a dependent, your standard deduction is limited to the **larger** of:

- Your earned income plus \$250, up to the maximum allowed for your filing status; or
- \$750.

The limit applies even if you can be, but are not, claimed as a dependent on another person's return. See page 10 for Form 40S, line 10 instructions.

Standard deduction—Nonresident aliens. The standard deduction for nonresident aliens is -0-.

27 **Total deductions.** Enter the **larger** of line 25 or line 26.

Oregon tax

30 **Tax from tax tables or tax rate charts.** Figure the tax on your Oregon taxable income, line 29. Most people go directly to the tax tables or rate charts on pages 23–25. Fill in the amount on line 30. Please double-check the tax you figured.

Go to line 31 if:

- You sold or exchanged farm assets to get out of a farming business, or
- You want to use farm income averaging to compute your Oregon tax.

Example 1: A single Oregon taxpayer has taxable income of \$19,500. The taxpayer will use column S on page 24. The tax is \$1,582.

Example 2: A married couple has Oregon taxable income of \$75,500. They are filing jointly. They will use the married filing jointly rate chart J on page 25. They figure their tax like this:

Oregon taxable income		\$75,500
Subtract	-	50,000
		<u>25,500</u>
Multiply by 9%	×	.09
		<u>2,295</u>
Then add	+	4,144
Their Oregon tax is		<u><u>\$6,439</u></u>

31 **Tax from Form FIA-40 or Worksheet FCG.** If you qualify, you can compute your Oregon tax using one of the following methods:

Farm income averaging method. You can use the federal farm income averaging method to compute Oregon personal income tax on farm income even if you didn't use farm income averaging on your federal return.

Use Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*, to calculate tax on your farm income and your other Oregon income. Visit our Web site to download the form. Or, see page 40 to order. Enter the tax amount from Form FIA-40, line 22, on Form 40, line 31. Check the box labeled "Form FIA-40." Attach a copy of Form FIA-40 to your return.

Farm asset capital gain method. Did you sell or exchange capital assets primarily used in farming because you were getting out of a farming business? Or, did you sell or exchange a farming partnership, corporation, or other farming entity in which you held at least a 10 percent ownership interest? If the sale or exchange was not to a family member and you were getting out of a farming business completely, you may be eligible for a reduced tax rate on the net capital gain from the proceeds of the sale or exchange.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and your other Oregon income. Visit our Web site to download the worksheet. Or, call the department to order. See page 40. Enter the tax amount from Worksheet FCG, line 7, on Form 40, line 31. Check the box labeled "Worksheet FCG."

32 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 interest rate is .5833 percent per month (7 percent per year) for 2003.

Credits

Generally, credits reduce, but cannot exceed, your Oregon tax. Some credits have a carryforward provision that allows you to use the remaining balance in the next year. Use credits that cannot be carried forward first.

35 Earned income credit. You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$).

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8; Form 1040A, line 41; Form 1040, line 63; or TeleFile Tax Record, line L). 1. _____
2. Decimal amount. 2. _____ .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40, line 35. 3. _____

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

36 Retirement income credit. If you were age 62 or older on December 31, 2003, and receiving retirement income, you may qualify for a credit. You qualify for this credit if:

- Your household income is less than \$22,500 (\$45,000 if married filing jointly); **and**
- Your Social Security benefits and/or tier 1 Railroad Retirement Board benefits are less than \$7,500 (\$15,000 if married filing jointly); **and**
- Your household income plus your Social Security and/or tier 1 Railroad Retirement Board benefits is less than \$22,500 (\$45,000 if married filing jointly).

Retirement income includes payments reported in Oregon taxable income from:

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

Use the following worksheet to figure your credit.

1. Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1. _____
2. Enter any federal pension income subtracted from Oregon income on Form 40, line 17. See page 28. 2. _____
3. Net Oregon taxable pension. Line 1 minus line 2. 3. _____
4. Enter \$7,500 (\$15,000 if married filing jointly). 4. _____
5. Enter both spouses' total 2003 Social Security and tier 1 Railroad Retirement Board benefits. 5. _____
6. Line 4 minus line 5, but not less than -0-. 6. _____
7. Enter your **household income**. See page 33 to determine your household income. 7. _____
8. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 8. _____
9. Line 7 minus line 8, but not less than -0-. 9. _____
10. Line 6 minus line 9, but not less than -0-. 10. _____
11. Enter the smaller of line 3 or line 10. 11. _____

Worksheet continued on next page

12. Multiply line 11 by 9% (.09). Enter 12. _____
the result here and on Form 40, line 36.

What is included in household income? Household income includes all taxable and nontaxable income of each spouse except:

- Social Security and tier 1 Railroad Retirement Board benefits.
- Your state tax refund.
- Pension income excluded from federal AGI that is a return of your contributions.
- Pensions that are rolled over into an IRA.

Any losses claimed are limited to \$1,000 for each activity. Depreciation is limited to \$5,000.

The credit can't be more than your tax liability. You cannot carry over to next year any amount that is more than your tax liability. You may claim this credit or the credit for the elderly or the disabled, line 38, **but not both**.

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. In most cases, you cannot claim the credit if you are married filing separately.

Use the following worksheet:

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. _____
2. Enter the decimal amount from the following table. 2. _____

If your federal taxable income from Form 1040, line 40; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
—	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal on line 2. Enter here and on Form 40, line 37. 3. _____

Did you pay 2002 child care expenses in 2003? If so, you may be able to use that amount to increase your 2003 Oregon child and dependent care credit. See page 40 to contact us.

Carryover. Your total 2003 child and dependent care credit can't be more than your 2003 tax liability for

Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 41 on page 34.

38 **Elderly or disabled.** The Oregon credit is 40 percent of the federal credit. You may claim an Oregon credit only if you qualify for the federal credit. Please complete federal Schedule R or federal Form 1040A, Schedule 3, even if you can't use the federal credit.

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

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

39 **Political contribution.** Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. You must have made contributions of money during 2003 to any of the following:

- A political party.
- A qualified candidate (or the candidate's principal campaign committee) for federal, state, or local office to be voted for in Oregon.
- A political action committee certified in Oregon.

Visit our Web site for more information. Or, call the department to order the information circular, *Political Contributions Tax Credit*. See page 40.

40 **Credit for income taxes paid to another state.** Did you pay income taxes to another state or U.S. territory on income that is also taxed by Oregon? If so, you may be able to claim this credit.

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

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

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

- The other state's tax after credits.
- Your Oregon tax liability after all credits, except credits for income taxes paid to other states.
- The amount figured using the following formula:

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

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total MAGI}} \times \text{Your Oregon tax after subtracting all other credits}$$

Your total MAGI usually equals the sum of lines 8 and 9 minus lines 14–17. 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 **smaller** of the following:

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

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

You may be allowed this credit even if Oregon and another state tax the same income in different years. Call us for more information. See page 40.

If you paid additional tax to another state because you filed a return, amended a return, or were audited, you may be able to claim a credit for those taxes. Call us for more information. See page 40.

41 Other credits. You may be eligible for other credits listed below. Identify the credit(s) you are claiming in the space on line 41 using the abbreviation shown in brackets. If you have more than one credit, show the amount and type of each on the form. Fill in the total amount of "other credits" on line 41.

- **Adoption expenses [Adopt].** If you paid or incurred qualified federal adoption expenses during the year, you may be entitled to the Oregon adoption credit. The credit is the smallest of:
 - The qualified adoption expenses less the allowable federal credit;
 - \$1,500; or
 - The federal credit allowed.
- **Child and dependent care credit carryover from prior years [C/O–CDC].** The amount of the prior year carryover plus your current year's credit can't exceed your Oregon tax liability, line 43. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.
- **Individual Development Account [IDA].** If you made a charitable contribution through the Enterprise Foundation for the Oregon Individual Development Account program during 2003, you may qualify for a credit. The credit is the smaller of \$75,000 or 75 percent of the donation made. It can't be more than your 2003 Oregon tax liability. You may carry over any excess for the next three years. Any federal benefit

due to a federal deduction must be reported as an Oregon addition. Call us for more information. See page 40.

