

# 2000

# OREGON

## FULL-YEAR RESIDENT

## PERSONAL INCOME TAX FORMS 40S & 40 WITH INSTRUCTIONS

### How to get your refund faster

- ✓ Use the correct form.
- ✓ Type or clearly print your name, address, and correct Social Security number.
- ✓ Claim your correct federal tax subtraction.
- ✓ Double-check your math.
- ✓ Sign your return.
- ✓ Attach every Form W-2 and 1099 that shows Oregon tax withheld.
- ✓ Attach a copy of the front and back of your federal return if you file Form 40.
- ✓ Mail early.
- ✓ **File electronically.**  
See page 3 for details.

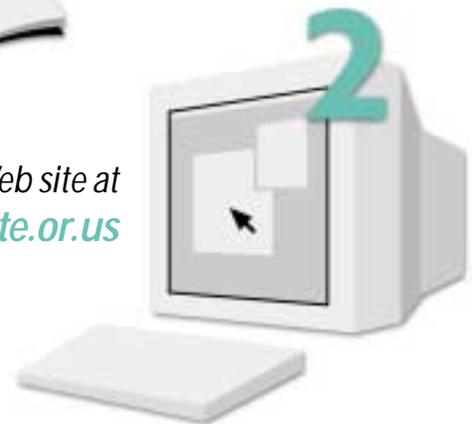


## *For answers to your tax questions:*



*Read these instructions  
carefully.*

*Search our Web site at  
[www.dor.state.or.us](http://www.dor.state.or.us)*



# 3

*If you still have questions, turn to page 36.*

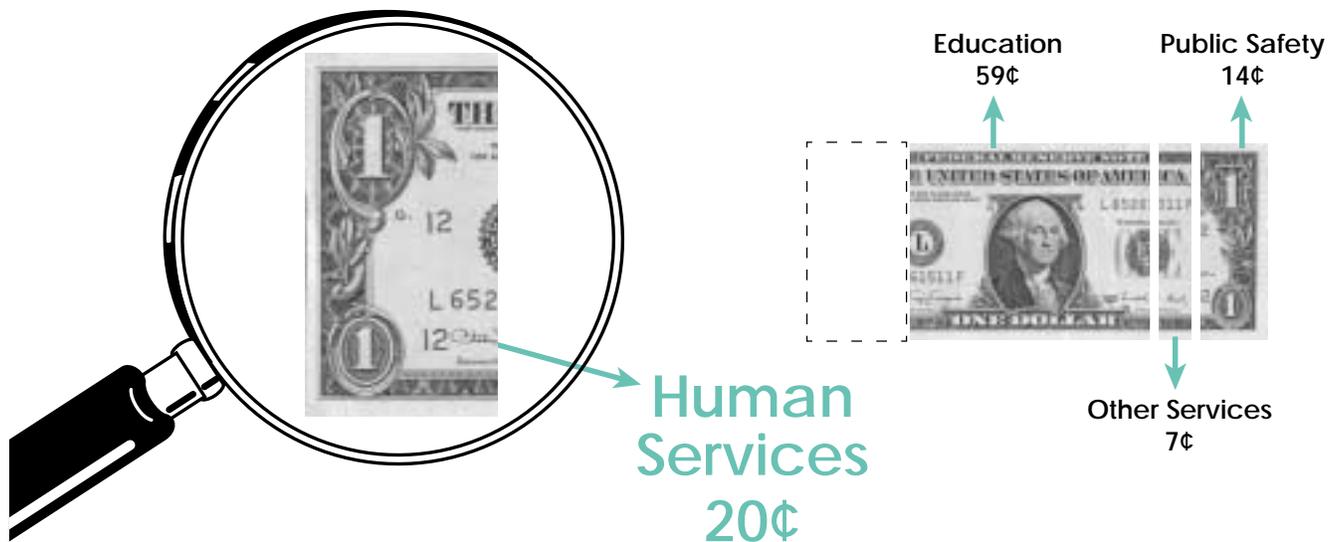
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Salem OR 97301-2555

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# Services paid for with your income tax dollar

Two years ago we gave you an overview of the services that are paid for with your tax dollar. We presented four categories: education, human services, public safety, and other services. Last year we gave you more in-depth information about public safety.

This year we would like to spotlight human services. Twenty cents of every tax dollar goes to health and human service programs. The Oregon Department of Human Services (DHS) is the largest of several state human services agencies. It operates more than 150 field offices statewide and served nearly 720,000 Oregonians last year.



**Adult and Family Services Division (AFS)** helps low-income Oregonians become self-sufficient. Rather than only delivering cash and food benefits, it now focuses on helping people prepare for, find, and keep jobs. AFS places about 1,600 people in employment each month.

**Health Division (OHD)** works through county health departments to protect, promote, and preserve the health of all Oregonians. Services include ensuring safe food and water and promoting healthy behaviors. OHD works to control disease and prevent epidemics.

**Mental Health and Developmental Disability Services Division (MHDDSD)** works with county mental health programs. Its charge is to prevent and reduce the disabling effects of mental illness and developmental disabilities.

**Office of Alcohol and Drug Abuse Programs (OADAP)** works with local partners to prevent alcohol and drug abuse. OADAP reaches about 56,000 Oregonians a year with treatment services. It works to educate the public about the dangers of substance abuse, a leading cause of crime and social problems.

**Office of Medical Assistance Programs (OMAP)** delivers a basic package of Oregon Health Plan services. The Oregon Health Plan covers 350,000 Oregonians. Today, Oregon has the lowest rate of uninsured people in its history.

**Senior and Disabled Services Division (SDSD)** provides long-term care services to low-income seniors and persons with disabilities. SDSD assures quality in the long-term care industry and administers the state's adult protective services program.

**The State Office for Services to Children and Families (SCF)** works to protect children from abuse and neglect. In addition, it secures foster care for those needing it and provides treatment for children with special needs. SCF teaches parents how to care for and protect their children. SCF also arranges adoptions for children who need to be placed in other homes.

**Vocational Rehabilitation Division (VRD)** works to help disabled Oregonians obtain and keep employment. VRD partners with other agencies and businesses to provide services that promote independence. These include career counseling, physical restoration, skills training, and job placement.

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

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

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



Electronic filing is a fast, efficient, and accurate way to file. If you file electronically, you may receive your Oregon refund in as few as

10 to 12 business days. You do not need to mail anything to the department unless you owe tax. If you owe tax, you can file your return electronically any time before the due date. You will have until April 16, 2001 to pay the tax.

There are three options for filing your return electronically:

- 1. Tax preparer.** Ask your preparer if he or she offers electronic filing or check the yellow pages to find one located in your area.
- 2. Tax software.** You can purchase tax software that gives you the option to file your return electronically. Read the software package carefully to see if the electronic filing option is available. Additional fees for electronic filing may be charged.
- 3. Internet.** Several companies provide on-line return preparation and transmission for a fee. For a list of companies offering Oregon electronic filing, visit the department's Web site and click on "Electronic Filing."

**Free offer.** Several software companies will prepare and electronically file your return for free if your income is under a certain level. See our Web site.

**Direct deposit—not available.** The department cannot provide direct deposit of your refund into a bank account.

**Electronic payment—not available.** The department cannot accept electronic fund withdrawal, direct debit, debit cards, or credit cards to pay your current tax due.

**You must mail a check or money order to the Oregon Department of Revenue to pay any Oregon tax.**

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## Do I need to file?

Amounts apply to full-year residents only.

Filing Status:	Age:	If Gross Income is More Than:
Single—can be claimed on another's return	Any	\$700*
Single	Under 65	\$4,480
	65 or older	\$5,680
Head of household	Under 65	\$5,420
	65 or older	\$6,620
Married, joint return	Under 65 (both)	\$8,370
	65 or older (one)	\$9,370
	65 or older (both)	\$10,370
Married, separate return	Under 65	\$4,180
	65 or older	\$5,180
Qualifying widow(er)	Under 65	\$5,780
	65 or older	\$6,780

In addition, file a return if:

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

\* The greater of \$700 or your earned income plus \$250, but no more than your standard deduction amount.

# New information

**State School Fund.** The 1999 Oregon legislature passed a law that allows you to donate your Oregon income tax kicker refund to the State School Fund. The fund is used for public elementary and secondary education. Whether there will be a kicker, and the amount, will be determined in the fall of 2001. If you check the box, any kicker refund that you would have received in 2001 based on your 2000 Oregon income tax will be sent directly to the State School Fund. If you check the box, you cannot change your decision for the 2000 tax year.

**Charitable checkoff for other charity.** Beginning this year, charities other than the five already listed on the tax forms will be listed in the tax booklet instructions. You may select **one** from those listed in the instructions and donate part or all of your refund to it. You also may donate to any or all of the five listed on the tax form. See pages 34 and 35.

**Long-term care insurance premiums credit.** Did you purchase long-term care insurance in 2000? If so, you may be eligible for a credit of the **lesser** of 15 percent of the premiums paid or \$500. See page 33.

**Subtraction for scholarships used for housing.** Scholarships used for expenses other than tuition are included in taxable income on your federal return. Oregon allows a subtraction for scholarship funds included in federal income that were used to pay for housing. See page 27.

**Adoption credit.** If you claimed a credit on your federal return for qualified adoption expenses, you also may be eligible for an Oregon credit. See page 33.

**Subtraction for taxable health insurance benefits.** If your employer provides health insurance benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. Visit our Web site and click on "Q & A" or call us.

**Individual Development Accounts.** Did you make a contribution to Oregon's Individual Development Account program? If so, you may qualify for a credit of 25 percent of the contribution up to \$25,000. An Oregon addition may be required if you also received a federal tax benefit for the contribution. If you are an Individual Development Account holder you may qualify for an Oregon subtraction for the deposits you made during the year.

**Payments from Public Safety Memorial Fund Board.** Amounts awarded to you by the board that are included in federal taxable income may be subtracted on the Oregon return.

**Rural medical practitioner credit extended.** The 1999 Oregon legislature removed the 10-year limitation on claiming this credit. Contact the Oregon Office of Rural Health at 503-494-4450 or call us for more information.

**Land donation to an educational institution.** If you donated land or sold land at less than its fair market value to a qualified educational institution, you may be able to claim a subtraction on the Oregon return.

For more information visit our Web site and click on "New Information" or call us.

## Important reminders

**Federal pension refund filing deadline.** The deadline for filing a federal retiree refund claim is **April 16, 2001**. If you paid Oregon personal income tax on federal pension benefits earned prior to October 1, 1991 and have not yet filed a claim, please call 503-224-4200 or 1-800-356-4222 to obtain Form 40F or print one from our Web site (click on "Federal Retirees").

