

1994 Oregon

Form 40
and
Form 40S

Full-Year Resident Income Tax Booklet

New this year!

Want your refund faster?

- ✓ Use your booklet label if you have one.
- ✓ Be sure to attach your W-2s.
- ✓ Use the correct Social Security number.
- ✓ Double check your math.
- ✓ Make sure you subtract your federal tax liability (see instructions for the correct amount).
- ✓ File your return electronically. See page 3 for details.

Federal schedules

You no longer have to file all your federal schedules with your Oregon return. See page 3 for more information.

Need help?

If you have questions or want to order forms, you can call us 24 hours a day.

Call: Salem (503) 378-4988

Toll-free within Oregon 1-800-356-4222

The toll-free number is only available January through April.

TDD (for nonvoice use only) (503) 945-8617

Habla Español? Las personas que necesitan asistencia en Español pueden llamar al número en Salem (503) 945-8618.

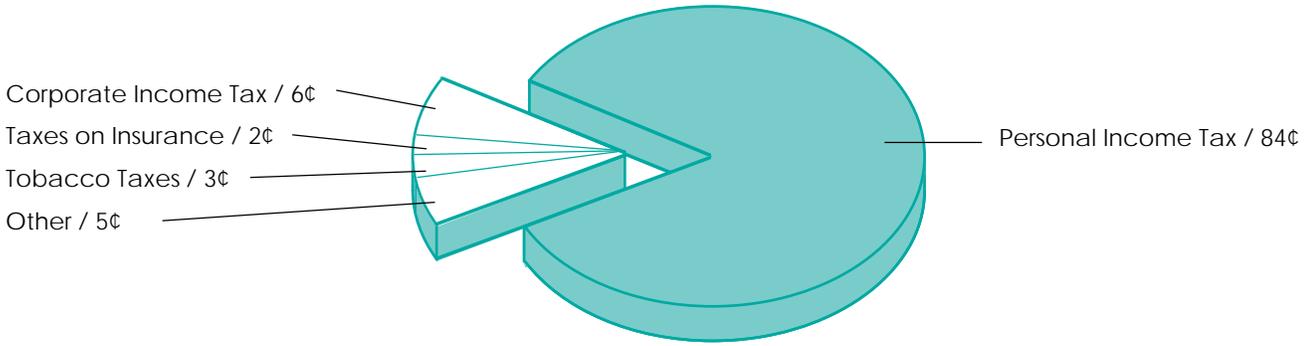
Oregon Department of Revenue
955 Center St. NE
Salem, OR 97310-2551

Please use this
label on your
return

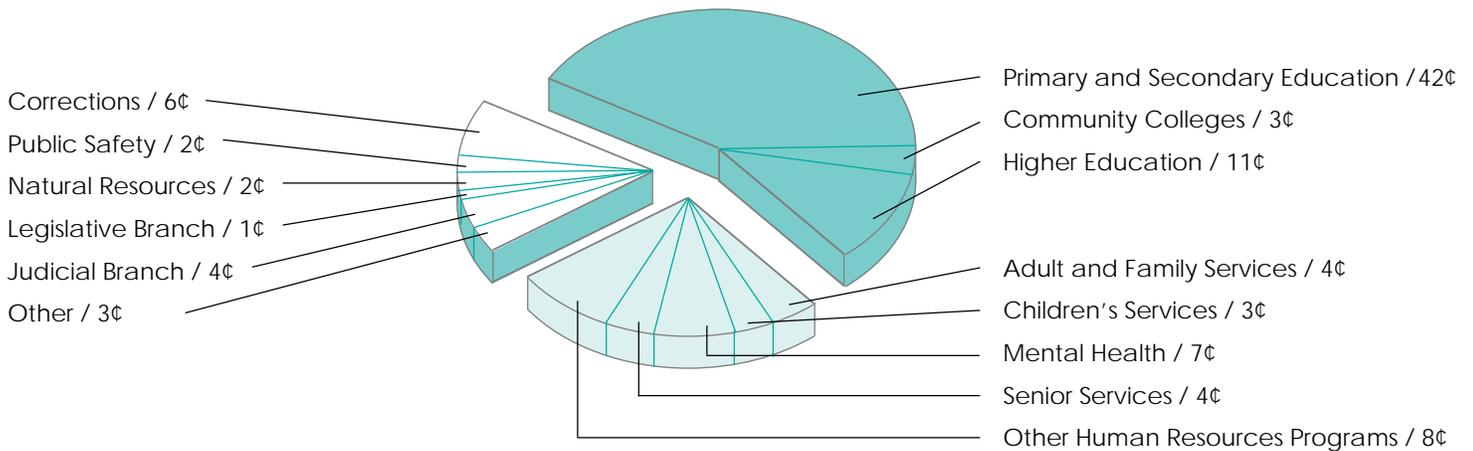


Where Your Tax Dollar Goes

Source of General Fund Revenues 1993–1995



Expenditure of General Fund Revenues 1993–1995



Do I need to file?

Marital Status	Filing Status	Age	If Gross Income is More Than:
Single (including divorced and legally separated)	Single—can be claimed on another's return	Any	\$500
	Single	Under 65	\$4,120
		65 or older	\$5,320
	Head of household	Under 65	\$4,960
65 or older		\$6,160	
Married	Married, joint return	Under 65, (both)	\$7,640
		65 or older (one)	\$8,640
		65 or older (both)	\$9,640
	Married, separate return	Under 65	\$3,820
		65 or older	\$4,820
Qualifying widow(er)	Qualifying widow(er)	Under 65	\$7,640
		65 or older	\$8,640

In addition, file a return if:

- You are self-employed with net earnings over \$400.
- You had Oregon income tax withheld from your wages.
- You are a nonresident or a part-year resident with income taxed by Oregon.

These instructions aren't a complete statement of laws and Oregon Department of Revenue rules. You may need more information or forms. See page 32.

If you have disabilities and need special accommodations, see page 32 for numbers to call and places to get help.

New information

New for 1994. You no longer have to file all of your federal return with your Oregon return. File only a copy of the front and back of the federal form (1040, 1040A, 1040EZ, or 1040PC) with your Oregon income tax return. Don't attach any other federal schedules such as A, B, C, D, or Form 2441. We get federal schedule information electronically. This change does not affect 40S filers.

Labels. You may have received a mailing label from us on this tax booklet. If you received a label, please use it on the income tax return you mail to the department. Make sure the label is correct. If it isn't, mark through the incorrect information and make corrections on the label. If someone else prepares your return, ask the preparer to use your label. Your return will be processed faster.

Oregon law follows federal law as of December 31, 1992. For the 1994 tax year, most items are treated the same way on your Oregon and federal tax returns.

Federal tax law changes

Omnibus Budget Reconciliation Act of 1993. This federal act became effective on August 10, 1993. Oregon law is tied to federal law as of December 31, 1992. The changes for 1993 not followed by Oregon will continue to create Oregon differences in 1994. These include:

- Employer-provided educational assistance deductions. See "Other additions," page 19.
- Nonresidential real property. See "Difference in depreciation for Oregon," page 21.
- Election to expense certain tangible property (Section 179 expenses). See "Other additions," page 19.
- Amortization of goodwill and related intangibles. Oregon follows prior federal law and will require an addition or subtraction on your Oregon return.

Federal laws becoming effective in 1994 not followed by Oregon include:

- Moving expenses. Federal law has new limitations on moving expenses for 1994. Oregon follows prior federal law. This may require an addition or subtraction on your Oregon return.
- Business meals and entertainment expenses. Beginning in 1994, federal law allows only 50 percent of the cost of your business meals and entertainment expenses. Oregon follows prior federal law that allows 80 percent. The difference may be claimed as an "Other subtraction."
- Self-employed health insurance deduction. Oregon allows self-employed people to claim 25 percent of health insurance premiums as a subtraction from income. Federal law may allow a different amount. This may require a subtraction on your Oregon return. You may not claim the same expenses as itemized deductions on Schedule A.

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Oregon tax information

- Extension to file. If you filed an extension, check the "Extension filed" box on the form.

Active duty pay income will continue to be subtracted from Oregon income if it was earned outside Oregon from August 1, 1990, through the date the President sets as the end of combat activities in the Persian Gulf. See page 20, "Military active duty."

Retirement income credit and special Oregon medical deduction. The minimum age requirement for 1995 will increase to age 60.

Electronic filing

Oregon is offering a joint federal/state electronic filing program. People who file electronically with the Internal Revenue Service (IRS) may file their Oregon return electronically at the same time. The program is open to full-year residents who are expecting refunds or have tax to pay. If you owe additional tax, you can file your return any time before the due date and you will have until April 17, 1995, to pay the tax.

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.

What form do I use?

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

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

Use Form 40 if:

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

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

- You paid or should have paid estimated tax during the year.
- You have adjustments on Form 1040, line 30, or Form 1040A, line 15c. Examples are alimony and IRA deductions.
- You have Oregon "additions" or "subtractions" other than the federal tax subtraction. The most common ones are listed on the return.
- You itemize deductions on your Oregon return.
- You are married filing separately and your spouse is itemizing.
- You are claiming tax credits other than the exemption credit or those listed on pages 15–16.
- You received pension or annuity income.
- You are in the military and claiming the subtraction for military active duty pay.
- You owe penalty or interest.