- **Long-term care insurance premiums [LTCIP].** You are allowed a long-term care insurance premiums credit if:
 - Your policy was issued in 2000 or later; and
 - You, your parents, or your dependents are the policy beneficiaries; and
 - You paid premiums for 2003.

The credit for joint filers and single filers is the **smaller** of 15 percent of the premiums paid or \$500. For example, if a husband and wife pay \$1,000 for a policy, the credit will be \$150 on the joint return. If they file separately, the allowable credit (\$150 in their case) must be prorated. You may prorate based on the amount you each paid or any way you choose. The combined credits on spouses' married filing separate returns cannot exceed the credit they would be allowed on a joint return.

Employers paying for long-term care insurance for employees also may claim the credit. Visit our Web site for more information. Or, call the department to order the information circular, *Long-Term Care Insurance Premiums Tax Credit*. See page 40.

Any federal benefit due to a federal deduction for the premiums must be reported as an Oregon addition. See instructions on page 26.

The credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability.

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

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 instructions on page 8.

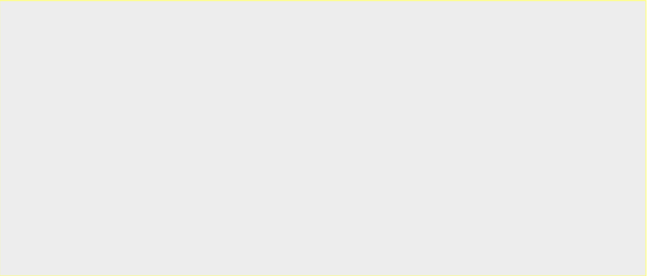
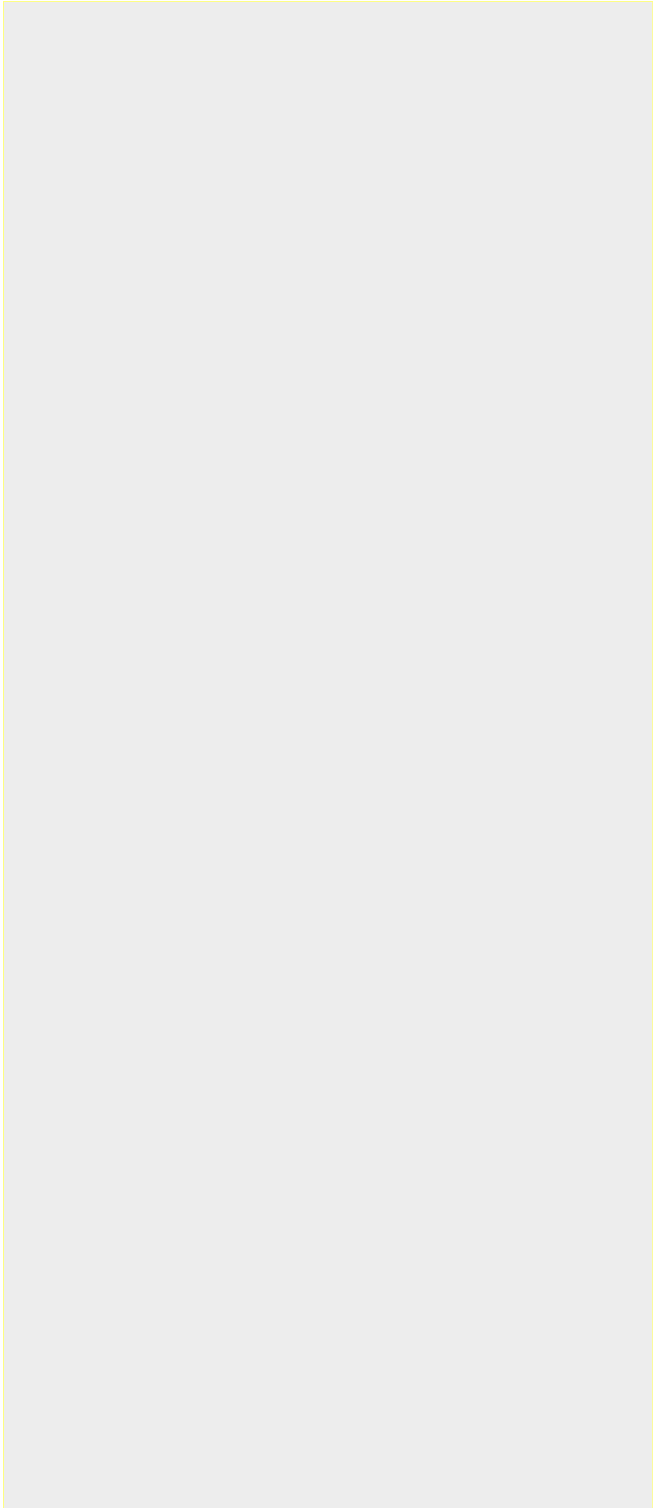
- **On-farm processing machinery and equipment credit [On-farm].** This credit is for property taxes paid on machinery and equipment used for on-farm agricultural processing. Processing means, in part, activities directly related and necessary to clean, sort, prepare, package, or ship a farm crop or livestock product. The processing must modify or alter the crop or livestock **after** the point of harvest and **before** the point of sale. If you think you qualify, visit our Web site or contact us for more information. See page 40.