**Federal pension income.** If you received federal pension income in 2000, you must file Oregon Form 40. Some or all of your federal pension income may be subtracted from Oregon income. The subtraction must be claimed on Form 40, line 17.

**Federal law.** Oregon is permanently tied to the definition of taxable income in federal law. Most items are treated the same way on your Oregon and federal returns. This includes net operating loss carryback and carryover provisions. Oregon will automatically adopt any future federal law changes to the definition of taxable income.

**Estimated tax.** Oregon estimated tax laws are not the same as federal estimated tax laws. You may have an underpayment of 2000 Oregon tax if you owe \$1,000 or more Oregon tax after credits and withholding. You can avoid any interest on underpayment of estimated tax for 2001 by paying estimated tax equal to 100 percent of your 2000 Oregon tax liability on the estimated tax due dates. See page 7.

**Blue ink.** Equipment used to scan documents cannot read certain colors of ink, especially red. Please use blue ink to make the information on the forms easier to read and make processing faster. We appreciate your cooperation.

**Filling in the blanks.** There are instructions to identify items that don't have their own lines; for example, other additions, other subtractions, and other credits. You may use either the exact title of the item you are claiming or the abbreviation shown in brackets. This will allow us to process your return accurately without unnecessary delay or correspondence.

# General information

Visit our Web site at [www.dor.state.or.us](http://www.dor.state.or.us) for more information about Oregon income tax.

## What income does Oregon tax?

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

## Residency

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

- You are a full-year **Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
  - You think of Oregon as your permanent home, and
  - Oregon is the center of your financial, social, and family life, and
  - Oregon is the place you intend to come back to when you are away.You are still a full-year resident if:
  - You temporarily moved out of Oregon, or
  - You moved back to Oregon after a temporary absence.
- You are a **nonresident** if your permanent home is outside Oregon all year.
- You are a **part-year resident** if you moved into or out of Oregon during the tax year. You are not a part-year resident if:
  - You temporarily moved out of Oregon, or
  - You moved back to Oregon after a temporary absence.

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

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

**Oregon residents living abroad.** Generally, if you qualify for the federal earned income or housing exclusion for United States residents living abroad, you will qualify for Oregon nonresident treatment.

## 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 files Form 40, and the part-year resident files Form 40P. If you choose to file a joint return for Oregon, use Form 40P.

- **Full-year resident and nonresident.** You may file separate Oregon returns. The full-year resident files Form 40, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N.
- **Part-year resident and nonresident.** You may file separate Oregon returns. The part-year resident files Form 40P, and the nonresident files Form 40N. If you choose to file a joint return for Oregon, use Form 40N. See page 36 to order the *Nonresident and Part-Year Resident* booklet or the information circular, "Married Persons Filing Separate Returns."

## Military personnel

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

**Residents stationed outside Oregon.** If you are an Oregon resident stationed outside Oregon, you may file Form 40N from the *Nonresident and Part-Year Resident* booklet if you meet the requirements for special-case Oregon residents or Oregon residents living abroad.

Write "Military nonresident" at the top left corner of your return in **blue** ink. Include any other income taxable by Oregon.

File Form 40 if you don't meet the listed requirements.

**Nonresidents stationed in Oregon.** Oregon doesn't tax your military pay while you are stationed in Oregon. File Form 40N if you or your spouse had income from other Oregon sources or to claim a refund of Oregon tax withheld from your military pay. Nonresident members of the Oregon National Guard or reserves may exclude only active duty pay.

**More information.** See page 36 to order the *Nonresident and Part-Year Resident* booklet and the information circular, "Military Personnel Filing Information." Or, see the military information under "Q & A" on our Web site.

## What form do I use?

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

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

### Use Form 40 if one of the following is true:

- You received Social Security, pension, or annuity income, or
- You used taxable scholarship income for housing and you qualify for the Oregon subtraction (see page 27), or
- You paid or should have paid estimated tax during the year, or
- You have adjustments on Form 1040, line 32, or Form 1040A, line 18 (examples are alimony and IRA deductions), or
- You have Oregon "additions" or "subtractions" other than the federal tax subtraction (the most common ones are listed on the return), or
- You itemize deductions on your Oregon return, or
- You are married filing separately and your spouse is itemizing, or
- You are claiming tax credits other than the personal exemption credit or those listed on pages 10 and 11, or
- You are in the military and are claiming the subtraction for military active duty pay, or
- You owe penalty or interest, or
- You want to apply all or part of your refund to your 2001 estimated tax.

### Use Form 40P if:

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

### Use Form 40N if:

- You are a nonresident, or
- You are a special-case Oregon resident (see page 5), or
- You and your spouse are filing jointly and one (or both) of you is a nonresident, or
- You meet the military nonresident requirements explained on page 5, or
- You qualified as an Oregon resident living abroad for the entire year.

Forms 40P and 40N are included in the *Nonresident and Part-Year Resident* booklet. See page 36 to order.

## When should I file my return?

File as soon as possible. The filing deadline for calendar year 2000 is **April 16, 2001**. If you can't pay all of your tax by the due date, file your return anyway to avoid additional penalty. Payment plans are available. See page 12.

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

## Do you need more time to file?

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

- You are making a tax payment to Oregon.
  - Send us a copy of the federal extension with your Oregon payment by the filing deadline.
- You are filing an extension for Oregon only.
  - Send us a federal extension form by the filing deadline. Write "For Oregon Only" across the top and use Oregon amounts on the form. We'll notify you only if your extension is denied.

Send your extension and payment by April 16, 2001 to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.

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

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

You must pay any tax you expect to owe when you file your extension.

If you don't pay all of the tax due with your extension, you will owe interest on the unpaid balance after April 16, 2001, 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.

### Were you stationed in a designated combat zone?

Did you receive additional time to file your 2000 federal return? If so, Oregon allows the same additional time to file. Write "combat zone" in **blue** ink at the top of the form.

## Penalties

You will owe a 5 percent penalty on any 2000 tax not paid by April 16, 2001.

If you file more than three months late, an additional 20 percent penalty will be added; that is, you will owe a penalty of 25 percent of any tax not paid.

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

1. Get an extension of time to file your return, and
2. Pay at least 90 percent of the tax due by April 16, 2001, and
3. Pay the balance of tax due when you file by the extension deadline, and
4. Pay the interest on the balance of tax due when you file or within 30 days of our billing date.

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

## Interest on underpayment of 2000 estimated tax

You may owe interest on underpayment of estimated tax if:

- You owe \$1,000 or more on your return, or
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2000. Please see the instructions for line 50 on page 34.

## 2001 estimated tax

Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to determine if you need to make estimated tax payments for 2001.

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2001 Oregon individual income tax return.

### Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2001 Oregon income tax return must make estimated payments. You may need to make estimated payments if:

- You are self-employed and don't have Oregon tax withheld from your income.
- You receive income such as pensions, interest, or dividends and don't have Oregon tax withheld from it.
- You are a wage earner and expect to owe tax of \$1,000 or more on your 2001 return. You may want to increase the amount your employer withholds from your Oregon wages. If you and your spouse both work, see page 36 to order the information circular, "Oregon Income Tax Withholding: Some Special Cases."

### How do I make estimated tax payments?

Send your payment with Form 40ES. See page 36 to order the *Oregon Estimated Income Tax* booklet. It includes Forms 40ES (coupons) and instructions. You may also order the information circular, "Estimated Tax."

### When do I pay?

The due dates are April 16, 2001\*; June 15, 2001; September 17, 2001; and January 15, 2002.

**\* Please send your 2001 Oregon Form 40ES and payment in a different envelope from your 2000 Oregon income tax return.** This will help us credit your payment correctly.

## Are you self-employed?

If you are self-employed and do business in Washington, Multnomah, or Clackamas counties, you may need to file Form TM, Tri-Met Self-Employment tax return. If you are self-employed and do business in Lane County, you may need to file Form LTD, Lane Transit District Self-Employment tax return.

## Elderly Rental Assistance (ERA)

You may qualify for an ERA refund if: 1) you were a renter who resided in Oregon on December 31, 2000; 2) you were age 58 or older on December 31, 2000; 3) you had household income less than \$10,000; 4) you used more than 20 percent of your household income to pay for rent, fuel, and utilities; and 5) the dwelling you rented was subject to property tax.

## Filing for a deceased person

See "Do I need to file?" on page 3 to determine if a return must be filed for an individual who is deceased. If you are filing a return and claiming a refund for someone who is now deceased, file Form 243, "Claim to Refund Due a Deceased Person," with the return. This will allow the department to issue the refund check in your name. If you are a court appointed or certified personal representative, the form is not needed.

## Questions answered

### 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.

### Should I put my return together in a special order?

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

1. Start with Form 40 or Form 40S.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40 or Form 40S.
3. Staple your payment on top of the Form(s) W-2.
4. Place a copy of the front and back of federal Form 1040, 1040A, 1040EZ, or Telefile Tax Record behind your Form 40. Form 40S filers don't need to attach this item.
5. If applicable, place Oregon Form 10, "Underpayment of Oregon Estimated Tax" behind your federal form.
6. If applicable, place proof to claim credit for income taxes paid to another state behind the entire packet.
7. Staple all the pages of your return together in the top left-hand corner.

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

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

- If you file your return electronically:

- You may receive your refund in as few as 10 to 12 business days.
- If you mail your return before April 1:
  - Allow 6–8 weeks.
- If you mail your return on or after April 1:
  - Allow 8–11 weeks.

If there is a mistake on your return, your refund may be delayed. By law, the Department of Revenue cannot issue a refund if the amount is less than \$1 or if your return is filed more than three years after the due date.

### **I'm moving. Will my refund check be forwarded to me?**

Yes. If you move after you mail your return, let us know your new address for a faster refund. Write to: Address Change, Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. Or, you can call one of the numbers listed on page 36. Also, file a change of address form at your local post office.

### **When do I need to file an amended Oregon return?**

File Form 40X, "Oregon Amended Individual Income Tax Return," any time you need to correct your Oregon return. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. If you amend your federal or another state's

return, usually you'll need to amend your Oregon return. See page 36 to order Form 40X and instructions.

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

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

### **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.

### **What tax records do I need to keep?**

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

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

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

# Form 40S instructions

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

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

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

## Address section

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

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

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

**Year of birth.** Enter the four digits of the year you were born. For example, "1943."

## Check the boxes

### Filing status

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

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 next to box number 4.