Use Form 40P if:

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

Use Form 40N if:

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

4/Choosing the correct form

To order forms 40P and 40N and instructions, see page 32.

When should I file my return?

File as soon as possible. The filing deadline for calendar year 1994 is April 17, 1995.

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

Need more time to file?

- If you need more time to file both your federal and your Oregon returns:
 - Generally, Oregon allows you the same extension you have for your federal return. If you did have a federal extension, check the "Extension Filed" box on your Oregon return when you file.
 - To avoid penalty and interest, mail any tax due by April 17, 1995. Attach payment to a separate copy of your federal extension.
 - Include the amount you paid with your extension on Form 40, line 43, when you file your return.
- If you need an extension of time to file for Oregon only, send us a federal extension form. Write "For Oregon only" across the top. Include your payment. Send your extension and payment to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
 - Check the "Extension Filed" box on your Oregon return when you file. We'll notify you only if your extension is denied.

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

You must pay any tax due when filing your extension.

If you don't pay all of the tax due with your extension, you will owe interest after April 17, 1995, to the date of your payment. The current interest rate is 10 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 14 percent per year.

You also will owe a 5 percent penalty if you pay after April 17, 1995. If you file more than three months late, add an additional 20 percent penalty. The penalties apply even if you filed an extension unless you meet the following conditions:

1. Get an extension of time to file your return;
2. Pay at least 90 percent of the tax due by April 17, 1995;
3. Pay the balance of tax due at the time you file within the extension period; and

4. Pay the interest on the balance of the tax due at the time you file your return or within 30 days of our billing date.

Were you stationed in the Persian Gulf area? Did you receive additional time to file your 1994 federal return? If so, Oregon allows the same additional time to file. Write "Desert Storm" in red at the top of the form.

1995 estimated tax

Estimated tax is the amount of tax you expect to owe when you file your 1995 Oregon individual income tax return. The tax you owe is net income tax less your anticipated Oregon withholding.

Who must pay estimated tax?

In most cases, people who expect to owe \$500 or more on their 1995 Oregon income tax return.

For example:

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

There are other limitations based on income. See page 32 to order the estimated tax coupons and instructions or the information circular "Estimated Tax," 150-101-648.

- Wage earners. If you expect to owe \$500 or more on your 1995 return, you need to increase the amount your employer withholds from your wages. If you and your spouse both work, see page 32 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases," 150-206-643.

Exception:

You don't have to pay estimated tax if at least two-thirds of your gross income is from farming or fishing. Attach Form 10, "Underpayment of Oregon Estimated Tax," to your Oregon income tax return. Check the box on Form 10 to tell us you qualify for the farmer's and fisher's exception. See page 32 to order Form 10.

How do I make estimated tax payments?

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

If you don't get your Oregon estimated tax forms by the end of February, see page 32 to order the forms.

When do I pay?

First-period estimated tax—due April 17, 1995.*
Second-period estimated tax—due June 15, 1995.

Third-period estimated tax—due Sept. 15, 1995.
Fourth-period estimated tax—due Jan. 16, 1996.

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

Residency

Am I a resident, a nonresident, or a part-year resident?

The following definitions will help you decide.

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

Special-case Oregon residents. File Form 40N if all the following are true:

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

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

Exceptions for married persons when spouses are:

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

- See page 32 to order the information circular, “Married Persons Filing Separate Returns,” 150-101-656.

Armed forces

I was in the armed forces in 1994. How should I file?

- See if you meet all of the following requirements:
 - You didn’t have a personal residence in Oregon for yourself or for your family during any part of 1994.
 - Your personal residence was outside of Oregon during all of 1994.
 - You spent less than 31 days in Oregon in 1994.

If you do, you will file as a nonresident. File Form 40N to get a refund of Oregon tax withheld from your military wages. Form 40N is in the part-year resident and nonresident booklet. Contact the Oregon Department of Revenue to order that booklet. See page 32.

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

Elderly Rental Assistance (ERA)

To qualify for an ERA refund you must be a renter who resided in Oregon on December 31, 1994, be age 58 or older on December 31, 1994, have household income less than \$10,000, and use more than 20 percent of your household income to pay for rent, fuel, and utilities. If you think you qualify, see page 32 to order an ERA booklet.

Are you self-employed?

If you are self-employed and do business in Washington, Multnomah, or Clackamas counties, you may need to file a Tri-Met Self-Employment tax return. If you are self-employed, have employees, and do business in Lane County, you may need to pay Lane County Transit tax. See page 32 to order forms or receive information.

Questions answered

What tax records do I need to keep?

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

Also, save all records about property you bought. Keep these kinds of records for at least three years after you sell the property.

For more information, see page 32 to order the information circular “Record Keeping Requirements,” 150-101-608.

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

- If you file your return by April 1:
 - If you use your label, allow 4–6 weeks to receive your refund.
 - If you don’t use your label, allow 6–8 weeks to receive your refund.
- If you file your return after April 1:
 - Add 2–3 weeks to the above.

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

I’m moving. Will my refund check be forwarded to me?

Yes. If you move after you mail your return, let us know your new address for a faster refund. Write to: Address Change, Oregon Department of Revenue, 955 Center St. NE, Salem OR 97310-2501. Or see page 32 for numbers to call. Also, tell your post office your new address.

May I round off cents to the nearest whole dollar?

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

Is my tax return private information?

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

Should I put my return together in a special order?

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

1. Form 40 or Form 40S with Form W-2, 1099R, and all other 1099s showing Oregon tax withholding stapled to the lower front.
2. Attach any payment to the top of the W-2 form.
3. Copy of federal Form 1040, 1040A, 1040EZ, or 1040PC. Form 40S filers don’t need to attach this item.
4. Oregon Form 10, “Underpayment of Oregon Estimated Tax.”

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

Continued on page 11

Form 40S

When do I need to file an amended Oregon return?

File Form 40X (Oregon amended return) any time you need to correct your Oregon return. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return. If you amend your federal return, usually you'll need to amend your Oregon return. See page 32 to order this form.

What if I'm audited by the Internal Revenue Service (IRS)?

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

What is electronic filing?

Oregon has joined 29 other states in the federal/state electronic filing program. This program allows the federal and state return to be sent together electronically.

Electronic filing offers efficient and accurate one-stop filing for taxpayers. This service will be available January 15 and will continue through August 15.

Generally, you need to file electronically through a tax preparer or a company registered with the IRS. The program is open to full-year residents who are expecting refunds or have tax to pay.

Form 40S instructions

Caution: Not everyone may file Form 40S (short form). See page 4 to see if this is the right form for you.

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

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

Address section

Label. If you received a label on this tax booklet, please use it on the Form 40S you mail to the department. Your return will be processed faster. Don't attach the label to your return until the return is completed. If someone else prepares your return, ask them to use your label.

Make sure the label is correct. If it isn't, mark through the incorrect information and make corrections on the label. If you don't have a label, print or type your name, address, and Social Security number on your return.

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

Check the boxes

Filing status

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

If you are married filing separately, fill in your spouse's name and Social Security number by box num-

ber 3. Don't fill in your spouse's name or Social Security number in the heading of the return.

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

Exemptions

6a and 6b. Yourself and spouse. Check "Yourself" and other boxes that apply. If you can be claimed as a dependent on someone else's return, you can't claim an exemption for yourself on your Oregon return.

Severely disabled. Did you have a severe disability at the end of 1994? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

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

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

Generally, a condition caused by the normal aging process does not qualify.

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.

