Involuntary move of a mobile home tax credit—tax year 2006

OREGON DEPARTMENT OF REVENUE

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Important: This credit was available for 2006 and 2007. The 2007 legislature replaced this credit for 2007. The involuntary move of a mobile home credit is available for 2006 only. For 2007 there is the mobile home park closure credit. See "New: Mobile Home Owners Forced to Move from a Closing Park" under current topics on our website for answers to common questions.

Did you involuntarily move your mobile home during 2006?

An "involuntary move" is when you have to move your mobile or manufactured home because the Oregon park it is in is closing.

If you did involuntarily move your mobile home, you may be eligible for a tax credit or a refundable tax credit, depending on your household income and your household size.

When do I claim the credit?

If you involuntarily moved your mobile home between January 1 and December 31, 2006, you can claim the credit on your 2006 tax return, which is due April 17, 2007. Use Schedule MH to claim this credit.

If you're married and file separately, only one of you can claim the credit.

What's household income?

Household income is the taxable and nontaxable income you (and your spouse, if married) received during the tax year. This includes nontaxable income such as Social Security, disability benefits, combat pay, child support, and gifts in excess of $500. (For a complete listing, see the Household Income Checklist at www.oregon.gov/DOR/PTD/docs/checklist.pdf.)

Include your spouse's income in your household income unless you were living permanently apart at the end of the year.

If your household income is more than $60,000, you do not qualify for this credit.

Am I eligible for this credit?

You're eligible if you:

- involuntarily moved your mobile home in 2006 because the Oregon park facility where it was located closed, **and**
- have household income of $60,000 or less, **and**
- own the mobile home located in the park that's closing. The mobile home must:
  - — have a fair market value of $110,000 or less, **and**
  - — be your primary personal residence.

If you meet all of these qualifications, continue reading for more information.

How do I claim the credit?

Your household size and household income determine how you claim the credit. You'll either qualify for a credit against tax owed or a refundable credit.

Your household size includes you, your spouse (unless you lived apart the entire year), and anyone else who lived in your home with you during the year. Using the chart, determine your household income limit based on your household size.

If your household income is the same or less than the limit for your household size, your credit is refundable. Otherwise your credit is non-refundable.

Chart—Mobile Home Moving Credit

A: Household size	B: Household income
1	$19,140
2	25,660
3	32,180
4	38,700
5	45,220
6	51,740
7	58,260
8+	60,000

How much is the credit?

The credit is $10,000 **or** the qualifying expenses you paid to move and set up your mobile home, whichever is **less.** Qualifying expenses must be reduced by certain payments or reimbursements you get from the closing park for the move.

Qualifying Mobile Home Moving Expense Checklist

Qualifying expenses are reasonable costs you paid to move and set up your manufactured or mobile home (MH).

Expense	Qualifying? Yes	Qualifying? No
Costs to disassemble, prepare, and move MH, carport, and storage shed from old location to new location.	×	
Rent or fees paid to the closing park landlord that are not related to the move.		×
Costs for permits, inspections, and site preparation required for MH move.	×	
Costs to reassemble MH including repairing carpet, walls, ceilings, floors, siding, roof, and touch-up paint.	×	
Cost of storing household items and furniture during MH move.		×
Cost of storing MH while new site is prepared.	×	
Fees to disconnect and reconnect your water, electricity, gas, telephone, cable, satellite dish, etc.	×	
Fees and late charges not related to move for water, electricity, gas, telephone, cable, satellite dish (such as outstanding bills or late fees).		×
Costs for personal or real property taxes.		×
Cost to have old site cleaned up as required by landlord.	×	
Costs of buying land and installing water and sewer for your MH.		×

Expense	Qualifying? Yes	Qualifying? No
Inspection fee to place MH on your own land.	×	
Costs for improvements required by new landlord such as foundation, stairs, siding, garage, etc.	×	
Cost of driving your car to the new location.		×
Cost of kenneling your pet during the move.		×
Costs for improvements not required by new landlord, such as stairs, garage, storage shed, etc.		×
Cost of replacing carpet that was not reusable due to the move.	×	
Costs for interest on loans.		×
Cost of motel or eating out while MH is moved.		×
Cost of replacing a door that broke during the move, not covered by insurance or movers.	×	
Costs of moving belongings to new location.		×
Cost of connecting MH to water and sewer lines.	×	
Costs paid by another (not a loan).		×
Demolition and removal costs to have MH moved out of park.	×	

How do I qualify for the refundable credit?

You qualify for the refundable tax credit if your household income is equal to or less than the amount on the chart for your household size. If the credit is more than your tax, you'll get the difference as a refund. To claim the credit, complete Schedule MH and attach it to your return. See "What documents do I need to keep for this credit?"

Example 1: Molly lived by herself in a mobile home. The park she lived in closed in April 2006. That year, Molly received $10,000 from Social Security and in-home services from the state valued at $3,000. Molly's household income is $13,000. Her mobile home has a fair market value of $70,000.

In March 2006, Molly paid $7,000 to have her mobile home moved to property owned by a relative.

Molly's household income of $13,000 is less than the amount shown on the chart on page 1 for a household size of one ($19,140). She qualifies for a refundable credit of $7,000 and will claim it on her 2006 Oregon income tax return.

Example 2: Jack lived in a manufactured home he owned. The mobile home park he lived in closed in

August 2006. Jack had wages of $31,000 in 2006 and no other income.

He lives with his girlfriend, Sherry, and their daughter, Emily. Sherry had wages of $3,000 in 2006 and no other income. Jack paid $8,400 to move his mobile home to another park in July 2006.