### Exemptions

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

**Severely disabled.** Did you have a severe disability at the end of 2000? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

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

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

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but allows you to do other kinds of work without special equipment.

If you have a permanent severe disability, your physician must write a letter describing your disability. Keep the letter with your permanent health records.

Check the "Severely disabled" exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the credit for the loss of use of limbs. See instructions on page 11.

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

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

- Qualify as your dependent, and
- Be age 17 or younger on December 31, 2000, and
- Be eligible for "early intervention services" or receive special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone don't qualify), and
- Have been considered to have a disability as of December 31, 2000 under the federal Individuals with Disabilities Education Act and related Oregon laws. Eligible disabilities include:
  - Autism.
  - Visual impairment.
  - Mental retardation.
  - Serious emotional disturbance.
  - Traumatic brain injury.
  - Hearing impairment.
  - Orthopedic impairment.

- Other health impairment.
- Multiple disabilities.
- Deaf-blind.

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

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

**7 Age 65 or older, or blind.** Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31, 2000. You are entitled to a larger standard deduction. If you or your spouse are blind, you may also qualify for an additional exemption credit. See the instructions for lines 6a and 6b.

**State School Fund.** Check here to donate your Oregon income tax kicker refund to the State School Fund. The fund is used for public elementary and secondary education. Whether there will be a kicker, and the amount, will be determined in the fall of 2001. If you check the box, any kicker refund that you would have received in 2001 based on your 2000 Oregon income tax will be sent directly to the State School Fund. If you check the box, you cannot change your decision for the 2000 tax year.

## Line instructions

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

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

**8 Wages.** Fill in all pay for work [shown on your Form(s) W-2] plus your taxable scholarships and fellowship grants. If you paid for housing with scholarship funds, file Form 40.

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

9a. Fill in your total interest. Include:

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

If you have interest from the U.S. government, such as savings bond interest, file Oregon Form 40.

9b. Fill in your total dividends. If you received nontaxable distributions or capital gain distributions, you can't use Form 40S. Use Form 40 instead.

**10 Unemployment.** Fill in all unemployment compensation. This is the amount on federal Form

1040, line 19; Form 1040A, line 13; Form 1040EZ, line 3; or Telefile Tax Record, line D.

**12** **2000 federal tax liability.** Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

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

1. Fill in your federal tax liability from: 1. \_\_\_\_\_
  - Form 1040EZ, line 10, or
  - Form 1040A, line 33, or
  - Form 1040, line 51, or
  - Telefile Tax Record, tax from second box, line K.
2. Fill in \$3,000 (\$1,500 if married filing separately). 2. \_\_\_\_\_
3. Fill in the lesser of line 1 or line 2 here and on line 12. 3. \_\_\_\_\_

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

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

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

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8a; Form 1040A, line 38a; Form 1040, line 60a; or Telefile Tax Record, line L). 1. \_\_\_\_\_
2. Decimal amount. 2. .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on line 18. 3. \_\_\_\_\_

The Oregon earned income credit is limited to your tax liability. There is no carryover.

**19** **Working family credit.** This credit is available to low-income families with **qualifying child care expenses**. You qualify for this credit if **all** the following are true:

- Your adjusted gross income is less than the limit for your household size (see tables on page 30), and

- Your expenses are for your child under age 13 (or for your child with a disability, see page 9), and
- Care is not provided by the child's parent or guardian (unless provided in a licensed or registered child care facility), and
- Care is not provided by the qualifying child's brother or sister under age 19, and
- You have earned income of at least \$6,300, and
- You have less than \$2,400 of investment income (investment income is generally interest, dividends, and capital gains), and
- If you are married filing separately, you must be legally separated or living apart on December 31, 2000.

Use the following worksheet to figure your credit:

**Household size**

1. Enter the number of exemptions reported on your federal return. 1. \_\_\_\_\_
2. Add your children who live with you whose exemption is claimed by the other parent. 2. \_\_\_\_\_
3. Line 1 plus line 2. This is your household size. 3. \_\_\_\_\_

**Credit amount**

4. Enter your total income from Form 40S, line 11. 4. \_\_\_\_\_
5. Enter total child care expenses you paid in 2000. 5. \_\_\_\_\_
6. Enter the decimal amount from the correct table on page 30. The tables are based on household size (line 3 from above). For example, if the amount on line 3 is 7, use Table 7. 6. \_\_\_\_\_
7. Multiply the amount on line 5 by the decimal on line 6. Enter the result here and on Form 40S, line 19. 7. \_\_\_\_\_

*Example:* A married couple with one qualifying child had total income of \$22,436 and total child care expenses of \$2,650 in 2000. With a household size of three, they use Table 3 to find the correct decimal (.36) and multiply it by \$2,650 to figure their credit of \$954.

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

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

Use the following worksheet:

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

<b>If your federal taxable income from Form 1040, line 39, or Form 1040A, line 25 is:</b>		<b>Your decimal amount is:</b>
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 on line 2. Enter here and on Form 40S, line 20. 3. \_\_\_\_\_

**Note:** Did you pay 1999 child care expenses in 2000? If so, you may be able to use that amount to increase your 2000 Oregon child and dependent care credit.

**Carryover.** Your total 2000 child care credit can't be more than your 2000 tax liability for Oregon. Any excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 21.

**21 Other credits.** You may be eligible for other credits listed below. Please identify the credit(s) you are claiming on line 21 using the title shown in bold or the abbreviation shown in brackets.

- **Political contribution credit [PCC].** 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 2000. It must have been a donation of money to any of the following:
  - A political party.
  - A qualified candidate (or the candidate's principal campaign committee) for federal, state, or local office to be voted on in Oregon.
  - A political action committee certified in Oregon.
- **Child and dependent care credit carryover from prior years [C/O-CDC].** Fill in the carryover amount on line 21. See page 33 for instructions.
- **Credit for the elderly or the disabled [OR CED].** You get an Oregon credit only if you qualify for the federal credit. The Oregon credit is 40 percent of the federal credit.

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

- **Credit for income taxes paid to another state [CITPAS].** You may be eligible for this credit if you paid income tax to another state. See page 32 for instructions to figure your credit.
- **Credit for home care of an elderly person [HCE].**
- **Credit for loss of use of limbs [Limbs].** If you have a permanent and complete loss of the use of two limbs, you may take a \$50 tax credit. If your spouse qualifies, he or she may also claim a \$50 credit. You can't claim this credit for a dependent.
 

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

You also qualify for an additional exemption for severely disabled persons. See page 9.
- **Involuntary moving of a mobile home [Mobile hm].**

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

If you don't have a Form W-2 or 1099, you must provide other proof of any tax withheld. Proof may include a final paycheck stub or a letter from your employer. If you file before February 1, 2001, we can accept only Form(s) W-2 or 1099 as proof.

If you paid estimated tax for 2000, you **must** use Form 40.

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

**26 Tax-to-pay.** Make your check or money order payable to "**Oregon Department of Revenue.**" Write your Social Security number and "2000 Oregon Form 40S" on it. Please use **blue** ink. Do not use red ink. Do not make your payment out to "IRS," "Treasury," or "Internal Revenue Service." **Don't send cash or a postdated check.** Staple your payment to your return on top of the Form(s) W-2. If the amount is less than \$1, no payment is required.

If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. See page 34. For information about paying estimated tax for tax year 2001, see page 7.

**Stop here** on the form.

**27 – 32 Charitable checkoff.** You may donate all or part of your refund to the charities listed below. Donations will reduce your refund. You may donate to any or all of the charities on lines 27–31. You may also donate to one of the charities on line 32. If you don't have a refund on line 25 but you want to contribute, mail your donations to the addresses shown on pages 34 and 35.

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

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

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

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

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

**32 Other charity.** You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 32. Only one code may be entered. Check the box for the amount you want to donate and write it on line 32.

Or, you can mail your donations to the addresses shown on page 35.

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

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

**34 Net refund.** You must reduce your refund by any donations on lines 27–32. By law, the Oregon Department of Revenue cannot refund or apply amounts less than \$1. Generally, the department cannot issue a refund when the return is filed more than three years after the due date of the return.

**Preparer signature block.** Any person who prepares, advises, or assists in the preparation of personal income tax returns for another person in exchange for payment, gifts, or other compensation must be licensed. Contact

these agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Service Examiners at 503-378-4034 for licensed tax consultants.
- State Board of Accountancy at 503-378-4181 for Public Accountants and Certified Public Accountants.

**License number.** Licensed tax consultants please enter your license number. Certified Public Accountants please enter your certificate number. Tax-Aide volunteers please enter your TCE site number.

**To avoid processing delays, remember to:**

**File electronically.** See page 3.

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

**Double-check your math calculations and other figures,** including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you selected. People commonly use the wrong line or column on the tax tables. Errors will slow the processing of your return.

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

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

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

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

REFUND  
PO Box 14700  
Salem OR 97309-0930

**Mail tax-to-pay returns to:**

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

**Payment Plans**

If you can't pay in full now, we will work with you to set up a payment plan. File now and pay what you can. Write your Social Security number and tax year on your check. You will receive a billing notice showing tax, interest, penalty, and the balance due. When you receive the billing notice, immediately call the telephone number on the notice to set up your payment plan. Otherwise, collection activity may begin.