Continued on page 15

Tax tables for Form 40S and Form 40

Use column S if you are

- S** • Single
• Married filing separately

Use column J if you are

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

If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is			
and you use column		and you use column		and you use column		and you use column		and you use column		and you use column		and you use column		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
\$0 – 4,650				\$4,650 – 9,450				\$9,450 – 14,250				\$14,250 – 19,050			
0–	20	0	0	4650–	4750	287	245	9450–	9550	708	581	14250–	14350	1140	993
20–	50	2	2	4750–	4850	294	252	9550–	9650	717	588	14350–	14450	1149	1002
50–	150	5	5	4850–	4950	301	259	9650–	9750	726	595	14450–	14550	1158	1011
150–	250	10	10	4950–	5050	308	266	9750–	9850	735	602	14550–	14650	1167	1020
250–	350	15	15	5050–	5150	315	273	9850–	9950	744	609	14650–	14750	1176	1029
350–	450	20	20	5150–	5250	322	280	9950–	10050	753	616	14750–	14850	1185	1038
450–	550	25	25	5250–	5350	330	287	10050–	10150	762	623	14850–	14950	1194	1047
550–	650	30	30	5350–	5450	339	294	10150–	10250	771	630	14950–	15050	1203	1056
650–	750	35	35	5450–	5550	348	301	10250–	10350	780	637	15050–	15150	1212	1065
750–	850	40	40	5550–	5650	357	308	10350–	10450	789	644	15150–	15250	1221	1074
850–	950	45	45	5650–	5750	366	315	10450–	10550	798	651	15250–	15350	1230	1083
950–	1050	50	50	5750–	5850	375	322	10550–	10650	807	660	15350–	15450	1239	1092
1050–	1150	55	55	5850–	5950	384	329	10650–	10750	816	669	15450–	15550	1248	1101
1150–	1250	60	60	5950–	6050	393	336	10750–	10850	825	678	15550–	15650	1257	1110
1250–	1350	65	65	6050–	6150	402	343	10850–	10950	834	687	15650–	15750	1266	1119
1350–	1450	70	70	6150–	6250	411	350	10950–	11050	843	696	15750–	15850	1275	1128
1450–	1550	75	75	6250–	6350	420	357	11050–	11150	852	705	15850–	15950	1284	1137
1550–	1650	80	80	6350–	6450	429	364	11150–	11250	861	714	15950–	16050	1293	1146
1650–	1750	85	85	6450–	6550	438	371	11250–	11350	870	723	16050–	16150	1302	1155
1750–	1850	90	90	6550–	6650	447	378	11350–	11450	879	732	16150–	16250	1311	1164
1850–	1950	95	95	6650–	6750	456	385	11450–	11550	888	741	16250–	16350	1320	1173
1950–	2050	100	100	6750–	6850	465	392	11550–	11650	897	750	16350–	16450	1329	1182
2050–	2150	105	105	6850–	6950	474	399	11650–	11750	906	759	16450–	16550	1338	1191
2150–	2250	112	110	6950–	7050	483	406	11750–	11850	915	768	16550–	16650	1347	1200
2250–	2350	119	115	7050–	7150	492	413	11850–	11950	924	777	16650–	16750	1356	1209
2350–	2450	126	120	7150–	7250	501	420	11950–	12050	933	786	16750–	16850	1365	1218
2450–	2550	133	125	7250–	7350	510	427	12050–	12150	942	795	16850–	16950	1374	1227
2550–	2650	140	130	7350–	7450	519	434	12150–	12250	951	804	16950–	17050	1383	1236
2650–	2750	147	135	7450–	7550	528	441	12250–	12350	960	813	17050–	17150	1392	1245
2750–	2850	154	140	7550–	7650	537	448	12350–	12450	969	822	17150–	17250	1401	1254
2850–	2950	161	145	7650–	7750	546	455	12450–	12550	978	831	17250–	17350	1410	1263
2950–	3050	168	150	7750–	7850	555	462	12550–	12650	987	840	17350–	17450	1419	1272
3050–	3150	175	155	7850–	7950	564	469	12650–	12750	996	849	17450–	17550	1428	1281
3150–	3250	182	160	7950–	8050	573	476	12750–	12850	1005	858	17550–	17650	1437	1290
3250–	3350	189	165	8050–	8150	582	483	12850–	12950	1014	867	17650–	17750	1446	1299
3350–	3450	196	170	8150–	8250	591	490	12950–	13050	1023	876	17750–	17850	1455	1308
3450–	3550	203	175	8250–	8350	600	497	13050–	13150	1032	885	17850–	17950	1464	1317
3550–	3650	210	180	8350–	8450	609	504	13150–	13250	1041	894	17950–	18050	1473	1326
3650–	3750	217	185	8450–	8550	618	511	13250–	13350	1050	903	18050–	18150	1482	1335
3750–	3850	224	190	8550–	8650	627	518	13350–	13450	1059	912	18150–	18250	1491	1344
3850–	3950	231	195	8650–	8750	636	525	13450–	13550	1068	921	18250–	18350	1500	1353
3950–	4050	238	200	8750–	8850	645	532	13550–	13650	1077	930	18350–	18450	1509	1362
4050–	4150	245	205	8850–	8950	654	539	13650–	13750	1086	939	18450–	18550	1518	1371
4150–	4250	252	210	8950–	9050	663	546	13750–	13850	1095	948	18550–	18650	1527	1380
4250–	4350	259	217	9050–	9150	672	553	13850–	13950	1104	957	18650–	18750	1536	1389
4350–	4450	266	224	9150–	9250	681	560	13950–	14050	1113	966	18750–	18850	1545	1398
4450–	4550	273	231	9250–	9350	690	567	14050–	14150	1122	975	18850–	18950	1554	1407
4550–	4650	280	238	9350–	9450	699	574	14150–	14250	1131	984	18950–	19050	1563	1416

Tax tables for Form 40S and Form 40

Use column S if you are

- S** • Single
• Married filing separately

Use column J if you are

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

If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is				If income from Form 40S line 16, or Form 40 line 29 is			
and you use column		and you use column		and you use column		and you use column		and you use column		and you use column		and you use column		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
\$19,050 – 23,850				\$23,850 – 28,650				\$28,650 – 33,450				\$33,450 – 38,250			
19050–	19150	1572	1425	23850–	23950	2004	1857	28650–	28750	2436	2289	33450–	33550	2868	2721
19150–	19250	1581	1434	23950–	24050	2013	1866	28750–	28850	2445	2298	33550–	33650	2877	2730
19250–	19350	1590	1443	24050–	24150	2022	1875	28850–	28950	2454	2307	33650–	33750	2886	2739
19350–	19450	1599	1452	24150–	24250	2031	1884	28950–	29050	2463	2316	33750–	33850	2895	2748
19450–	19550	1608	1461	24250–	24350	2040	1893	29050–	29150	2472	2325	33850–	33950	2904	2757
19550–	19650	1617	1470	24350–	24450	2049	1902	29150–	29250	2481	2334	33950–	34050	2913	2766
19650–	19750	1626	1479	24450–	24550	2058	1911	29250–	29350	2490	2343	34050–	34150	2922	2775
19750–	19850	1635	1488	24550–	24650	2067	1920	29350–	29450	2499	2352	34150–	34250	2931	2784
19850–	19950	1644	1497	24650–	24750	2076	1929	29450–	29550	2508	2361	34250–	34350	2940	2793
19950–	20050	1653	1506	24750–	24850	2085	1938	29550–	29650	2517	2370	34350–	34450	2949	2802
20050–	20150	1662	1515	24850–	24950	2094	1947	29650–	29750	2526	2379	34450–	34550	2958	2811
20150–	20250	1671	1524	24950–	25050	2103	1956	29750–	29850	2535	2388	34550–	34650	2967	2820
20250–	20350	1680	1533	25050–	25150	2112	1965	29850–	29950	2544	2397	34650–	34750	2976	2829
20350–	20450	1689	1542	25150–	25250	2121	1974	29950–	30050	2553	2406	34750–	34850	2985	2838
20450–	20550	1698	1551	25250–	25350	2130	1983	30050–	30150	2562	2415	34850–	34950	2994	2847
20550–	20650	1707	1560	25350–	25450	2139	1992	30150–	30250	2571	2424	34950–	35050	3003	2856
20650–	20750	1716	1569	25450–	25550	2148	2001	30250–	30350	2580	2433	35050–	35150	3012	2865
20750–	20850	1725	1578	25550–	25650	2157	2010	30350–	30450	2589	2442	35150–	35250	3021	2874
20850–	20950	1734	1587	25650–	25750	2166	2019	30450–	30550	2598	2451	35250–	35350	3030	2883
20950–	21050	1743	1596	25750–	25850	2175	2028	30550–	30650	2607	2460	35350–	35450	3039	2892
21050–	21150	1752	1605	25850–	25950	2184	2037	30650–	30750	2616	2469	35450–	35550	3048	2901
21150–	21250	1761	1614	25950–	26050	2193	2046	30750–	30850	2625	2478	35550–	35650	3057	2910
21250–	21350	1770	1623	26050–	26150	2202	2055	30850–	30950	2634	2487	35650–	35750	3066	2919
21350–	21450	1779	1632	26150–	26250	2211	2064	30950–	31050	2643	2496	35750–	35850	3075	2928
21450–	21550	1788	1641	26250–	26350	2220	2073	31050–	31150	2652	2505	35850–	35950	3084	2937
21550–	21650	1797	1650	26350–	26450	2229	2082	31150–	31250	2661	2514	35950–	36050	3093	2946
21650–	21750	1806	1659	26450–	26550	2238	2091	31250–	31350	2670	2523	36050–	36150	3102	2955
21750–	21850	1815	1668	26550–	26650	2247	2100	31350–	31450	2679	2532	36150–	36250	3111	2964
21850–	21950	1824	1677	26650–	26750	2256	2109	31450–	31550	2688	2541	36250–	36350	3120	2973
21950–	22050	1833	1686	26750–	26850	2265	2118	31550–	31650	2697	2550	36350–	36450	3129	2982
22050–	22150	1842	1695	26850–	26950	2274	2127	31650–	31750	2706	2559	36450–	36550	3138	2991
22150–	22250	1851	1704	26950–	27050	2283	2136	31750–	31850	2715	2568	36550–	36650	3147	3000
22250–	22350	1860	1713	27050–	27150	2292	2145	31850–	31950	2724	2577	36650–	36750	3156	3009
22350–	22450	1869	1722	27150–	27250	2301	2154	31950–	32050	2733	2586	36750–	36850	3165	3018
22450–	22550	1878	1731	27250–	27350	2310	2163	32050–	32150	2742	2595	36850–	36950	3174	3027
22550–	22650	1887	1740	27350–	27450	2319	2172	32150–	32250	2751	2604	36950–	37050	3183	3036
22650–	22750	1896	1749	27450–	27550	2328	2181	32250–	32350	2760	2613	37050–	37150	3192	3045
22750–	22850	1905	1758	27550–	27650	2337	2190	32350–	32450	2769	2622	37150–	37250	3201	3054
22850–	22950	1914	1767	27650–	27750	2346	2199	32450–	32550	2778	2631	37250–	37350	3210	3063
22950–	23050	1923	1776	27750–	27850	2355	2208	32550–	32650	2787	2640	37350–	37450	3219	3072
23050–	23150	1932	1785	27850–	27950	2364	2217	32650–	32750	2796	2649	37450–	37550	3228	3081
23150–	23250	1941	1794	27950–	28050	2373	2226	32750–	32850	2805	2658	37550–	37650	3237	3090
23250–	23350	1950	1803	28050–	28150	2382	2235	32850–	32950	2814	2667	37650–	37750	3246	3099
23350–	23450	1959	1812	28150–	28250	2391	2244	32950–	33050	2823	2676	37750–	37850	3255	3108
23450–	23550	1968	1821	28250–	28350	2400	2253	33050–	33150	2832	2685	37850–	37950	3264	3117
23550–	23650	1977	1830	28350–	28450	2409	2262	33150–	33250	2841	2694	37950–	38050	3273	3126
23650–	23750	1986	1839	28450–	28550	2418	2271	33250–	33350	2850	2703	38050–	38150	3282	3135
23750–	23850	1995	1848	28550–	28650	2427	2280	33350–	33450	2859	2712	38150–	38250	3291	3144