- **Oregon Cultural Trust credit [OCT].** If you donate to an Oregon nonprofit cultural organization during the tax year and you donate a matching amount to the Oregon Cultural Trust, you may claim a tax credit.

You may claim a tax credit of up to \$500 per taxpayer (\$1,000 on a joint return) for the amount you contributed to the Oregon Cultural Trust. Enter the amount you contributed to the trust on line 41 but not more than \$500 (\$1,000 on a joint return). For more information about the Oregon Cultural Trust, contact the Oregon Arts Commission or visit their Web site at www.oregonartscommission.org.

- **Residential energy [Res en].** To qualify, you must purchase an energy efficient appliance or install a solar device or ground loop system. Renters may qualify for this credit. For more information, visit the Oregon Department of Energy's Web site at www.energy.state.or.us. Or, call them at 503-378-4040 in Salem or 1-800-221-8035 toll free in Oregon.
- The following credits apply to only a few people and aren't explained in this booklet. Visit our Web site for more information or see page 40 for taxpayer assistance information.
 - Advanced telecommunications facilities [ATF].
 - Bone marrow donation program [Marrow].
 - Business energy [Bus en].
 - Child Care Division contributions [CCD].
 - Claim of right [COR].
 - Dependent care assistance [DCA].
 - Donated crops [Crops].
 - Electronic commerce zone investment [ECZI].
 - Employer scholarship [Emp Sch].
 - Farmworker housing [Farm hsng].
 - First Break Program [1 break].
 - Fish screening devices [Fish scrn].
 - Gain from the sale of your house also taxed by another state or country [Hse gain].
 - Low-income caregiver credit [HCE].
 - Pollution control facilities [Poll fac].
 - Reforestation of underproductive forest lands [Reforest].
 - Reservation enterprise zone [Tribal EZ].
 - Rural medical practitioners [Rural med].

Surcharge

If Measure 30 **FAILS** **44** **Surcharge.** If the measure fails, the surcharge is not law. Enter -0- on Form 40, line 44, and complete line 45. Follow line 46 instructions to complete your return.

Tax payments, penalties, and interest

46 **Oregon income tax withheld.** Fill in the total **Oregon** tax withheld from your wages and

other income. That's the amount shown on your Form(s) W-2 in box 17 or on your Form 1099. Don't use the FICA (Social Security) tax withheld. Don't use tax withheld from your wages by other states. **Staple a readable copy** of your Form W-2 from each job and any Form 1099 showing Oregon income tax withheld to the lower front of your return.

If you don't have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2004 wages for Oregon. Visit our Web site to download the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, call the department to order. See page 40.

47 **Estimated tax you paid for the 2003 tax year.** Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 15, 2003; June 16, 2003; September 15, 2003; and January 15, 2004. Include any payments you made with your Oregon extension. Also include any refund from your 2002 income tax return or an Oregon amended return (Form 40X) you applied to your 2003 estimated tax. If the department adjusted your 2002 refund, be sure to use the corrected amount.