## **Form 40S Front**

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

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# Tax Tables for Forms 40S & 40

**S** Use column S if you are:

- Single
- Married filing separately

**J** Use column J if you are:

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

If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column	
At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>0</b>		<b>4,000</b>				<b>9,000</b>				<b>14,000</b>					
				<b>4,000 – 4,100</b>	235 203	<b>9,000 – 9,100</b>	644 536	<b>14,000 – 14,100</b>	1,094 923						
				<b>4,100 – 4,200</b>	242 208	<b>9,100 – 9,200</b>	653 543	<b>14,100 – 14,200</b>	1,103 932						
				<b>4,200 – 4,300</b>	249 213	<b>9,200 – 9,300</b>	662 550	<b>14,200 – 14,300</b>	1,112 941						
				<b>4,300 – 4,400</b>	256 218	<b>9,300 – 9,400</b>	671 557	<b>14,300 – 14,400</b>	1,121 950						
				<b>4,400 – 4,500</b>	263 223	<b>9,400 – 9,500</b>	680 564	<b>14,400 – 14,500</b>	1,130 959						
				<b>4,500 – 4,600</b>	270 228	<b>9,500 – 9,600</b>	689 571	<b>14,500 – 14,600</b>	1,139 968						
				<b>4,600 – 4,700</b>	277 233	<b>9,600 – 9,700</b>	698 578	<b>14,600 – 14,700</b>	1,148 977						
				<b>4,700 – 4,800</b>	284 238	<b>9,700 – 9,800</b>	707 585	<b>14,700 – 14,800</b>	1,157 986						
				<b>4,800 – 4,900</b>	291 243	<b>9,800 – 9,900</b>	716 592	<b>14,800 – 14,900</b>	1,166 995						
				<b>4,900 – 5,000</b>	298 249	<b>9,900 – 10,000</b>	725 599	<b>14,900 – 15,000</b>	1,175 1,004						
<b>0 – 20</b>	<b>20 – 50</b>	<b>0</b>	<b>0</b>												
		<b>2</b>	<b>2</b>												
<b>50</b>		<b>5,000</b>				<b>10,000</b>				<b>15,000</b>					
<b>50 – 100</b>		<b>4</b>	<b>4</b>	<b>5,000 – 5,100</b>	305 256	<b>10,000 – 10,100</b>	734 606	<b>15,000 – 15,100</b>	1,184 1,013						
<b>100 – 200</b>		<b>8</b>	<b>8</b>	<b>5,100 – 5,200</b>	312 263	<b>10,100 – 10,200</b>	743 613	<b>15,100 – 15,200</b>	1,193 1,022						
<b>200 – 300</b>		<b>13</b>	<b>13</b>	<b>5,200 – 5,300</b>	319 270	<b>10,200 – 10,300</b>	752 620	<b>15,200 – 15,300</b>	1,202 1,031						
<b>300 – 400</b>		<b>18</b>	<b>18</b>	<b>5,300 – 5,400</b>	326 277	<b>10,300 – 10,400</b>	761 627	<b>15,300 – 15,400</b>	1,211 1,040						
<b>400 – 500</b>		<b>23</b>	<b>23</b>	<b>5,400 – 5,500</b>	333 284	<b>10,400 – 10,500</b>	770 634	<b>15,400 – 15,500</b>	1,220 1,049						
<b>500 – 600</b>		<b>28</b>	<b>28</b>	<b>5,500 – 5,600</b>	340 291	<b>10,500 – 10,600</b>	779 641	<b>15,500 – 15,600</b>	1,229 1,058						
<b>600 – 700</b>		<b>33</b>	<b>33</b>	<b>5,600 – 5,700</b>	347 298	<b>10,600 – 10,700</b>	788 648	<b>15,600 – 15,700</b>	1,238 1,067						
<b>700 – 800</b>		<b>38</b>	<b>38</b>	<b>5,700 – 5,800</b>	354 305	<b>10,700 – 10,800</b>	797 655	<b>15,700 – 15,800</b>	1,247 1,076						
<b>800 – 900</b>		<b>43</b>	<b>43</b>	<b>5,800 – 5,900</b>	361 312	<b>10,800 – 10,900</b>	806 662	<b>15,800 – 15,900</b>	1,256 1,085						
<b>900 – 1,000</b>		<b>48</b>	<b>48</b>	<b>5,900 – 6,000</b>	368 319	<b>10,900 – 11,000</b>	815 669	<b>15,900 – 16,000</b>	1,265 1,094						
<b>1,000</b>		<b>6,000</b>				<b>11,000</b>				<b>16,000</b>					
<b>1,000 – 1,100</b>		<b>53</b>	<b>53</b>	<b>6,000 – 6,100</b>	375 326	<b>11,000 – 11,100</b>	824 676	<b>16,000 – 16,100</b>	1,274 1,103						
<b>1,100 – 1,200</b>		<b>58</b>	<b>58</b>	<b>6,100 – 6,200</b>	383 333	<b>11,100 – 11,200</b>	833 683	<b>16,100 – 16,200</b>	1,283 1,112						
<b>1,200 – 1,300</b>		<b>63</b>	<b>63</b>	<b>6,200 – 6,300</b>	392 340	<b>11,200 – 11,300</b>	842 690	<b>16,200 – 16,300</b>	1,292 1,121						
<b>1,300 – 1,400</b>		<b>68</b>	<b>68</b>	<b>6,300 – 6,400</b>	401 347	<b>11,300 – 11,400</b>	851 697	<b>16,300 – 16,400</b>	1,301 1,130						
<b>1,400 – 1,500</b>		<b>73</b>	<b>73</b>	<b>6,400 – 6,500</b>	410 354	<b>11,400 – 11,500</b>	860 704	<b>16,400 – 16,500</b>	1,310 1,139						
<b>1,500 – 1,600</b>		<b>78</b>	<b>78</b>	<b>6,500 – 6,600</b>	419 361	<b>11,500 – 11,600</b>	869 711	<b>16,500 – 16,600</b>	1,319 1,148						
<b>1,600 – 1,700</b>		<b>83</b>	<b>83</b>	<b>6,600 – 6,700</b>	428 368	<b>11,600 – 11,700</b>	878 718	<b>16,600 – 16,700</b>	1,328 1,157						
<b>1,700 – 1,800</b>		<b>88</b>	<b>88</b>	<b>6,700 – 6,800</b>	437 375	<b>11,700 – 11,800</b>	887 725	<b>16,700 – 16,800</b>	1,337 1,166						
<b>1,800 – 1,900</b>		<b>93</b>	<b>93</b>	<b>6,800 – 6,900</b>	446 382	<b>11,800 – 11,900</b>	896 732	<b>16,800 – 16,900</b>	1,346 1,175						
<b>1,900 – 2,000</b>		<b>98</b>	<b>98</b>	<b>6,900 – 7,000</b>	455 389	<b>11,900 – 12,000</b>	905 739	<b>16,900 – 17,000</b>	1,355 1,184						
<b>2,000</b>		<b>7,000</b>				<b>12,000</b>				<b>17,000</b>					
<b>2,000 – 2,100</b>		<b>103</b>	<b>103</b>	<b>7,000 – 7,100</b>	464 396	<b>12,000 – 12,100</b>	914 746	<b>17,000 – 17,100</b>	1,364 1,193						
<b>2,100 – 2,200</b>		<b>108</b>	<b>108</b>	<b>7,100 – 7,200</b>	473 403	<b>12,100 – 12,200</b>	923 753	<b>17,100 – 17,200</b>	1,373 1,202						
<b>2,200 – 2,300</b>		<b>113</b>	<b>113</b>	<b>7,200 – 7,300</b>	482 410	<b>12,200 – 12,300</b>	932 761	<b>17,200 – 17,300</b>	1,382 1,211						
<b>2,300 – 2,400</b>		<b>118</b>	<b>118</b>	<b>7,300 – 7,400</b>	491 417	<b>12,300 – 12,400</b>	941 770	<b>17,300 – 17,400</b>	1,391 1,220						
<b>2,400 – 2,500</b>		<b>123</b>	<b>123</b>	<b>7,400 – 7,500</b>	500 424	<b>12,400 – 12,500</b>	950 779	<b>17,400 – 17,500</b>	1,400 1,229						
<b>2,500 – 2,600</b>		<b>130</b>	<b>128</b>	<b>7,500 – 7,600</b>	509 431	<b>12,500 – 12,600</b>	959 788	<b>17,500 – 17,600</b>	1,409 1,238						
<b>2,600 – 2,700</b>		<b>137</b>	<b>133</b>	<b>7,600 – 7,700</b>	518 438	<b>12,600 – 12,700</b>	968 797	<b>17,600 – 17,700</b>	1,418 1,247						
<b>2,700 – 2,800</b>		<b>144</b>	<b>138</b>	<b>7,700 – 7,800</b>	527 445	<b>12,700 – 12,800</b>	977 806	<b>17,700 – 17,800</b>	1,427 1,256						
<b>2,800 – 2,900</b>		<b>151</b>	<b>143</b>	<b>7,800 – 7,900</b>	536 452	<b>12,800 – 12,900</b>	986 815	<b>17,800 – 17,900</b>	1,436 1,265						
<b>2,900 – 3,000</b>		<b>158</b>	<b>148</b>	<b>7,900 – 8,000</b>	545 459	<b>12,900 – 13,000</b>	995 824	<b>17,900 – 18,000</b>	1,445 1,274						
<b>3,000</b>		<b>8,000</b>				<b>13,000</b>				<b>18,000</b>					
<b>3,000 – 3,100</b>		<b>165</b>	<b>153</b>	<b>8,000 – 8,100</b>	554 466	<b>13,000 – 13,100</b>	1,004 833	<b>18,000 – 18,100</b>	1,454 1,283						
<b>3,100 – 3,200</b>		<b>172</b>	<b>158</b>	<b>8,100 – 8,200</b>	563 473	<b>13,100 – 13,200</b>	1,013 842	<b>18,100 – 18,200</b>	1,463 1,292						
<b>3,200 – 3,300</b>		<b>179</b>	<b>163</b>	<b>8,200 – 8,300</b>	572 480	<b>13,200 – 13,300</b>	1,022 851	<b>18,200 – 18,300</b>	1,472 1,301						
<b>3,300 – 3,400</b>		<b>186</b>	<b>168</b>	<b>8,300 – 8,400</b>	581 487	<b>13,300 – 13,400</b>	1,031 860	<b>18,300 – 18,400</b>	1,481 1,310						
<b>3,400 – 3,500</b>		<b>193</b>	<b>173</b>	<b>8,400 – 8,500</b>	590 494	<b>13,400 – 13,500</b>	1,040 869	<b>18,400 – 18,500</b>	1,490 1,319						
<b>3,500 – 3,600</b>		<b>200</b>	<b>178</b>	<b>8,500 – 8,600</b>	599 501	<b>13,500 – 13,600</b>	1,049 878	<b>18,500 – 18,600</b>	1,499 1,328						
<b>3,600 – 3,700</b>		<b>207</b>	<b>183</b>	<b>8,600 – 8,700</b>	608 508	<b>13,600 – 13,700</b>	1,058 887	<b>18,600 – 18,700</b>	1,508 1,337						
<b>3,700 – 3,800</b>		<b>214</b>	<b>188</b>	<b>8,700 – 8,800</b>	617 515	<b>13,700 – 13,800</b>	1,067 896	<b>18,700 – 18,800</b>	1,517 1,346						
<b>3,800 – 3,900</b>		<b>221</b>	<b>193</b>	<b>8,800 – 8,900</b>	626 522	<b>13,800 – 13,900</b>	1,076 905	<b>18,800 – 18,900</b>	1,526 1,355						
<b>3,900 – 4,000</b>		<b>228</b>	<b>198</b>	<b>8,900 – 9,000</b>	635 529	<b>13,900 – 14,000</b>	1,085 914	<b>18,900 – 19,000</b>	1,535 1,364						