Tax tables for Form 40S and Form 40

Use column S if you are

- S** • Single
• Married filing separately

Use column J if you are

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

If income from Form 40S line 16, or Form 40 line 29 is _____ and you use column				If income from Form 40S line 16, or Form 40 line 29 is _____ and you use column				If income from Form 40S line 16, or Form 40 line 29 is _____ and you use column				If income from Form 40S line 16, 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
\$38,250 – 41,250				\$41,250 – 44,250				\$44,250 – 47,250				\$47,250 – 50,001			
38250–	38350	3300	3153	41250–	41350	3570	3423	44250–	44350	3840	3693	47250–	47350	4110	3963
38350–	38450	3309	3162	41350–	41450	3579	3432	44350–	44450	3849	3702	47350–	47450	4119	3972
38450–	38550	3318	3171	41450–	41550	3588	3441	44450–	44550	3858	3711	47450–	47550	4128	3981
38550–	38650	3327	3180	41550–	41650	3597	3450	44550–	44650	3867	3720	47550–	47650	4137	3990
38650–	38750	3336	3189	41650–	41750	3606	3459	44650–	44750	3876	3729	47650–	47750	4146	3999
38750–	38850	3345	3198	41750–	41850	3615	3468	44750–	44850	3885	3738	47750–	47850	4155	4008
38850–	38950	3354	3207	41850–	41950	3624	3477	44850–	44950	3894	3747	47850–	47950	4164	4017
38950–	39050	3363	3216	41950–	42050	3633	3486	44950–	45050	3903	3756	47950–	48050	4173	4026
39050–	39150	3372	3225	42050–	42150	3642	3495	45050–	45150	3912	3765	48050–	48150	4182	4035
39150–	39250	3381	3234	42150–	42250	3651	3504	45150–	45250	3921	3774	48150–	48250	4191	4044
39250–	39350	3390	3243	42250–	42350	3660	3513	45250–	45350	3930	3783	48250–	48350	4200	4053
39350–	39450	3399	3252	42350–	42450	3669	3522	45350–	45450	3939	3792	48350–	48450	4209	4062
39450–	39550	3408	3261	42450–	42550	3678	3531	45450–	45550	3948	3801	48450–	48550	4218	4071
39550–	39650	3417	3270	42550–	42650	3687	3540	45550–	45650	3957	3810	48550–	48650	4227	4080
39650–	39750	3426	3279	42650–	42750	3696	3549	45650–	45750	3966	3819	48650–	48750	4236	4089
39750–	39850	3435	3288	42750–	42850	3705	3558	45750–	45850	3975	3828	48750–	48850	4245	4098
39850–	39950	3444	3297	42850–	42950	3714	3567	45850–	45950	3984	3837	48850–	48950	4254	4107
39950–	40050	3453	3306	42950–	43050	3723	3576	45950–	46050	3993	3846	48950–	49050	4263	4116
40050–	40150	3462	3315	43050–	43150	3732	3585	46050–	46150	4002	3855	49050–	49150	4272	4125
40150–	40250	3471	3324	43150–	43250	3741	3594	46150–	46250	4011	3864	49150–	49250	4281	4134
40250–	40350	3480	3333	43250–	43350	3750	3603	46250–	46350	4020	3873	49250–	49350	4290	4143
40350–	40450	3489	3342	43350–	43450	3759	3612	46350–	46450	4029	3882	49350–	49450	4299	4152
40450–	40550	3498	3351	43450–	43550	3768	3621	46450–	46550	4038	3891	49450–	49550	4308	4161
40550–	40650	3507	3360	43550–	43650	3777	3630	46550–	46650	4047	3900	49550–	49650	4317	4170
40650–	40750	3516	3369	43650–	43750	3786	3639	46650–	46750	4056	3909	49650–	49750	4326	4179
40750–	40850	3525	3378	43750–	43850	3795	3648	46750–	46850	4065	3918	49750–	49850	4335	4188
40850–	40950	3534	3387	43850–	43950	3804	3657	46850–	46950	4074	3927	49850–	49950	4344	4197
40950–	41050	3543	3396	43950–	44050	3813	3666	46950–	47050	4083	3936	49950–	50001	4353	4206
41050–	41150	3552	3405	44050–	44150	3822	3675	47050–	47150	4092	3945				
41150–	41250	3561	3414	44150–	44250	3831	3684	47150–	47250	4101	3954				

If your taxable income from Form 40, line 29 is more than \$50,000, you must use the tax rate charts below to compute your tax liability.

TAX RATE CHARTS

Tax Rate Chart A:		Tax Rate Chart B:	
For persons filing SINGLE OR MARRIED FILING SEPARATELY		For persons filing JOINTLY, HEAD OF HOUSEHOLD or QUALIFYING WIDOW(ER) WITH DEPENDENT CHILD	
If your taxable income is:	Your tax is:	If your taxable income is:	Your tax is:
Over \$50,000	\$4,353 plus 9% of excess over \$50,000	Over \$50,000	\$4,206 plus 9% of excess over \$50,000

Continued from page 11

If you have a permanent severe disability, your physician must write a letter describing your disability.

Check the “Severely disabled” exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the credit for the loss of use of limbs. See instructions on page 16.

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

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

- Qualify as your dependent.
- Be age 17 or younger on December 31, 1994.
- Be eligible for “early intervention services” or diagnosed with disabilities for special education purposes. Learning disabilities alone don’t qualify for this exemption.
- Your child must have a health-related disability requiring special education as defined by the Oregon Department of Education. This includes:
 - Autism.
 - Visual impairment.
 - Mental retardation.
 - Serious emotional disturbance.
 - Traumatic brain injury.
 - Hearing impairment.
 - Orthopedic impairment.
 - Multiple disabilities.

Your child must have been diagnosed as of December 31, 1994, through the child’s local school district by a qualified examiner authorized by the Oregon Department of Education.

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

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

Write in your child’s name on the “Disabled children only” line. Also be sure to include the child’s name on line 6c for “Dependents.”

Age 65 or older, or blind

Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31. Check the same boxes you checked on your federal return. Use

this information to compute your standard deduction. See page 8.

Line instructions

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

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

9. Interest. Fill in your total interest. Include:

- Any interest received or credited to your account so you could withdraw it. That’s true even if the interest wasn’t entered in your passbook.
- Any interest received on tax refunds.

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

10. Dividends. Fill in your total dividends. Include stock dividends you got under a public utility dividend reinvestment plan. If you have dividends that are non-taxable distributions, use Form 40.

11. Unemployment. Fill in all unemployment compensation. This is the amount on federal Form 1040, line 19, or Form 1040A, line 12.

13. 1994 federal tax liability.

Caution: Carefully follow the instructions below. Don’t confuse your federal tax liability from your federal return with the federal tax withheld on your W-2.

Limit: Don’t fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

Fill in your federal tax liability from:

- Form 1040EZ, line 9 minus line 7, or
- Form 1040A, line 25 minus line 28c, or
- Form 1040, line 46 minus line 56.

Is the Internal Revenue Service (IRS) figuring your federal tax for you? Fill in as much of your Oregon Form 40S as possible. Do not write an amount on line 13. Attach a copy of your federal Form 1040, 1040A, or 1040EZ. We will use that information to determine your federal tax liability. If you need help, see page 32 for numbers to call.