48 **Working family child care credit.** This credit is available to low-income families with **qualifying** child care expenses. The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference.

Complete Schedule WFC, *Oregon Working Family Child Care Credit*, on page 21 to figure your credit. You must attach Schedule WFC to your return to claim the credit. Make a copy for your records.

If you qualify, you may claim this credit in addition to the child and dependent care credit.

Example: Al is single with one qualifying child. He had federal adjusted gross income of \$25,427 and total child care expenses of \$5,400 in 2003. With a household size of two, Al uses Table 2 on page 22 to find the correct decimal (.36) and multiplies it by \$5,400 to figure the credit of \$1,944. He must complete and attach Schedule WFC to his return to claim the credit.

52 **Penalty and interest.** Your return is due by April 15, 2004, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your payment after April 15 (even if you have an extension).
- File your return showing tax to pay after the due date or extension due date.

The late-payment penalty is 5 percent of the unpaid balance of your tax. If you file more than three months after the due date or the extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a 25 percent penalty of any tax not paid. See page 6 to find out how to avoid a penalty.

Interest. If you are filing your return or paying your tax after April 15, 2004, include interest on any unpaid tax.

An interest period is each full month starting with the day after the due date. For example, April 16 to May 15 is a full month and interest period.

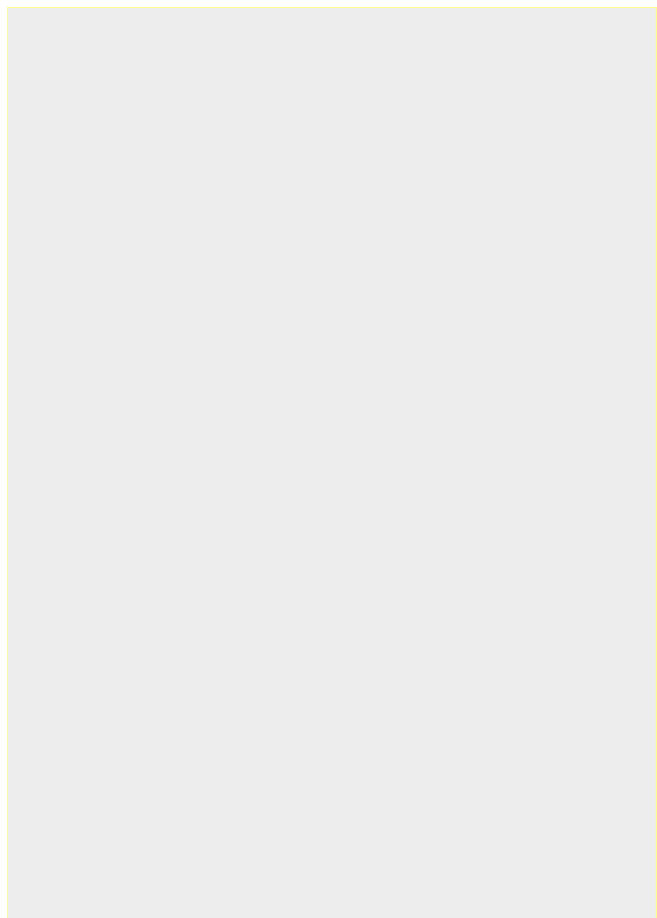
The 2004 interest rate is 6 percent per year (0.5 percent per month).

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

$$\text{Tax} \times .000164 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 10 percent per year.

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



If Measure 30
FAILS

53

Interest on estimated tax underpayment. For 2003, you have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date.

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

63 **Other charity.** You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 63. **Enter only one code.** Check the box for the amount you want to donate and write it on line 63. Or, you can mail your donations to the addresses listed on our Web site.

Habitat for Humanity (Code 1). Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.

Oregon Head Start Association (Code 2). Your donation will help Head Start provide services to the lowest-income, highest-need children and families.

American Diabetes Association (Code 3). Your donation will help continue diabetes research and advocacy programs in Oregon.