# Tax Tables for Forms 40S & 40

**S** Use column S if you are:

- Single
- Married filing separately

**J** Use column J if you are:

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

If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column		If income from Form 40S line 15, or Form 40 line 29 is		And you use column									
At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>	At least	But less than	<b>S</b>	<b>J</b>								
		Your tax is:				Your tax is:				Your tax is:				Your tax is:									
<b>19,000</b>				<b>24,000</b>				<b>29,000</b>				<b>34,000</b>											
19,000–19,100	1,544	1,373	24,000–24,100	1,994	1,823	29,000–29,100	2,444	2,273	34,000–34,100	2,894	2,723	19,100–19,200	1,553	1,382	24,100–24,200	2,003	1,832	29,100–29,200	2,453	2,282	34,100–34,200	2,903	2,732
19,200–19,300	1,562	1,391	24,200–24,300	2,012	1,841	29,200–29,300	2,462	2,291	34,200–34,300	2,912	2,741	19,300–19,400	1,571	1,400	24,300–24,400	2,021	1,850	29,300–29,400	2,471	2,300	34,300–34,400	2,921	2,750
19,400–19,500	1,580	1,409	24,400–24,500	2,030	1,859	29,400–29,500	2,480	2,309	34,400–34,500	2,930	2,759	19,500–19,600	1,589	1,418	24,500–24,600	2,039	1,868	29,500–29,600	2,489	2,318	34,500–34,600	2,939	2,768
19,600–19,700	1,598	1,427	24,600–24,700	2,048	1,877	29,600–29,700	2,498	2,327	34,600–34,700	2,948	2,777	19,700–19,800	1,607	1,436	24,700–24,800	2,057	1,886	29,700–29,800	2,507	2,336	34,700–34,800	2,957	2,786
19,800–19,900	1,616	1,445	24,800–24,900	2,066	1,895	29,800–29,900	2,516	2,345	34,800–34,900	2,966	2,795	19,900–20,000	1,625	1,454	24,900–25,000	2,075	1,904	29,900–30,000	2,525	2,354	34,900–35,000	2,975	2,804
<b>20,000</b>				<b>25,000</b>				<b>30,000</b>				<b>35,000</b>											
20,000–20,100	1,634	1,463	25,000–25,100	2,084	1,913	30,000–30,100	2,534	2,363	35,000–35,100	2,984	2,813	20,100–20,200	1,643	1,472	25,100–25,200	2,093	1,922	30,100–30,200	2,543	2,372	35,100–35,200	2,993	2,822
20,200–20,300	1,652	1,481	25,200–25,300	2,102	1,931	30,200–30,300	2,552	2,381	35,200–35,300	3,002	2,831	20,300–20,400	1,661	1,490	25,300–25,400	2,111	1,940	30,300–30,400	2,561	2,390	35,300–35,400	3,011	2,840
20,400–20,500	1,670	1,499	25,400–25,500	2,120	1,949	30,400–30,500	2,570	2,399	35,400–35,500	3,020	2,849	20,500–20,600	1,679	1,508	25,500–25,600	2,129	1,958	30,500–30,600	2,579	2,408	35,500–35,600	3,029	2,858
20,600–20,700	1,688	1,517	25,600–25,700	2,138	1,967	30,600–30,700	2,588	2,417	35,600–35,700	3,038	2,867	20,700–20,800	1,697	1,526	25,700–25,800	2,147	1,976	30,700–30,800	2,597	2,426	35,700–35,800	3,047	2,876
20,800–20,900	1,706	1,535	25,800–25,900	2,156	1,985	30,800–30,900	2,606	2,435	35,800–35,900	3,056	2,885	20,900–21,000	1,715	1,544	25,900–26,000	2,165	1,994	30,900–31,000	2,615	2,444	35,900–36,000	3,065	2,894
<b>21,000</b>				<b>26,000</b>				<b>31,000</b>				<b>36,000</b>											
21,000–21,100	1,724	1,553	26,000–26,100	2,174	2,003	31,000–31,100	2,624	2,453	36,000–36,100	3,074	2,903	21,100–21,200	1,733	1,562	26,100–26,200	2,183	2,012	31,100–31,200	2,633	2,462	36,100–36,200	3,083	2,912
21,200–21,300	1,742	1,571	26,200–26,300	2,192	2,021	31,200–31,300	2,642	2,471	36,200–36,300	3,092	2,921	21,300–21,400	1,751	1,580	26,300–26,400	2,201	2,030	31,300–31,400	2,651	2,480	36,300–36,400	3,101	2,930
21,400–21,500	1,760	1,589	26,400–26,500	2,210	2,039	31,400–31,500	2,660	2,489	36,400–36,500	3,110	2,939	21,500–21,600	1,769	1,598	26,500–26,600	2,219	2,048	31,500–31,600	2,669	2,498	36,500–36,600	3,119	2,948
21,600–21,700	1,778	1,607	26,600–26,700	2,228	2,057	31,600–31,700	2,678	2,507	36,600–36,700	3,128	2,957	21,700–21,800	1,787	1,616	26,700–26,800	2,237	2,066	31,700–31,800	2,687	2,516	36,700–36,800	3,137	2,966
21,800–21,900	1,796	1,625	26,800–26,900	2,246	2,075	31,800–31,900	2,696	2,525	36,800–36,900	3,146	2,975	21,900–22,000	1,805	1,634	26,900–27,000	2,255	2,084	31,900–32,000	2,705	2,534	36,900–37,000	3,155	2,984
<b>22,000</b>				<b>27,000</b>				<b>32,000</b>				<b>37,000</b>											
22,000–22,100	1,814	1,643	27,000–27,100	2,264	2,093	32,000–32,100	2,714	2,543	37,000–37,100	3,164	2,993	22,100–22,200	1,823	1,652	27,100–27,200	2,273	2,102	32,100–32,200	2,723	2,552	37,100–37,200	3,173	3,002
22,200–22,300	1,832	1,661	27,200–27,300	2,282	2,111	32,200–32,300	2,732	2,561	37,200–37,300	3,182	3,011	22,300–22,400	1,841	1,670	27,300–27,400	2,291	2,120	32,300–32,400	2,741	2,570	37,300–37,400	3,191	3,020
22,400–22,500	1,850	1,679	27,400–27,500	2,300	2,129	32,400–32,500	2,750	2,579	37,400–37,500	3,200	3,029	22,500–22,600	1,859	1,688	27,500–27,600	2,309	2,138	32,500–32,600	2,759	2,588	37,500–37,600	3,209	3,038
22,600–22,700	1,868	1,697	27,600–27,700	2,318	2,147	32,600–32,700	2,768	2,597	37,600–37,700	3,218	3,047	22,700–22,800	1,877	1,706	27,700–27,800	2,327	2,156	32,700–32,800	2,777	2,606	37,700–37,800	3,227	3,056
22,800–22,900	1,886	1,715	27,800–27,900	2,336	2,165	32,800–32,900	2,786	2,615	37,800–37,900	3,236	3,065	22,900–23,000	1,895	1,724	27,900–28,000	2,345	2,174	32,900–33,000	2,795	2,624	37,900–38,000	3,245	3,074
<b>23,000</b>				<b>28,000</b>				<b>33,000</b>				<b>38,000</b>											
23,000–23,100	1,904	1,733	28,000–28,100	2,354	2,183	33,000–33,100	2,804	2,633	38,000–38,100	3,254	3,083	23,100–23,200	1,913	1,742	28,100–28,200	2,363	2,192	33,100–33,200	2,813	2,642	38,100–38,200	3,263	3,092
23,200–23,300	1,922	1,751	28,200–28,300	2,372	2,201	33,200–33,300	2,822	2,651	38,200–38,300	3,272	3,101	23,300–23,400	1,931	1,760	28,300–28,400	2,381	2,210	33,300–33,400	2,831	2,660	38,300–38,400	3,281	3,110
23,400–23,500	1,940	1,769	28,400–28,500	2,390	2,219	33,400–33,500	2,840	2,669	38,400–38,500	3,290	3,119	23,500–23,600	1,949	1,778	28,500–28,600	2,399	2,228	33,500–33,600	2,849	2,678	38,500–38,600	3,299	3,128
23,600–23,700	1,958	1,787	28,600–28,700	2,408	2,237	33,600–33,700	2,858	2,687	38,600–38,700	3,308	3,137	23,700–23,800	1,967	1,796	28,700–28,800	2,417	2,246	33,700–33,800	2,867	2,696	38,700–38,800	3,317	3,146
23,800–23,900	1,976	1,805	28,800–28,900	2,426	2,255	33,800–33,900	2,876	2,705	38,800–38,900	3,326	3,155	23,900–24,000	1,985	1,814	28,900–29,000	2,435	2,264	33,900–34,000	2,885	2,714	38,900–39,000	3,335	3,164