16. Oregon taxable income. Caution: Is the amount on this line more than \$50,000? If so, you must use Form 40, pages 23–26.

19. Child and dependent care credit. You are allowed an Oregon credit only if you qualify for the federal child and dependent care credit.

Use the following worksheet:

1. Enter the amount from federal Form 2441, line 7, or Form 1040A, Schedule 2, line 7. 1. _____
2. Enter the decimal amount from the following table. 2. \times _____

If your federal taxable income from Form 1040, line 37, or Form 1040A, line 22 is:		Your decimal amount is:
Over—	But not over—	
—	\$ 5,000	.30
\$ 5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 by the decimal amount on line 2. Enter the result here. 3. _____
4. Multiply any child and dependent care expenses for 1993 that you paid in 1994 by the decimal amount that applies to your 1993 federal taxable income. Enter the result. 4. _____
5. Add the amounts on line 3 and 4. Enter here and on Form 40S, line 19. 5. _____

Carryover. Your total 1994 child care credit can't be more than your tax liability for Oregon. If it is, the excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 21.

20. Political contribution credit. Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. The contribution must have been made during 1994. It must have been a donation of money to any of the following:

- A political party.
- A qualified candidate for federal, state, or local office to be voted on in Oregon.
- A committee or association organized to support or oppose ballot measures or candidates to be voted on in Oregon.

21. Other credits.

- Child and dependent care credit carryover from prior years. Fill in the carryover amount on line 21. Label the line "Child care credit carryover." The amount of the prior year carryover plus your current year's credit can't exceed your Oregon tax liability. If it does,

the excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost.

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

Multiply the amount on federal Schedule R, line 21, or Form 1040A, Schedule 3, line 21 by .40 (40%).

- Credit for income tax paid to another state. You may be eligible for this credit if you paid income tax to another state. See page 29 of Form 40 instructions to figure your credit.
- Credit for home care of an elderly person. You may be eligible for this credit if your household income is less than \$17,500 and you pay expenses for the care of someone age 60 or older. The care must keep that person from being placed in a nursing home. That person's household income must be \$7,500 or less. See page 32 to order the information circular, "Home Care for the Elderly Credit," 150-101-653, and form 150-101-024, "Credit for Home Care of an Elderly Person." The Oregon Department of Human Resources must certify that the elderly person qualifies.
- Credit for loss of use of limbs. If you have a permanent and complete loss of the use of two limbs, you may take a tax credit of \$50. If your spouse qualifies, he or she may also claim a \$50 credit. You can't claim this credit for a dependent.

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

You also qualify for an additional exemption for severely disabled persons. See pages 11 and 15.

The following credits apply to only a few people and aren't explained in this booklet. See page 32 to get more information on these credits.

- Child development.
- Rural medical practitioners.
- Involuntary moving of a mobile home.

24. Oregon income tax withheld from wages. Fill in the total Oregon tax withheld from your wages. That's the amount shown on your wage slips (W-2 forms) in box 18. Don't use the FICA (Social Security) amount.

Staple readable copies of your wage slips to the front of your return. If you don't have a W-2 form you must provide other proof of any tax withheld from your wages. Proof may include a final paycheck stub or a letter from your employer. Substitute wage slips can't be filed before February 1.

If you paid estimated tax for 1994, you must use Form 40.

If you have tax to pay, you might want to withhold additional amounts for Oregon. If you and your spouse both work, see page 32 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases," 150-206-643.

25. Tax-to-pay. Attach a check or money order to your return. Make checks or money orders payable to "Oregon Department of Revenue." Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1994 Form 40S" on your check. Don't send cash or postdated checks. Stop here on the form.

26. Refund. You must have a refund of \$5 or greater on line 26 to use lines 27-31.

27. Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat. A donation will reduce your refund.

If you don't have a refund on line 26 but you want to contribute, mail your donation to: Oregon Department of Fish and Wildlife, Attention: Fiscal Manager, PO Box 59, Portland OR 97207.

28. Child Abuse Prevention. Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect. A donation will reduce your refund.

If you don't have a refund on line 26 but you want to contribute, mail your donation to: Children's Trust Fund, 530 Center St. NE #300, Salem OR 97310.

29. Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Partnership of Oregon for research on Alzheimer's disease and related disorders. A donation will reduce your refund.

If you don't have a refund on line 26 but you want to contribute, mail your donation to: Alzheimer's Research Partnership, PO Box 10051, Portland OR 97210.

30. Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence. A donation will reduce your refund.

If you don't have a refund on line 26 but you want to contribute, mail your donation to: OCADSV, 520 NW Davis, Suite 310, Portland OR 97209.

31. AIDS/HIV Education and Services. Your donation will fund grants by the Living with HIV Fund for AIDS/HIV education and services. A donation will reduce your refund.

If you don't have a refund on line 26 but you want to contribute, mail your donation to: The Research and Education Group, 2701 NW Vaughn, Suite 770, Portland OR 97210.

33. Net refund. The Oregon Department of Revenue cannot refund amounts less than \$5.

Double-check your figures, including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Accuracy speeds processing your return.

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

Staple readable copies of wage slips, receipts, and other necessary papers.

Labels will speed processing your return. If you received a label, please attach it to the return you mail to the department.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) to speed processing your return.

Mail refund returns or no-tax-due returns to: REFUND, PO Box 14700, Salem OR 97309-0930.

Mail tax-to-pay returns to: Oregon Department of Revenue, PO Box 14555, Salem OR 97309-0940.

If you believe you can't pay, file your return anyway. The Department of Revenue will work with you to set up a payment plan on a case-by-case basis.

Form 40 instructions

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

You must attach a copy of your federal 1040, 1040A, 1040EZ, or 1040PC to your Oregon tax return. Don't attach any other federal schedules such as A, B, C, D, or Form 2441.

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

Fiscal year filers

Write "Fiscal Year" in the center at the top of the form. Use red ink. Fill in the date your fiscal year ended.

Address section

Label. If you received a label with this tax booklet, please use it on the income tax return you mail to the department. Your return will be processed faster. Don't attach the label to your return until the return is completed. If someone else prepares your return, ask them to use your label.

Make sure the label is correct. If it isn't, mark through the incorrect information and make corrections on the label. If you don't have a label, print or type your name, address, and Social Security number on your return.

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

Check the boxes

Filing status

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

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

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

Exemptions

6a and 6b. Yourself and spouse. Check "Yourself" and other boxes that apply. If you can be claimed as a de-

pendent on someone else's return, you can't claim an exemption for yourself on your Oregon return.

Severely disabled. Did you have a severe disability at the end of 1994? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

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

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

Generally, a condition caused by the normal aging process does not qualify.

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.

Check the "Severely disabled" exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the credit for the loss of use of limbs. See instructions on page 29.

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

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

- Qualify as your dependent.
- Be age 17 or younger on December 31, 1994.
- Be eligible for "early intervention services" or diagnosed with disabilities for special education purposes. Learning disabilities alone don't qualify for this exemption.
- Your child must have a health-related disability requiring special education as defined by the Oregon Department of Education. This includes:
 - Autism.
 - Visual impairment.
 - Mental retardation.
 - Serious emotional disturbance.

- Traumatic brain injury.
- Hearing impairment.
- Orthopedic impairment.
- Multiple disabilities.

Your child must have been diagnosed as of December 31, 1994, through the child's resident school district, by a qualified examiner authorized by the Oregon Department of Education.

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

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

Write in your child's name on the "Disabled children only" line. Also be sure to include the child as an exemption in the total for line 6c.

Age 65 or older, or blind

Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31. Check the same boxes you checked on your federal return. Use this information to compute your standard deduction. See page 27.

Line instructions

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

Additions

Additions increase your federal adjusted gross income.

9. Interest on government bonds of other states. If you didn't include this interest in your federal income, fill in the interest you received from state and local governments other than Oregon. Generally, you don't pay federal tax on this. But you do pay Oregon tax. Example: Include interest from State of Washington bonds or from San Francisco city bonds. Leave out interest from Oregon government bonds.

10. Federal election on interest and dividends of a minor child. Did you make the election to report the interest or dividends of your minor child on your federal return? If so, you must add the amount that is subject to the special federal tax to Oregon income. On Form 40, line 10, fill in the smaller of line 6 or 7 from federal Form 8814.

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

- Federal income tax refunds. Did you get a federal tax refund in 1994 because you filed an amended fed-

eral return for a prior year? Or because you were audited? If so, you may need to include the refund on line 11. If you need help, see page 32 for numbers to call.

- Election to expense certain tangible property (Section 179 expenses). Federal law allows you to expense up to \$17,500 of the cost of qualifying assets on your federal return. Oregon only allows you to expense up to \$10,000 of the cost of qualifying assets on your Oregon return. You will need the Oregon Depreciation Schedule. See below for order instructions.

- Difference in depreciation for Oregon. Are you depreciating business property you placed in service after December 31, 1980, and before January 1, 1985? Or are you depreciating nonresidential real property you placed in service on or after May 13, 1993? If so, the depreciation deduction allowed by Oregon may be different than the amount allowed on your federal return.