Oregon Coast Aquarium (Code 4). Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.

SMART (Code 5). Your donation will help fund the Start Making A Reader Today early literacy program for Oregon's most vulnerable children.

SOLV (Code 6). Your donation will help fund thousands of projects to clean up beaches, forests, rivers, and neighborhoods across Oregon.

St. Vincent de Paul Society of Oregon (Code 7). Your donation will help provide services leading to self-sufficiency for low-income Oregonians.

The Nature Conservancy (Code 8). Your donation will help purchase and restore critical habitats for Oregon's at-risk plants, fish, and wildlife.

Doernbecher Children's Hospital Foundation (Code 9). Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

The Oregon Humane Society (Code 10). Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Salvation Army—Oregon (Code 11). Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Oregon Veterans' Home (Code 12). Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

Planned Parenthood of Oregon (Code 13). Your donation will fund family planning services and reproductive health education programs.

65 **Net refund.** You must reduce your refund by any amounts applied to 2004 estimated tax (line

57) and donations on lines 58–63. The department cannot issue a refund when the return is filed more than three years after the due date of the return.

Direct deposit

66 **Direct deposit.** Complete line 66 if you want us to deposit your refund directly into your bank account instead of mailing you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32.
4. **Enter the account number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Do not include hyphens, spaces, or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Authorization box. Check the box if you wish to authorize the Department of Revenue to discuss information about the initial processing of your tax return with your preparer. Otherwise, leave it blank.

Signature(s). Be sure to sign and date your return. If you are filing a joint return, both spouses must sign.

Minor child's return. If your child must file a tax return, you may sign the child's name as his or her legal agent. Sign the child's name and then write "By [your signature], parent (or other legal guardian) for minor child."

Preparer signature. Any person who prepares, advises, or assists in the preparation of personal income tax returns for another person in exchange for payment, gifts, or other compensation must be licensed and must sign the return. Contact these agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 for licensed tax consultants and licensed tax preparers.
- State Board of Accountancy at 503-378-4181 for public accountants and certified public accountants.

License number. Licensed tax consultants, please enter your license number. Certified public accountants, please enter your certificate number. Tax-Aide volunteers, please enter your TCE site number.

Before you file

Should I put my return together in a special order?

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

1. Start with Form 40 or Form 40S.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40 or Form 40S.
3. Staple your payment and completed Form RPC payment coupon (page 37) on top of the Form(s) W-2 and/or 1099.
4. Place a copy of the front and back of federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record behind your Form 40. Form 40S filers don't need to attach this item unless the IRS is figuring your federal tax.
5. If applicable, place these items in the following order behind the federal form:
 - Schedule WFC, *Oregon Working Family Child Care Credit*. See page 21.
 - Oregon Form 10, *Underpayment of Oregon Estimated Tax*.
 - Proof required to claim credit for taxes paid to another state. See page 33.
 - Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*.
 - Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*.
 - *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*.
6. Staple all the pages of your return together in the top left-hand corner.

Don't attach extension requests; federal Schedule A, B, C, or D; or Form 2441, etc. We receive some federal information from the IRS. We may ask you for copies of schedules or additional information later.

How long do I have to file my return and get a refund?

You have three years from the due date of the return to file a claim for refund. By law, the Department of Revenue cannot issue a refund if your return is filed more than three years after the due date.

Can I make payments?

If you can't pay in full now, we will work with you to set up a payment plan. File now and pay what you can. Call the department as soon as possible to set up a payment plan. If you do not call, collection activity may begin.

To avoid processing delays, remember to:

Wait to file until after the February 3, 2004, election results are known.

Type or clearly print your name, address, telephone number, and correct Social Security number on the return.

Double-check your math calculations and other figures. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you selected. People commonly use the wrong line or column on the tax tables.

Label amounts on Form 40, lines 10, 18, and 41 as instructed.

Verify your bank account information if you are requesting direct deposit.

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

Staple readable copies of Form(s) W-2 and 1099 showing Oregon tax withheld to the front of the return.

Staple a copy of your federal return (front and back only) to your Form 40.