# Tax Tables for Forms 40S & 40

**S** Use column S if you are:

- Single
- Married filing separately

**J** Use column J if you are:

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

If income from Form 40S line 15, or Form 40 line 29 is		And you use column	If income from Form 40S line 15, or Form 40 line 29 is		And you use column	If income from Form 40S line 15, or Form 40 line 29 is		And you use column	If income from Form 40S line 15, or Form 40 line 29 is		And you use column
At least	But less than	<b>S</b> <b>J</b>	At least	But less than	<b>S</b> <b>J</b>	At least	But less than	<b>S</b> <b>J</b>	At least	But less than	<b>S</b> <b>J</b>
Your tax is:			Your tax is:			Your tax is:			Your tax is:		
<b>39,000</b>			<b>42,000</b>			<b>45,000</b>			<b>48,000</b>		
39,000–39,100	3,344 3,173		42,000–42,100	3,614 3,443		45,000–45,100	3,884 3,713		48,000–48,100	4,154 3,983	
39,100–39,200	3,353 3,182		42,100–42,200	3,623 3,452		45,100–45,200	3,893 3,722		48,100–48,200	4,163 3,992	
39,200–39,300	3,362 3,191		42,200–42,300	3,632 3,461		45,200–45,300	3,902 3,731		48,200–48,300	4,172 4,001	
39,300–39,400	3,371 3,200		42,300–42,400	3,641 3,470		45,300–45,400	3,911 3,740		48,300–48,400	4,181 4,010	
39,400–39,500	3,380 3,209		42,400–42,500	3,650 3,479		45,400–45,500	3,920 3,749		48,400–48,500	4,190 4,019	
39,500–39,600	3,389 3,218		42,500–42,600	3,659 3,488		45,500–45,600	3,929 3,758		48,500–48,600	4,199 4,028	
39,600–39,700	3,398 3,227		42,600–42,700	3,668 3,497		45,600–45,700	3,938 3,767		48,600–48,700	4,208 4,037	
39,700–39,800	3,407 3,236		42,700–42,800	3,677 3,506		45,700–45,800	3,947 3,776		48,700–48,800	4,217 4,046	
39,800–39,900	3,416 3,245		42,800–42,900	3,686 3,515		45,800–45,900	3,956 3,785		48,800–48,900	4,226 4,055	
39,900–40,000	3,425 3,254		42,900–43,000	3,695 3,524		45,900–46,000	3,965 3,794		48,900–49,000	4,235 4,064	
<b>40,000</b>			<b>43,000</b>			<b>46,000</b>			<b>49,000</b>		
40,000–40,100	3,434 3,263		43,000–43,100	3,704 3,533		46,000–46,100	3,974 3,803		49,000–49,100	4,244 4,073	
40,100–40,200	3,443 3,272		43,100–43,200	3,713 3,542		46,100–46,200	3,983 3,812		49,100–49,200	4,253 4,082	
40,200–40,300	3,452 3,281		43,200–43,300	3,722 3,551		46,200–46,300	3,992 3,821		49,200–49,300	4,262 4,091	
40,300–40,400	3,461 3,290		43,300–43,400	3,731 3,560		46,300–46,400	4,001 3,830		49,300–49,400	4,271 4,100	
40,400–40,500	3,470 3,299		43,400–43,500	3,740 3,569		46,400–46,500	4,010 3,839		49,400–49,500	4,280 4,109	
40,500–40,600	3,479 3,308		43,500–43,600	3,749 3,578		46,500–46,600	4,019 3,848		49,500–49,600	4,289 4,118	
40,600–40,700	3,488 3,317		43,600–43,700	3,758 3,587		46,600–46,700	4,028 3,857		49,600–49,700	4,298 4,127	
40,700–40,800	3,497 3,326		43,700–43,800	3,767 3,596		46,700–46,800	4,037 3,866		49,700–49,800	4,307 4,136	
40,800–40,900	3,506 3,335		43,800–43,900	3,776 3,605		46,800–46,900	4,046 3,875		49,800–49,900	4,316 4,145	
40,900–41,000	3,515 3,344		43,900–44,000	3,785 3,614		46,900–47,000	4,055 3,884		49,900–50,001	4,325 4,154	
<b>41,000</b>			<b>44,000</b>			<b>47,000</b>					
41,000–41,100	3,524 3,353		44,000–44,100	3,794 3,623		47,000–47,100	4,064 3,893				
41,100–41,200	3,533 3,362		44,100–44,200	3,803 3,632		47,100–47,200	4,073 3,902				
41,200–41,300	3,542 3,371		44,200–44,300	3,812 3,641		47,200–47,300	4,082 3,911				
41,300–41,400	3,551 3,380		44,300–44,400	3,821 3,650		47,300–47,400	4,091 3,920				
41,400–41,500	3,560 3,389		44,400–44,500	3,830 3,659		47,400–47,500	4,100 3,929				
41,500–41,600	3,569 3,398		44,500–44,600	3,839 3,668		47,500–47,600	4,109 3,938				
41,600–41,700	3,578 3,407		44,600–44,700	3,848 3,677		47,600–47,700	4,118 3,947				
41,700–41,800	3,587 3,416		44,700–44,800	3,857 3,686		47,700–47,800	4,127 3,956				
41,800–41,900	3,596 3,425		44,800–44,900	3,866 3,695		47,800–47,900	4,136 3,965				
41,900–42,000	3,605 3,434		44,900–45,000	3,875 3,704		47,900–48,000	4,145 3,974				

## Tax Rate Charts

### Tax Rate Chart A:

For persons filing  
**Single or Married filing separately**

If your taxable income is: Your tax is:  
Over \$50,000 ..... \$4,329 plus 9% of excess over \$50,000

### Tax Rate Chart B:

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

If your taxable income is: Your tax is:  
Over \$50,000 ..... \$4,158 plus 9% of excess over \$50,000

# Form 40 instructions

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

**You must attach a copy (front and back) of your federal 1040, 1040A, or 1040EZ to your Oregon tax return. Don't attach federal Schedules A, B, C, D, or Form 2441, etc.** We receive some federal information from the IRS. We may ask you for copies of schedules or additional information later.

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

## Fiscal year filers

Write the ending date of your fiscal year in the space provided. We prefer you use **blue** ink.

## Address section

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

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

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

**Year of birth.** Enter the four digits of the year you were born. For example, "1943."

## Check the boxes

### Filing status

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

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 next to box number 4.

## Exemptions

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

**Severely disabled.** Did you have a severe disability at the end of 2000? If so, you may claim an additional exemption credit. You are considered to have a severe disability if any of the following apply:

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

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

You don't qualify for this exemption if:

- You have a temporary disability from an injury or illness and are expected to recover, or
- Your condition keeps you from doing your former work but allows you to do other kinds of work without special equipment.

If you have a permanent severe disability, your physician must write a letter describing your disability. Keep the letter with your permanent health records.

Check the "Severely disabled" exemption box. If your spouse qualifies, he or she may also claim this exemption. You and your spouse may also qualify for the credit for the loss of use of limbs. See instructions on page 11.

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

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

- Qualify as your dependent, and
- Be age 17 or younger on December 31, 2000, and
- Be eligible for "early intervention services" or receive special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone don't qualify), and
- Have been considered to have a disability as of December 31, 2000 under the federal Individuals with

Disabilities Education Act and related Oregon laws. Eligible disabilities include:

- Autism.
- Visual impairment.
- Mental retardation.
- Serious emotional disturbance.
- Traumatic brain injury.
- Hearing impairment.
- Orthopedic impairment.
- Other health impairment.
- Multiple disabilities.
- Deaf-blind.

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

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

**7 Age 65 or older, or blind.** Check the boxes on line 7 if you or your spouse were age 65 or older or were blind on December 31, 2000. You are entitled to a larger standard deduction. If you or your spouse are blind, you may also qualify for an additional exemption credit. See lines 6a and 6b on page 24.

**State School Fund.** Check here to donate your Oregon income tax kicker refund to the State School Fund. The fund is used for public elementary and secondary education. Whether there will be a kicker, and the amount, will be determined in the fall of 2001. If you check the box, any kicker refund that you would have received in 2001 based on your 2000 Oregon income tax will be sent directly to the State School Fund. If you check the box, you cannot change your decision for the 2000 tax year.

## Line instructions

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

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

**8 Federal adjusted gross income.** Enter your federal adjusted gross income from Form 1040, line 33; Form 1040A, line 19; Form 1040EZ, line 4; or Telefile Tax Record, line I. Attach the first two pages of your federal return. This helps us verify your income and speeds the processing of your return.

If you included taxable scholarship income in your federal adjusted gross income that you used to pay for housing, you may qualify for a subtraction. See page 27.

## Additions

Additions increase your federal adjusted gross income.

**9 Interest and dividends on government bonds of other states.** You must add to Oregon income any interest and dividends you received from state and local governments **other than** Oregon. Generally, you don't pay federal tax on this interest, but you do pay Oregon tax. *Example:* Include interest from state of Washington bonds or from San Francisco city bonds. Leave out interest from Oregon government bonds and interest from U.S. territories or possessions (such as Guam, Puerto Rico, and the Virgin Islands).

**10 Other additions.** Identify the addition(s) you are reporting in the space on the form. Please use the title shown in bold or the abbreviation in brackets.

- **Federal election on interest and dividends of a minor child** [Minor]. Did you elect to report interest or dividends of your minor child on your federal return? If so, you must add to Oregon income the amount that is subject to the special federal tax. Fill in the smaller of line 7 or 8 from federal Form 8814. If you made the election and your child received interest and dividends from state and local governments other than Oregon, you must add the amount also.
- **Federal deduction for long-term care insurance premiums** [LTCIP]. Are you claiming an Oregon long-term care insurance credit? If so, and you are claiming a federal deduction for the premiums, you must add to your Oregon return the amount of premiums that resulted in a federal benefit. To compute the federal tax benefit, please visit our Web site and click on "Publications" then "Long-term Care Insurance Premiums Credit." Or, see page 36 to order the information circular, "Long-term Care Insurance Premiums Credit."
- **Federal income tax refunds** [Fed ref]. Did you get a federal tax refund in 2000 because you filed an amended federal return for a prior year, or because you were audited? If so, you must add the amount of the refund for which you received an Oregon tax benefit in a prior year. You received an Oregon tax benefit if the amount of the refund was claimed as part of your federal tax subtraction on your Oregon return for the prior year.
- **Unused business credits** [UBC]. Did you claim a deduction on your federal return for unused business credits? If so, these must be added back to Oregon income.
- **Gambling losses claimed as an itemized deduction** [Gambling]. Did you claim gambling losses as an itemized deduction on your federal Schedule A? For Oregon purposes, gambling losses are limited to gambling winnings taxed by Oregon.
- **Lump-sum payment from a qualified retirement plan** [Lump-sum]. Did you use the 10-year averaging

method for federal purposes? If so, all or part of your lump-sum distribution must be added to income on your Oregon return. The amount of the addition is the total of your ordinary income portion and your capital gain portion. Include the capital gain portion only if you did not include it in your federal adjusted gross income. This information is on the federal Form 1099R your employer gave you. Fill in this sum on line 10. Attach a copy of federal Form 1099R to your Oregon return with your Form(s) W-2 and other Form(s) 1099.

- **Individual Development Account [IDA].** Are you claiming an Oregon Individual Development Account credit? If so, and you are claiming a federal deduction for your charitable contribution to that program, you must add the amount of donation that resulted in a federal tax benefit.
- **Other additions.** The following additions apply to only a few people and are not explained in this booklet.
  - Difference in depreciation for Oregon [Dif dep].
  - Gain or loss on the sale of depreciable property with an Oregon basis different from federal [Basis dif].
  - Depletion in excess of property basis [Depl].
  - Sale of Oregon inherited farm or forest property acquired from a decedent who died before January 1, 1987 [Inher F/F].
  - Passive activity losses [PAL].
  - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
  - Federally deferred gain taxed by Oregon; for example, like-kind exchange [Fed defer].

## Subtractions

Subtractions reduce your federal adjusted gross income.

**13** **2000 federal tax liability.** Carefully follow the instructions below. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on your Form(s) W-2. They are not the same.