You will need the Oregon Depreciation Schedule and instructions. To order, write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Or see page 32 for numbers to call. Is your Oregon depreciation less than your federal depreciation? If so, fill in the amount from line 4 of the Oregon Depreciation Schedule. If not, see instructions for Form 40, line 18.

- Gambling losses claimed as an itemized deduction. Did you claim Oregon gambling losses as an itemized deduction on your federal Schedule A? For Oregon purposes, gambling losses are limited to gambling winnings taxed by Oregon. If you need help, see page 32 for numbers to call.
- Lump-sum payment from a qualified retirement plan. If you used the 5- or 10-year averaging method for federal purposes, you may have this addition. 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 11. Attach a copy of federal Form 1099R with your wage slips.
- Employer-provided educational assistance deductions. Any employer-provided educational assistance you received which was not included in federal income must be claimed as an addition on line 11.
- Passive loss adjustment for real estate professionals. Real estate professionals may now claim ordinary losses on rental property for federal purposes. Oregon follows prior federal law requiring these to be claimed as passive losses. If you need help, see page 32.

- Moving expenses. Federal law has new limitations on moving expenses for 1994. Oregon follows prior federal law. If you need help, see page 32.
- Amortization of goodwill and related intangibles. Oregon follows prior federal law and will require an adjustment on your Oregon return.
- Other additions. The following additions apply to only a few people and are not explained in this booklet. If you need help, see page 32.
 - Gain or loss on the sale of depreciable property.
 - Depletion in excess of property basis.
 - Sale of Oregon inherited farm or forest property acquired from a decedent who died before January 1, 1987.
 - Federal deduction for bus operating authorities.
 - Passive losses.
 - Fiduciary adjustments from Oregon estates and simple or complex trusts.

Subtractions

Subtractions reduce your federal adjusted gross income.

14. 1994 federal tax liability. Caution: Carefully follow the instructions below. Don't confuse your federal tax liability calculated on your federal return with the federal tax withheld on your W-2.

Limit: Don't fill in less than -0- or more than \$3,000 (\$1,500 if married filing separately).

Fill in your federal tax liability from:

- Form 1040, line 46 minus line 56, or
- Form 1040A, line 25 minus line 28c, or
- Form 1040EZ, line 9 minus line 7.

On your federal return did you have:

- Alternative minimum tax, Form 1040, line 48?
- Recapture taxes, Form 1040, line 49?
- Tax on qualified retirement plans, Form 1040, line 51?

Add these to your federal tax.

Caution: Don't add self-employment tax, Form 1040, line 47, or the Social Security and Medicare tax on tips, Form 1040, line 50, or advance earned income credit payments, Form 1040, line 52.

Did you pay additional federal tax in 1994 because you were audited or you filed an amended return? If so, read the instructions for line 18.

Note: Your federal tax subtraction, line 14, plus your foreign tax subtraction (from "Other subtractions," line 18) can't exceed \$3,000.

15. Social Security income. Write in the amount, if any, from federal Form 1040, line 20b, or Form 1040A, line 13b. If you have Tier 2, windfall/dual-vested, or

supplemental Railroad Retirement benefits, read the instructions for line 18.

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

17. Interest and dividends from U.S. government. Fill in your interest and dividends from the U.S. government you included on your federal return. Include U.S. government interest and dividends you got through partnerships or grantor trusts. Examples: interest from U.S. Series EE and HH bonds, and Treasury bills and notes. You may also subtract the interest and dividends if they're paid to you by organizations that invest in U.S. government securities.

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

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

- Military active duty. You may qualify for three different subtractions for U.S. military active duty pay. To be eligible for the subtractions, the active duty pay must be included in federal income.

The Oregon military active duty pay subtractions are as follows:

1. If you entered or you were discharged from military service in 1994, you can subtract all military active duty income earned outside Oregon.
2. You can subtract active duty pay earned outside Oregon from January 1 through the date the President sets as the end of combat activities in the Persian Gulf. The date was not set when this publication was printed.
3. Whether or not you are eligible for the other military subtractions, you may still subtract up to \$3,000 of active duty pay. The subtraction for each spouse receiving active duty pay is limited to \$3,000.

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

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

Example 1. Rumi enlisted in the Navy in 1989. From January 1, 1994, until August 15, 1994, she was stationed in Hawaii. From August 15 until the end of the year she served in Oregon as a recruiter. For 1994 she earned the following active duty pay: \$10,000 in Hawaii and \$6,000 in Oregon. Combat activities have not

ended in the Persian Gulf. She is eligible for the following subtractions: \$10,000 earned outside of Oregon during the time of the Persian Gulf crisis, and \$3,000 earned within the state, for a total of \$13,000.

Example 2. In 1994, Andy was stationed in Omaha, Nebraska. He spent more than 30 days in Oregon. He earned \$25,000 for the year—\$3,200 earned after November 25. If the President declared the end of the combat activities in the Persian Gulf on November 25, the subtraction is figured as follows: Active duty pay earned outside of Oregon before Persian Gulf combat activities ended is \$21,800. Active duty pay earned either in or out of Oregon is limited to \$3,000 for a total subtraction of \$24,800.

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

Example 4. Natasha enlisted in the Army April 15 and was stationed overseas. She earned \$8,000 in 1994. She qualifies for the year of entry subtraction of \$8,000 and for the \$3,000 subtraction. She also qualifies for a subtraction for active duty pay earned outside of Oregon. However, her total military active duty pay subtraction cannot exceed \$8,000.

Example 5. Ryan served in Saudi Arabia in the combat zone from January 1 until May 9. He filed jointly with his wife who lives in and maintains a residence in Oregon. He earned \$8,000 combat pay. He was transferred to Germany for the rest of 1994 where he earned an additional \$15,000 of active duty pay. The President did not declare an end to the combat activities in 1994. Ryan can exclude his combat pay on his federal return, so he can't subtract it on his Oregon return. Therefore, Oregon's subtraction is limited to \$15,000.

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

- Federal tax from a prior year. Did you pay additional federal tax in 1994 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:

1987 and after:

Step 1: From \$3,000 (\$1,500 if married filing separately) subtract your federal tax, Form 40, line 14.

- Step 2:** On Form 40, line 18, fill in the lesser of:
- The amount you figured in step 1, or
 - Additional federal tax from a prior year.

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

For information on 1986 and before, see page 32 for numbers to call.

- Difference in depreciation for Oregon. Are you depreciating business property you placed in service after December 31, 1980, and before January 1, 1985? Or are you depreciating nonresidential real property you placed in service on or after May 13, 1993? If so, the depreciation deduction allowed by Oregon may be different than the amount allowed on your federal return.

You will need the Oregon Depreciation Schedule and instructions. To order, write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Is your Oregon depreciation more than your federal depreciation? If so, fill in the amount from line 4 of the Oregon Depreciation Schedule. If not, see the instructions for Form 40, line 11.

- Difference in home mortgage interest for Oregon. Did you claim a mortgage interest credit on your federal return? If so, you may claim a subtraction on your Oregon return for the home mortgage interest not included in your itemized deductions reported on your federal return. You must use itemized deductions for Oregon to claim this subtraction.
- Payments from IRAs and Keoghs. You may be able to subtract some of your payments if all of the following apply:
 - You contributed to an IRA or Keogh when you were a nonresident;
 - You paid tax on these contributions in your state of residence; and
 - You did not receive a tax benefit for these contributions by any other state.

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

- Lottery winnings included on your federal return. Did you include winnings from the Oregon Lottery or Powerball on your federal return? These winnings are not taxed by Oregon. Fill in the total Oregon Lottery and Powerball winnings from your federal return. Label the line, "Oregon Lottery." Do you have Oregon Lottery losses claimed as an itemized deduction? If so, see page 19.
- Logger's and construction worker's commuting costs. You may claim the cost of getting to job sites

more than 50 miles from your home. You must be a buckler or a faller with your own equipment, be paid on a per unit cut basis, and be a member of a recognized construction trade, craft, or union.

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

- **American Indian.** Are you an enrolled member of a federally recognized tribe? If so, you may subtract any income earned while living and working in "Indian country." Indian country means those areas set aside for the residence of tribal Indians. It includes reservation land and other land held in trust by the United States for a tribe. Label the line "American Indian" and include your tribal enrollment number on line 18.
- **Federal targeted jobs tax credit.** Did you claim a federal targeted jobs tax credit? If so, you had wages you couldn't deduct as business expenses. Fill in those wages on line 18. Label the line "Jobs credit."
- **Interest on government bonds of Oregon.** Were you required to include interest from Oregon state and local government bonds in your federal income? If so, fill in the amount included on federal Form 1040, line 8a, and label it "Interest on Oregon bonds."
- **Business meals and entertainment expenses.** Federal law allows 50 percent of the cost of your business meals and entertainment expenses. Oregon follows prior federal law that allows 80 percent. The difference may be claimed on line 18.
- **Passive loss adjustment for real estate professionals.** Real estate professionals may now claim ordinary losses on rental property for federal purposes. Oregon follows prior federal law requiring these to be claimed as passive losses. If you need help, see page 32.
- **Moving expenses.** Federal law has new limitations on moving expenses for 1994. Oregon follows prior federal law. If you need help, see page 32.
- **Amortization of goodwill and related intangibles.** Oregon follows prior federal law and will require an adjustment on your Oregon return.
- **Other subtractions.** The following subtractions apply to only a few people and are not explained in this booklet. If you need help, see page 32.
 - Foreign tax.
 - Gain or loss on the sale of depreciable property.
 - Artists who make a charitable art donation.
 - Sale of public utility reinvestment plan stock.