Attach Form RPC, the payment coupon, with your payment to the front of your return.

Attach your federal return.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage. Please do not use a smaller envelope—it delays processing.

Tax return mailing addresses

Mail refund returns or no-tax-due returns to:

REFUND
PO Box 14700
Salem OR 97309-0930

Mail tax-to-pay returns to:

Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

After you file

I'm getting a refund, but I heard there will be delays this year. How long will it take to get my check?

This year, refunds will be delayed because of the February 3, 2004, special election. If Measure 30 passes, the law (see page 2) will go into effect March 4, 2004. The department cannot issue refunds before the law goes into effect. If Measure 30 fails, the department will begin processing returns as soon as the election results are certified.

This year, allow six weeks **after** the election results are certified before you call to check on the status of your refund.

If there is a mistake on your return, your refund will be delayed.

Taxpayer assistance

Printed information (free)

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or return the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

Forms and instructions

- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 24, *Like-Kind Exchanges/ Involuntary Conversions* 150-800-734
- Form 40ES, *Estimated Income Tax Coupons, and instructions*..... 150-101-026/-2
- Forms 40S & 40, *Full-Year Resident* 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40X, *Oregon Amended Individual Income Tax Return*..... 150-101-046
- Form 40-EXT, *Oregon Automatic Extension and Extension Payment Coupon* 150-101-165
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*..... 150-101-160
- Form FIA-40N, 40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents*..... 150-101-161
- Oregon Depreciation Schedule* 150-101-025

Information circulars and brochures

- Amtrak Act (Interstate Transportation Wages)* ... 150-101-601
- Audits: What To Do if You Are Audited* 150-101-607
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Donated Crops Tax Credit* 150-101-686
- Electronic Filing for Oregon*..... 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interest on Tax You Owe, Computation* 150-800-691
- Itemized Deductions Limit* 150-101-611
- Married Persons Filing Separate Returns* 150-101-656
- Military Personnel Filing Information* 150-101-657
- Record-Keeping Requirements* 150-101-608
- Retirement Income* 150-101-673
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:
Form and Publication Order 150-800-390

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

Please print

Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

www.dor.state.or.us



The Department of Revenue Web site is a quick and easy way to download forms and publications, get up-to-the-minute tax information, and learn about electronic filing.

Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Telephone

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

If you have a touch-tone telephone, call our 24-hour voice response system at one of the numbers above to:

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 2003 personal income tax refund (beginning March 15).



For help from Tax Services, call one of the numbers above:

Monday, Tuesday, Thursday, Friday 7:30 a.m.–5:10 p.m.
Wednesday 10:00 a.m.–5:10 p.m.
Closed on holidays.

April 1–April 15, Monday–Friday 7:00 a.m.–9:00 p.m.
Saturday, April 3 and April 10 9:00 a.m.–5:00 p.m.
Wait times may vary.

TTY (hearing or speech impaired; machine only): 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon).

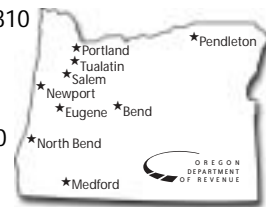
Americans with Disabilities Act (ADA). This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

Asistencia en español. Llame al 503-945-8618 en Salem o llame gratis al 1-800-356-4222 en Oregon.

Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

- Bend** 951 SW Simpson Drive, Suite 100
- Eugene** 1600 Valley River Drive, Suite 310
- Medford** 24 W 6th Street
- Newport** 119 NE 4th Street, Suite 4
- North Bend** 3030 Broadway
- Pendleton** 700 SE Emigrant, Suite 310
- Portland*** Federal Building Lobby, 1220 SW Third Avenue



- Portland** 800 NE Oregon Street, Suite 505
- Salem** Revenue Building, 955 Center Street NE, Room 135
- Salem** 4275 Commercial Street SE, Suite 180
- Tualatin** 6405 SW Rosewood Street, Suite A

* January 21–March 26: Monday, Wednesday, Friday, 10 a.m.–3 p.m.
March 29–April 15: Monday–Friday, 9 a.m.–4 p.m.