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

1. Fill in your federal tax liability from:
  - Form 1040, line 51, or
  - Form 1040A, line 33, or
  - Form 1040EZ, line 10, or
  - Telefile Tax Record, tax from second box, line K.
2. Fill in \$3,000 (\$1,500 if married filing separately). \_\_\_\_\_
3. Fill in the lesser of line 1 or line 2 here and on line 13. \_\_\_\_\_

Did you have tax on qualified retirement plans, Form 1040, line 54? If so, include it in your federal tax subtraction amount on line 1 above.

**Caution:** Don't add:

- Self-employment tax, Form 1040, line 52.
- Social Security and Medicare tax on tips, Form 1040, line 53.
- Advance earned income credit payments, Form 1040, line 55, or Form 1040A, line 34.
- Household employment taxes, Form 1040, line 56.

### **Did you pay additional federal tax in 2000 because you were audited or you filed an amended return?**

If so, read the instructions for line 18 for federal tax from a prior year.

The total of your federal tax subtraction, line 13, your foreign tax subtraction, and your federal tax from a prior year (from "Other subtractions," line 18) can't exceed \$3,000.

**14 Social Security income.** Write in the amount, if any, from federal Form 1040, line 20b, or Form 1040A, line 14b. If you have tier 2, windfall/dual-vested, or supplemental railroad retirement benefits and need help, see page 36 for telephone numbers to call.

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

**16 Interest and dividends from U.S. government.** Fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest and dividends you received through partnerships or grantor trusts. *Examples:* interest from U.S. Series EE or HH bonds and Treasury bills or notes. You may also subtract interest and dividends paid to you by organizations that invest in U.S. government securities. Check the information on your Form 1099. The payer may have given the percentage of interest and dividends from U.S. government securities.

If you made the election to report interest or dividends of your minor child and you included on your federal return interest and dividends from the U.S. government that your child received, you may subtract it.

**Don't include interest on federal tax refunds** in the subtraction. U.S. government interest and dividends must be reduced by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.

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

**17 Federal pension income.** You may be able to subtract some or all of the pension income included in 2000 federal income. This includes benefits paid to the retiree or to the surviving spouse. The subtraction amount is based on the number of months of federal service before and after October 1, 1991. If all

your months of federal service occurred before October 1, 1991, subtract your entire federal pension. If you have no months of service before October 1, 1991, you cannot subtract any federal pension. If your service was both before and after October 1, 1991, you will subtract a percentage of your pension income. Once you have determined the percentage, it will remain the same from year to year. Write it in the space provided on line 17.

Use the following formula to determine your subtraction amount:

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

*Example:* Quang worked for the U.S. Postal Service from February 5, 1965 until November 16, 1995. He worked a total of 370 months, of which 320 months were worked before October 1, 1991. In 2000, he received federal pension income of \$35,000. Using the formula above, his allowable subtraction is computed as follows:

$$\frac{320}{370} (86.5\%) \times \$35,000 = \$30,275$$

He can subtract 86.5 percent (320 ÷ 370), or \$30,275 (86.5% × \$35,000) of his federal pension. He will continue to subtract 86.5 percent of his federal pension income from Oregon income in future years.

To avoid processing delays or adjustments, **attach your 2000 federal return** (1040, etc.) that reports your federal pension amount.

**18 Other subtractions.** You may qualify for other subtractions explained below. Please identify the subtraction(s) you are claiming on line 18 using the title shown in bold or the abbreviation shown in brackets. **Do not** use this line to subtract federal pension. See line 17.

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

You can subtract all active duty pay earned outside of Oregon during the year plus up to \$3,000 active duty pay earned in Oregon.

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

**Note:** Your total subtraction cannot exceed your total active duty pay income.

Enter the total of your military subtractions on line 18.

*Example:* Joanna enlisted in the Navy in 1993. From January 1, 2000, until August 15, 2000, she was stationed in Hawaii. She earned \$10,000 active duty pay

there. From August 15 until the end of the year she served in Oregon as a recruiter. She earned \$6,000 in Oregon. She may subtract the \$10,000 earned outside of Oregon and \$3,000 earned within the state, for a total of \$13,000.

- **Taxable health insurance benefits** [Partner]. If your employer provides health insurance benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. Visit our Web site and click on "Q & A."
- **Individual Development Account** [IDA]. If you were an Oregon Individual Development Account holder through the Enterprise Foundation, you may qualify for a subtraction. Subtract the deposits you made in 2000 that are included in your federal income.
- **Payments from Public Safety Memorial Fund Board** [Memorial]. Amounts awarded to you by the board that are included in federal taxable income may be subtracted on the Oregon return.
- **Land donation to an educational institution** [Land]. If you donated land or sold land at less than its fair market value to a qualified educational institution, you may be able to claim a subtraction on the Oregon return.
- **Federal tax from a prior year** [Prior fed]. Did you pay additional federal income tax in 2000 because you were audited or you amended a prior year's return? If so, you may be able to subtract the additional tax. This subtraction applies only to additional tax you paid because your return was changed. It doesn't include the tax from the original return or interest or penalties you paid.

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

**Step 1:** From \$3,000 (\$1,500 if married filing separately) subtract your federal tax, Form 40, line 13.

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

Please list the year(s) involved.

- **Difference in depreciation for Oregon** [Dif dep]. You may have a depreciation difference for Oregon and may need the "Oregon Depreciation Schedule" and instructions. See page 36 to order the schedule.
- **Scholarship awards used for housing expenses** [Sch housing]. You may subtract the amount of scholarship that:  
 — You included in your federal gross income, and  
 — You did not deduct on your federal return, and  
 — You used for your housing expenses.
- **Difference in home mortgage interest for Oregon** [Dif hm]. Did you claim a mortgage interest credit on your federal return? If so, you may claim a subtraction

on your Oregon return for the home mortgage interest not included in your itemized deductions reported on your federal return. You must itemize deductions for Oregon to claim this subtraction.

- **Payments from IRAs, Keoghs, 403(b), and 457 plans** [Prev tax]. You may be able to subtract some of your payments if **all** of the following apply:
  - You contributed to an IRA, Keogh, 403(b), or 457 plan when you were a nonresident, and
  - You paid state income tax on these contributions in your state of residence, and
  - You did not receive a tax benefit for these contributions from any other state.

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

- **Oregon Lottery** [OR lott]. Oregon does not tax Oregon Lottery winnings of \$600 or less. Prizes over \$600 from each single ticket may be taxable. Oregon Lottery includes Powerball tickets you purchased in Oregon.

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

- Winnings of \$600 or less from each single ticket purchased in Oregon on January 1, 1998 or later, and
- Prizes of any amount from tickets purchased prior to 1998.

You cannot subtract any winnings of more than \$600 if you bought the tickets in 1998 or later.

Do **not** subtract any other type of winnings; for example, winnings from tribal gaming centers. Do you have gambling losses claimed as an itemized deduction? If so, see page 25.

- **American Indian** [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. Income such as interest income can also be subtracted if you receive it while living 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. Please include your tribal enrollment number on line 18.
- **Federal tax credits** [Fed exp]. Did you claim a federal tax credit, such as a jobs credit or business credit? If so, you may have been required to reduce your federal business and farm expenses because you claimed that credit. You may claim the unallowed expenses as a subtraction for Oregon.
- **Local government bond interest** [LGBI]. Were you required to include interest from Oregon state and local

government bonds such as local private activity bonds in your federal income? If so, fill in the amount included on federal Form 1040, line 8a.

- **Other subtractions.** The following subtractions apply to only a few people and are not explained in this booklet.
  - Foreign tax [Foreign].
  - Logger's and construction worker's commuting costs [LCCC].
  - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [Basis dif].
  - Artists who make a charitable art donation [Art].
  - Tier 2, windfall/dual-vested, or supplemental railroad retirement and railroad unemployment benefits [RR].
  - Passive activity losses [PAL].
  - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
  - Underground storage tank pollution grant [Tank].
  - Federal gain previously taxed by Oregon; for example, like-kind exchange [Fed gain].

## Deductions

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

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

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

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

**22 Special Oregon medical deduction.** Were you or your spouse age 62 or older on December 31, 2000? If so, your deduction is the lesser of line 1 or line 3 from your federal Schedule A. To claim this deduction, you must itemize deductions. You can do this by filling out a Schedule A for both federal and Oregon **or** filling out one for Oregon only. (Keep your Schedule A with your tax records.)

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

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

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$128,950 (\$64,475 if married filing separately)? If so, you may need to complete a worksheet to figure how much Oregon income tax to subtract from itemized deductions. See page 36 to order the information circular, "Limit on Itemized Deductions."

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

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

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

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

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

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

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

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

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

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

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

## Oregon tax

**30 Oregon tax.** Figure the tax on your Oregon taxable income, line 29. Use the tax tables or tax rate

charts on pages 21–23. Please double-check the tax you selected. People commonly use the wrong line or column on the tax tables.

*Example 1:* A single Oregon taxpayer has taxable income of \$19,500. The tax from the table on page 22 is \$1,589.

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

Oregon taxable income	\$69,500
Subtract	<u>-50,000</u>
	19,500
Multiply by 9%	× .09
	1,755
Then add	+ 4,158
Their Oregon tax is	<u>\$5,913</u>

**31 Interest on certain installment sales.** Do you have installment sales on which you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as federal. The current interest rate is .8333 percent per month (10 percent per year).

## Credits

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

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

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 8a; Form 1040A, line 38a; Form 1040, line 60a; or Telefile Tax Record, line L). 1. \_\_\_\_\_
2. Decimal amount. 2. .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40, line 34. 3. \_\_\_\_\_

The Oregon earned income credit is limited to your tax liability. There is no carryover.