Jack's household size is three (Jack, Sherry, and Emily) and his household income is $31,000. Since Jack is not married, Sherry's wages aren't included.

Jack's household income of $31,000 is below the amount on the chart for a household size of three ($32,180). He qualifies for a refundable credit of $8,400 and will claim it on his 2006 Oregon tax return.

How do I qualify for the non-refundable credit?

You qualify for a non-refundable tax credit if your household income is $60,000 or less, but more than the amount on the chart for your household size. You are allowed to claim one-third of the total credit each year for three years. To claim the credit, complete Schedule MH and attach it to your return. Claim the non-refundable credit as an "other credit" using **code 741.**

If the tax credit claimed is more than the tax liability for that year, you can carry the unused amount forward. You can carry each year's unused credit amount forward for five years from the year it's claimed. See "How does the carry forward work?" and "What documents do I need to keep for this credit?"

Example 3: Alan and Angela are married and have no dependents. They have a household income of $38,400 (wages of $30,000 and non-taxable disability of $8,400) and lived in a mobile home park that closed in September 2006.

Alan and Angela's mobile home has a fair market value of $75,000. They spent $12,500 to move it to another park in 2006. They received $3,500 from the closing park for moving. Their total credit is $9,000—their qualifying expenses minus the payment from the closing park.

Their household income of $38,400 is greater than the amount shown on the chart for a household size of two ($25,660). They qualify for the non-refundable tax credit of $9,000 and will claim one-third ($3,000) of the total credit each year for three years.

They'll claim the total $9,000 over three years—a $3,000 tax credit on their 2006 Oregon tax return, a $3,000 tax credit on their 2007 Oregon tax return, and a $3,000 tax credit on their 2008 Oregon tax return. The unused portion of each year's credit can be carried forward for five years from the year claimed. (See "How does the carry forward work?" below.)

Example 4: Charlie owned a mobile home that he lived in with his mother, Mary. He moved out, but Mary stayed and continued to pay space rent.

The park closed in October 2006. Mary paid $8,000 to have the mobile home moved to a new park.

Charlie can't claim the credit because he didn't live in the home as his primary residence and didn't pay to have it moved. Mary can't claim the credit because she didn't own the mobile home.

How does the carryforward work?

If you claim the non-refundable tax credit, you can carry each year's unused portion forward five years. If you don't use it within five years from the year it was claimed, it is lost and can't be used.

Tax credits (one-third of moving costs) claimed in 2006 can be carried forward up to five years (2007, 2008, 2009, 2010, 2011).

Tax credits claimed in 2007 can also be carried forward up to five years (2008, 2009, 2010, 2011, 2012).

Tax credits claimed in 2008 can also be carried forward up to five years (2009, 2010, 2011, 2012, 2013).

Use the carryforward from prior years before using the current year's credit.

Example 5: Walt and Claire paid $9,000 to move their mobile home in 2006. They qualify for the non-refundable tax credit and will claim the moving expenses over three years. They will claim one-third of the moving expenses—$3,000—as a credit each year.

Their 2006 Oregon tax return has a tax liability of $1,600. They will claim a 2006 tax credit of $3,000 and carry forward the unused credit of $1,400 to their 2007 return:

2006 tax credit	$3,000
2006 Oregon tax liability	– 1,600
Carryforward to 2007	$1,400

For 2007, they'll have a 2006 carryforward and a 2007 tax credit. Their 2007 tax liability is $1,700.

They'll use the 2006 carryforward first. There isn't enough tax liability to use all of the 2007 credit, so they'll carry the unused amount forward:

2006 carryforward	$1,400
2007 tax credit	+ 3,000
2007 total credit	$4,400
2007 tax liability	– 1,700
Carryforward to 2008	$2,700

For 2008, they'll have a carryforward from 2007 of $2,700, and a 2008 tax credit of $3,000 (the final credit from the involuntary move). Their 2008 tax liability is $1,800. They'll use part of the carryforward from 2007 and none of the 2008 tax credit. They'll carry forward unused credit from both 2007 and 2008:

2007 carryforward	$2,700
2008 tax credit	+3,000
2008 total credit	$5,700
2008 tax liability	- 1,800
Carryforward to 2009	$3,900
($900 from 2007 and $3,000 from 2008)	

If they don't use the $900 carryforward from 2007 by 2012, it's lost and can't be used. If they don't use the $3,000 carryforward from 2008 by 2013, it's lost and can't be used.

What documents do I need to keep for this credit?

To claim this credit, send Schedule MH with your return. Do not send in additional documents unless requested. Keep these important documents for at least three years after you claim this credit:

- Copy of notice to vacate due to park closure addressed to you as the MH owner and occupant.
- Copy of lease agreement at closing park showing you as the owner and occupant.
- Copy of MH ownership papers.
- Copy of identification showing the MH as your address (such as driver's license).
- Copy of receipt from MH mover showing that the move was completed, where the MH was moved from, and the date of the move.
- Statement from county tax assessor that your MH was moved out of the closing park.
- Statement from the closing park verifying:
  — owner(s),
  — occupant(s),
  — your MH location in the closing park,
  — that your MH was not rented out to another,
  — the date your MH was moved out,
  — closure notice date, and
  — park closure date.
- Copy of receipts for your qualifying expenses.
- When improvements are required at the new location, a copy of notice or lease showing required improvements or the name of the government agency requiring the improvements.

Taxpayer assistance

General tax information .... www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from Oregon prefix........... 1-800-356-4222

Asistencia en español:
Salem 503-945-8618
Gratis de prefijo de Oregon............. 1-800-356-4222

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

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.