- Tier 2, windfall/dual-vested, or supplemental Railroad Retirement benefits.
- Passive losses.
- Local private activity bond interest.
- Fiduciary adjustments from Oregon estates and simple or complex trusts.
- Oil heat tank cleanup costs paid by the Oil Heat Commission.
- Underground storage tank pollution grant.

Deductions

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

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

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

21. Itemized deductions. Generally, you may claim your total itemized deductions shown on federal Schedule A, line 29. But there is an exception. If you itemize for Oregon only, fill out a separate Schedule A for Oregon. You may claim itemized deductions for Oregon, even if you couldn't on your federal return.

22. Special Oregon medical deduction. Were you or your spouse age 59 or older on December 31, 1994? If so, your deduction is the lesser of line 1 or line 3 from your federal Schedule A. To claim this deduction, you must itemize deductions. You can do this by filling out a Schedule A for both federal and Oregon or filling out one for Oregon only. Note: The minimum age requirement for 1995 will increase to age 60.

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.

Are you claiming a credit for taxes paid to another state? If so, include the other state's tax after credits on the mutually taxed income or the tax claimed as an itemized deduction, whichever is less. See instructions for line 38, page 29.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$111,800 (\$55,900 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. See page 32 to order the information circular, "Limit on Itemized Deductions," 150-101-611.

25. Net Oregon itemized deductions. Fill in the amount only if it is larger than your standard deduction shown below.

Continued on page 27

Form 40

Continued from page 22

26. Standard deduction. Fill in the standard deduction only if it is larger than your net itemized deductions.

Generally, your standard deduction is based on your filing status as follows:

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

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

1. \$500, or
2. Your earned income. This is limited to the maximum allowed for your filing status, as shown above.

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

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

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

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

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

Oregon tax

30. Oregon tax. Figure the tax on your Oregon taxable income, line 29. Use the tax tables or rate charts on pages 12–14.

Example 1: A single Oregon taxpayer has taxable income of \$19,500. The tax from the table on page 13 is \$1,608.

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

Oregon taxable income	\$69,500
Tax on first \$50,000 of taxable income	\$4,206
Tax on next \$19,500 of taxable income (\$19,500 × .09):	<u>1,755</u>
Their Oregon tax	<u>\$5,961</u>

31. Interest on certain installment sales. Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as was done for federal. The current interest rate is .8333 percent per month.

Credits

Credits reduce your Oregon tax.

34. Retirement income credit. Were you age 59 or older on December 31, 1994, and receiving retirement income? If so, you may qualify for a credit. Retirement income includes payments included in federal taxable income from a:

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

Use the worksheet below to figure your credit. Note: The minimum age requirement for 1995 will increase to age 60.

PART 1

- General Limits

You don't qualify for this credit if:

- The person receiving the retirement income was less than age 59 on December 31, 1994,
- Your household income is \$22,500 or more (\$45,000 or more if married filing jointly), or
- You received more than \$7,500 (\$15,000 if married filing jointly) in Social Security and/or Tier 1 Railroad Retirement benefits.

PART 2

- Determining Household Income Limits

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

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

PART 3

• Determining Credit Amount

- | | |
|---|----------|
| 1. Enter \$7,500 (\$15,000 if married filing jointly). | 1. _____ |
| 2. Enter the total Social Security and Tier 1 Railroad Retirement benefits. | 2. _____ |
| 3. Line 1 minus line 2 but not less than -0-. | 3. _____ |
| 4. Enter household income limit from Part 2, line 3. | 4. _____ |
| 5. Line 3 minus line 4, but not less than -0-. | 5. _____ |
| 6. Enter taxable retirement income of the eligible individual(s). | 6. _____ |
| 7. Enter the lesser of line 5 or line 6. | 7. _____ |
| 8. Multiply line 7 by .09 (9%) and enter the result here and on Form 40, line 34. | 8. _____ |

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

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

What is not included in household income? State tax refunds received during the year are not included in household income. Also, pension income received that is a return of your contributions is not included.

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

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

If the combined total of your depreciation, depletion, and amortization deductions exceeds \$5,000, the excess must be added back into household income. You must also

increase your household income by the Oregon income tax modification for depletion in excess of basis.

Example: Felipe has a business which had gross income of \$27,000 for the year. He had an \$11,000 depreciation deduction and other business expenses of \$20,000. He reported a business loss for federal purposes of \$4,000. The loss is limited to \$1,000 for household income purposes. Instead of adding the \$7,000 excess depreciation back to his \$1,000 household income loss, he recomputes his business income for household income. With a depreciation deduction of \$5,000, the business income he reports for household income purposes is \$2,000, computed as follows: \$27,000 - (\$20,000 + \$5,000) = \$2,000.

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

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

If you need more information, see page 32.

35. Child and dependent care credit. You are allowed an Oregon credit only if you qualify for the federal child and dependent care credit. Use the following worksheet to figure your credit for Oregon.

- | | |
|--|-------------------------|
| 1. Enter the amount from federal Form 2441, line 7, or Form 1040A, Schedule 2, line 7. | 1. _____ |
| 2. Enter the decimal amount from the following table. | 2. <u> </u> × _____. |

If your federal taxable income from Form 1040, line 37, or Form 1040A, line 22 is:		Your decimal amount is:
Over—	But not over—	
—	\$ 5,000	.30
\$ 5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 by the decimal amount on line 2. Enter the result here. 3. _____
4. Multiply any child and dependent care expenses for 1993 that you paid in 1994 by the decimal amount that applies to your 1993 federal taxable income. Enter the result. 4. _____
5. Add the amounts on lines 3 and 4. Enter here and on Form 40, line 35. 5. _____

Carryover. Your total 1994 child care credit can't be more than your tax liability for Oregon. If it is, the excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 39.

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

Multiply the amount on federal Schedule R, line 21, or Form 1040A, Schedule 3, line 21, by .40 (40%).

Note: You may claim this credit or the retirement income credit, line 34, but not both.

37. Political contribution credit. Fill in your total political contributions, but not more than \$100 on a joint return, or \$50 on all others. The contribution must have been made during 1994. It must have been a donation of money to any of the following:

- A political party.
- A qualified candidate for federal, state, or local office to be voted on in Oregon.
- A committee or association organized to support or oppose ballot measures or candidates to be voted on in Oregon.

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

You must claim the credit on your nonresident return if the income is taxed by both Oregon and one of the following: Arizona, California, Indiana, or Virginia. If income is taxed by Oregon and another state not listed here, claim the credit on your Oregon resident return.

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

Your credit is the lesser of the following:

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

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

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

If you file Form 40S, your modified AGI is line 12.

If you file Form 40, your modified AGI usually equals the sum of lines 8–10 minus lines 15–17. Add amounts on line 11 only if they're income that Oregon taxes but the federal government doesn't. Subtract amounts on line 18 only if they're income that the federal government taxes but Oregon doesn't.

You can't claim this credit and also claim the tax you paid as an itemized deduction. On line 24, in addition to the Oregon tax you claimed as an itemized deduction, fill in the lesser of the following:

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

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

39. Other credits. You may be entitled to other credits listed below. Identify the credit you are claiming on line 39 in the space on the form.

- Child and dependent care credit carryover from prior years. Fill in the carryover amount on line 39. Label the line "Child care credit carryover." The amount of the prior year carryover plus your current year's credit can't exceed your Oregon tax liability. If it does, the excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost.
- Credit for loss of use of limbs. If you have a permanent and complete loss of the use of two limbs, you may take a tax credit of \$50. Your spouse may also claim a \$50 credit if he or she qualifies. You can't claim this credit for a dependent.

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

You also qualify for the severely disabled exemption. See instructions on page 18.

- Credit for alternative energy devices. You must install solar, wind, water, or geothermal devices. These devices must provide 10 percent or more of an Oregon home's energy. See page 32 to order the information circular, "Alternative Energy Devices," 150-101-641.
- Sewage treatment works hookup credit. Oregon residents can claim a credit for the cost of installing

or connecting to a sewage treatment works. You may claim one-fifth of the expenses each year, for five years. The expenses are limited to \$160 per year. For hookups prior to January 1, 1992, the expenses are limited to \$150 per year.

Your credit can't be more than your tax liability. Carry forward any unused credit. Claim the excess as a credit against your Oregon tax for each of the next eight years until it is used. If the excess isn't used within eight years, it's lost. The connection must be required by an order, rule, or intergovernmental agreement of the Environmental Quality Commission issued before July 1, 1989, or an order from the Assistant Director for Health issued after January 1, 1988. If you move after you paid for the sewer hookup, you may continue to claim the credit.

You must have actually paid the costs, and own and occupy the residence.

- Credit for home care of an elderly person. See instructions on page 16.
- Other credits. The following credits apply to only a few people and aren't explained in this booklet. See page 32 to get more information.
 - Bone marrow donation program.
 - Business energy.
 - Child development.
 - Connection to a geothermal heating district.
 - Crops donated to gleaning cooperatives.
 - Dependent care assistance.
 - Farmworker housing.
 - Fish habitat improvements.
 - Fish screening devices.
 - Health insurance for small business employers.
 - Health insurance for employees of small employer groups.
 - Involuntary moving of a mobile home.
 - Oregon seafood donated to gleaning cooperatives or Oregon Food Share.
 - Oregon tax on gain mutually taxed by another state or country. The gain must be from the sale of your home.
 - Pollution control facilities.
 - Reclaimed plastic (investment in capital assets).
 - Reforestation of underproductive forest lands.
 - Rural medical practitioners.
 - Youth apprenticeship program.

Tax payments made in 1994

42. Oregon income tax withheld from income. Fill in the total amount of Oregon tax withheld from your wages. That's the amount shown on your W-2 in box 18 or 1099R forms, box 10. Don't use FICA (Social Security) tax withheld. Don't use tax withheld from your wages by other states. Staple readable copies of your W-2 or 1099R forms to the lower front of your return.

30/Tax payments in 1994

If you don't have a W-2, you must provide other proof of any tax withheld from your wages. Proof may include a final paycheck stub or a letter from your employer. Substitute wage slips are not accepted until after February 1.

Although federal instructions don't require Form 1099R to be attached, Oregon needs a copy to verify withholding.

If you have tax to pay, you may want to withhold additional amounts for Oregon. If you and your spouse both work, see page 32 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases," 150-206-643.

43. Estimated tax you paid for the 1994 tax year. Fill in the total estimated tax payments you made before filing your Oregon return. Include any payments you made with your extension. Also include any refund applied from your 1993 income tax return.

47. Penalty and interest.

Due date. Your return is due by April 17, 1995, unless you get an extension.

Penalty. Include a penalty payment if you:

- Mail your tax-to-pay after April 17 (even if you have an extension).
- File your income tax return showing a tax-to-pay after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax.

If you file more than three months late, add an additional 20 percent penalty.

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

1. Get an extension of time to file your return.
2. Pay at least 90 percent of the tax due by April 17, 1995.
3. Pay the balance of tax due at the time you file within the extension period.
4. Pay the interest on the balance of tax due at the time you file your return or within 30 days of our billing date.

Interest. Are you filing your return or paying your tax after April 17, 1995? If you are, include interest on any unpaid tax.

The current interest rate is .8333 percent per month. A full month, for example, is April 18 to May 17.

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

$$\text{Tax} \times .000274 \times \text{number of days}$$

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

You don't have an underpayment if you:

- Didn't need to pay estimated tax at any time for 1994, and
- Owe less than \$500 tax on your 1994 tax return.

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

If you have an underpayment or meet an exception, you must file Oregon Form 10, "Underpayment of Oregon Estimated Tax." See page 32 to order Form 10.

Use Form 10 to figure:

- The amount of interest you owe on the underpayment, or
- Any exception to the payment of interest.

On Form 40, line 48, fill in the amount of interest due from Form 10 and check the box. Attach Form 10.

50. Amount-you-owe. Attach a check or money order to your return. Make checks or money orders payable to "Oregon Department of Revenue." Do not make your check out to "IRS" or "Internal Revenue Service." Write your Social Security number and "1994 Form 40" on your check. Don't send cash or postdated checks. Stop here on the form.

Special instructions. Do you owe interest and have an overpayment on line 45? If your overpayment is less than the interest due, fill in the result of line 49 minus line 45.

51. Refund. You must have a refund of \$5 or greater on line 51 to use lines 52-57.

52. Estimated tax. You may apply part or all of your refund, line 51, to your 1995 Oregon estimated income tax. Fill in the amount you want to apply.

53. Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat. A donation will reduce your refund.

If you don't have a refund on line 51 but you want to contribute, mail your donation to: Oregon Department of Fish and Wildlife, Attention: Fiscal Manager, PO Box 59, Portland OR 97207.

54. Child Abuse Prevention. Your donation will fund programs through the Children's Trust Fund to help prevent child abuse and neglect. A donation will reduce your refund.

If you don't have a refund on line 51 but you want to contribute, mail your donation to: Children's Trust Fund, 530 Center St. NE #300, Salem OR 97310.

55. Alzheimer's Disease Research. Your donation goes to the Alzheimer's Research Partnership of Oregon for research on Alzheimer's disease and related disorders. A donation will reduce your refund.

If you don't have a refund on line 51 but you want to contribute, mail your donation to: Alzheimer's Research Partnership, PO Box 10051, Portland OR 97210.

56. Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence. A donation will reduce your refund.

If you don't have a refund on line 51 but you want to contribute, mail your donation to: OCADSV, 520 NW Davis, Suite 310, Portland OR 97209.

57. AIDS/HIV Education and Services. Your donation will fund grants by the Living With HIV Fund for AIDS/HIV education and services. A donation will reduce your refund.

If you don't have a refund on line 51 but you want to contribute, mail your donation to: The Research and Education Group, 2701 NW Vaughn, Suite 770, Portland OR 97210.

59. Net refund. You must reduce your refund by any amounts applied to 1995 estimated tax. Be sure to include the amount entered on line 52 in the total on line 58. The Oregon Department of Revenue cannot refund amounts less than \$5.

Double-check your figures, including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Accuracy speeds processing your return.

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

Staple readable copies of wage slips, receipts, and other necessary papers.

Labels will speed processing your return. If you receive a label, please attach it to the return you mail to the department.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) to help speed processing your return. Remember to use enough postage.

Mail refund returns or no-tax-due returns to: REFUND, PO Box 14700, Salem OR 97309-0930.

Mail tax-to-pay returns to: Oregon Department of Revenue, PO Box 14555, Salem OR 97309-0940.

If you believe you can't pay, file your return anyway. The Department of Revenue will work with you to set up a payment plan on a case-by-case basis.

Taxpayer assistance

Voice response system

For push-button phones, our telephone voice response system has recorded tax information about many of your Oregon tax questions. You can also order tax forms. This service is available 24 hours a day. Refund information will be available beginning March 1.

Once you're in the system, push:

- 1—For refund information (beginning March 1).
- 2—To order current year or amended forms.
- 3—Return line information.
- 6—For other information.
- 0—For assistance from a representative.

Representatives are available: 7:30 A.M.–5:10 P.M. Monday–Friday, except Wednesday when the hours are 9 A.M.–5:10 P.M. Closed on holidays. Representatives are available until 7 P.M. April 10–14 and April 17.

Telephone numbers

Call: Salem (503) 378-4988
Toll-free within Oregon 1-800-356-4222

The toll-free number is only available January through April.

A line is available all year for those who speak Spanish. The number in Salem is (503) 945-8618.

Habla Español?

Las personas que necesitan asistencia en Español pueden llamar al número en Salem (503) 945-8618.

Hearing or speech impaired? We have a separate number (503) 945-8617, that you may use if you have a TDD. This number is answered by machine only and is not for voice use.

To get forms

Income tax booklets are available at post offices and some banks and libraries. Or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

The offices below provide forms and answer questions. Don't send your return to these addresses.

Salem*	Portland**
Revenue Building	Federal Building Lobby
First floor, Room 135	1220 SW Third Ave.
955 Center St. NE	Portland Oregon
Salem OR 97310	

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

**We'll provide walk-in help from 9 A.M.–4 P.M., Monday–Friday, except holidays, January 3–April 17 only.

Written correspondence. Use the address above for the Revenue building in Salem. Include your Social Security number and a daytime telephone number. Including both will allow us to help you faster.



Printed information (free)

State forms only

(Check individual boxes to order. Clip on the dotted line, then mail in the entire list with your return address.)

- Alternative Energy Devices 150-101-641
- Computing Interest on Tax You Owe 150-800-691
- Credit for Income Tax Paid to Other States 150-101-646
- Elderly Rental Assistance booklet 150-545-002
- Estimated Tax circular 150-101-648
- Estimated Tax coupons and instructions 150-101-026-2 150-101-026
- Health Insurance for Small Business Employers 150-101-698
- Home Care for the Elderly Credit 150-101-653
- Interstate Transportation Wages 150-101-601
- Limit on Itemized Deductions 150-101-611
- Married Persons Filing Separate Returns 150-101-656
- Military Personnel Filing Information 150-101-657

- Oregon Income Tax Withholding:
 - Some Special Cases 150-206-643
- Political Contributions 150-101-662
- Record Keeping Requirements 150-101-608
- Retirement Income 150-101-673
- Senior Citizen's Property Tax Deferral 150-310-675
- What To Do if You are Audited 150-101-607
- Your Rights as an Oregon Taxpayer 150-800-406
- List of other printed information: Forms/Publications Request 150-800-390

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

Please print

Your name _____

Address _____

City _____

State _____ ZIP _____