**35 Working family credit.** This credit is available to low-income families with **qualifying child care expenses**. You qualify for this credit if **all** the following are true:

# Working Family Credit—2000 Tables

Table 1, household size = 1		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$12,550	.40
\$12,550	13,350	.36
13,350	14,200	.32
14,200	15,050	.24
15,050	15,850	.16
15,850	16,700	.08
16,700	—	.00

Table 2, household size = 2		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$16,900	.40
\$16,900	18,000	.36
18,000	19,150	.32
19,150	20,250	.24
20,250	21,400	.16
21,400	22,500	.08
22,500	—	.00

Table 3, household size = 3		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$21,250	.40
\$21,250	22,650	.36
22,650	24,050	.32
24,050	25,450	.24
25,450	26,900	.16
26,900	28,300	.08
28,300	—	.00

Table 4, household size = 4		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$25,600	.40
\$25,600	27,300	.36
27,300	29,000	.32
29,000	30,700	.24
30,700	32,400	.16
32,400	34,100	.08
34,100	—	.00

Table 5, household size = 5		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$29,950	.40
\$29,950	31,900	.36
31,900	33,900	.32
33,900	35,900	.24
35,900	37,900	.16
37,900	39,900	.08
39,900	—	.00

Table 6, household size = 6		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$34,300	.40
\$34,300	36,550	.36
36,550	38,850	.32
38,850	41,150	.24
41,150	43,400	.16
43,400	45,700	.08
45,700	—	.00

Table 7, household size = 7		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$38,650	.40
\$38,650	41,200	.36
41,200	43,800	.32
43,800	46,350	.24
46,350	48,950	.16
48,950	51,500	.08
51,500	—	.00

Table 8, household size = 8		
If the amount on line 4 is:		Enter this decimal amount on line 6:
at least—	but less than—	
—	\$43,000	.40
\$43,000	45,850	.36
45,850	48,700	.32
48,700	51,550	.24
51,550	54,450	.16
54,450	57,300	.08
57,300	—	.00

- Your adjusted gross income (Form 40, line 8) is less than the limit for your household size (see tables on page 30), and
- Your expenses are for your child under age 13 (or for your child with a disability, see page 9), and
- Care is not provided by the child's parent or guardian (unless provided in a licensed or registered child care facility), and
- Care is not provided by the qualifying child's brother or sister under age 19, and
- You have earned income of at least \$6,300, and
- You have less than \$2,400 of investment income (investment income is generally interest, dividends, and capital gains), and
- If you are married filing separately, you must be legally separated or living apart on December 31, 2000.

Use the following worksheet to figure your credit:

**Household size**

1. Enter the number of exemptions reported on your federal return. 1. \_\_\_\_\_
2. Add your children who live with you whose exemption is claimed by the other parent. 2. \_\_\_\_\_
3. Line 1 plus line 2. This is your household size. 3. \_\_\_\_\_

**Credit amount**

4. Enter your adjusted gross income from Form 40, line 8. 4. \_\_\_\_\_
5. Enter total child care expenses you paid in 2000. 5. \_\_\_\_\_
6. Enter the decimal amount from the correct table on page 30. The tables are based on household size (line 3 above). For example, if the amount on line 3 is 7, use Table 7. 6. \_\_\_\_\_
7. Multiply the amount on line 5 by the decimal amount on line 6. Enter the result here and on Form 40, line 35. 7. \_\_\_\_\_

*Example:* A married couple with one qualifying child had federal adjusted gross income of \$22,436 and total child care expenses of \$2,650 in 2000. With a household size of three, they use Table 3 to find the correct decimal (.36) and multiply it by \$2,650 to figure their credit of \$954.

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

**36 Retirement income credit.** If you were **age 62 or older** on December 31, 2000 and receiving retirement income, you may qualify for a credit. You don't

qualify for this credit if your household income is \$22,500 or more (\$45,000 or more if married filing jointly), **or** if you received more than \$7,500 (\$15,000 if married filing jointly) in Social Security and/or tier 1 railroad retirement benefits. Retirement income includes payments contained in **Oregon** taxable income from:

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

Use the following worksheet to figure your credit.

- 1a. Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1a. \_\_\_\_\_
- 1b. Enter any federal pension income subtracted from Oregon income. See page 26. 1b. \_\_\_\_\_
- 1c. Net Oregon taxable pension. Line 1a minus line 1b. 1c. \_\_\_\_\_
2. Enter \$7,500 (\$15,000 if married filing jointly). 2. \_\_\_\_\_
3. Enter **both** spouses' **total** 2000 Social Security and tier 1 railroad retirement benefits. 3. \_\_\_\_\_
4. Line 2 minus line 3, but not less than -0-. 4. \_\_\_\_\_
5. Enter your **household income**. See below to determine your household income. 5. \_\_\_\_\_
6. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 6. \_\_\_\_\_
7. Line 5 minus line 6, but not less than -0-. 7. \_\_\_\_\_
8. Line 4 minus line 7, but not less than -0-. 8. \_\_\_\_\_
9. Enter the lesser of line 1c or line 8. 9. \_\_\_\_\_
10. Multiply line 9 by 9% (.09). Enter the result here and on line 36. 10. \_\_\_\_\_

**What is included in household income?** Household income includes all taxable and nontaxable income of each spouse, except Social Security and tier 1 railroad retirement benefits. Include gross income reduced by adjustments on the federal form. Do not include your state tax refund, pension income excluded from federal AGI that is a return of contributions, or pensions that are rolled over into an IRA. Any losses claimed are limited to \$1,000 for each activity. Depreciation is limited to \$5,000.

The credit can't be more than your tax liability. There is no carryforward. You may claim this credit or the credit for the elderly or the disabled, but not both.

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

Use the following worksheet:

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

<b>If your federal taxable income from Form 1040, line 39, or Form 1040A, line 25 is:</b>	<b>Your decimal amount is:</b>
Over—	But not over—
—	\$5,000
\$5,000	10,000
10,000	15,000
15,000	25,000
25,000	35,000
35,000	45,000
45,000	—

- |  |     |
|--|-----|
|  | .30 |
|  | .15 |
|  | .08 |
|  | .06 |
|  | .05 |
|  | .04 |
|  | .00 |
3. Multiply the amount on line 1 by the decimal amount on line 2. Enter here and on Form 40, line 37. 3. \_\_\_\_\_

Did you pay 1999 child care expenses in 2000? If so, you may be able to use that amount to increase your 2000 Oregon child and dependent care credit.

**Carryover.** Your total 2000 child care credit can't be more than your 2000 tax liability for Oregon. Any excess credit can be carried forward over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 41.

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

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

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

**39 Political contribution credit.** Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. The contribution must have been made during 2000. It must have been a donation of money to any of the following:

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

**40 Credit for income taxes paid to another state.** Did you pay income taxes to another state on income that is also taxed by Oregon? If so, you may be able to claim this credit. You must have income that is taxed by both Oregon and the other state during 2000.

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

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

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

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

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

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

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

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

**Caution:** You can't claim this credit and also claim the tax you paid as an itemized deduction. On Form 40, line 24, in addition to the Oregon tax you claim as an itemized deduction, fill in the **lesser** of the following:

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

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

**41 Other credits.** You may be eligible for other credits listed below. Please identify the credit(s) you are claiming on line 41 using the title shown in bold or the abbreviation shown in brackets.

- **Adoption credit** [Adopt]. If you paid or incurred qualified federal adoption expenses during the year, you may be entitled to the Oregon adoption credit. The credit is the lesser of:
  - The qualified adoption expenses less the allowable federal credit,
  - \$1,500, or
  - The federal credit allowed.

- **Child and dependent care credit carryover from prior years** [C/O–CDC]. The amount of the prior year carryover plus your current year’s credit can’t exceed your Oregon tax liability. Any excess credit can be carried forward over the next five years. If the excess isn’t used within five years, it’s lost.

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

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

You also qualify for the severely disabled exemption. See instructions on page 9.

- **Credit for residential energy devices** [Res en]. You must purchase energy efficient appliances **or** install solar devices or ground loop systems that provide 10 percent or more of an Oregon home’s energy. Renters may qualify for this credit. See page 36 to order the information circular, “Residential Energy Tax Credit.”

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

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

Employers paying for long-term care insurance for employees also may claim the credit. See page 36 to order the information circular, “Long-term Care Insurance Credit.”

Any federal benefit due to a federal deduction for the premiums must be reported as an Oregon addition. See instructions on page 25.

The credit is limited to your tax liability. There is no carryover.

- **Individual Development Account** [IDA]. If you made a charitable contribution through the Enterprise Foundation for the Oregon Individual Development Account Program during 2000, you may qualify for a credit. The credit is the lesser of \$25,000 or 25 percent of the donation made. It can’t be more than your 2000 Oregon tax liability. Any excess may be carried over for the next three years. Any federal benefit due to a federal deduction must be reported as an Oregon addition. See page 26.
- **Other credits.** The following credits apply to only a few people and aren’t explained in this booklet. See page 36 for taxpayer assistance information.
  - Bone marrow donation program [Marrow].
  - Business energy [Bus en].
  - Child development [Ch dev].
  - Claim of right [COR].
  - Crops donated to gleanng cooperatives [Crops].
  - Dependent care assistance [DCA].
  - Farmworker housing [Farm hsng].
  - First Break Program [1 break].
  - Fish habitat improvements [Fish hab].
  - Fish screening devices [Fish scrn].
  - Gain from the sale of your house also taxed by another state or country [Hse gain].
  - Home care of an elderly person [HCE].
  - Involuntary moving of a mobile home [Mobile hm].
  - Pollution control facilities [Poll fac].
  - Pollution prevention credit [Poll pre].
  - Reclaimed plastic (investment in capital assets) [Rec plas].
  - Reforestation of underproductive forest lands [Reforest].
  - Rural medical practitioners, dentists, or optometrists [Rural med].

## Tax payments, penalties, and interest

- 44 **Oregon income tax withheld.** Fill in the total Oregon tax withheld from your wages and other income. That’s the amount shown on your Form(s) W-2 in box 18 or on a Form 1099. Don’t use the FICA (Social Security) tax withheld. Don’t use tax withheld from your wages by other states. **Staple a readable copy** of your Form W-2 from each job and any 1099 form showing Oregon income tax withheld to the lower front of your return.

If you don’t have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer. If you file before February 1, 2001, we can accept only Form(s) W-2 or 1099 as proof.

If you have tax to pay, you may want to increase the amount your employer withholds from your wages for

Oregon. See page 36 to order the information circular "Oregon Income Tax Withholding: Some Special Cases."

**45 Estimated tax you paid for the 2000 tax year.** Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 17, 2000; June 15, 2000; September 15, 2000; and January 16, 2001. Include any payments you made with your extension. Also include any refund applied from your 1999 income tax return or an Oregon amended return (Form 40X). If the department adjusted your 1999 refund, be sure to use the corrected amount.

**49 Penalty and interest.** Your return is due by April 16, 2001, unless you file for an extension.

**Penalty.** Include a penalty payment if you:

- Mail your payment after April 16 (even if you have an extension).
- File your return showing tax-to-pay after the due date or extension due date.

The penalty is 5 percent of the unpaid balance of your tax. If you file more than three months after the due date or the due date on your extension, add an additional 20 percent penalty. See page 6 for how to avoid incurring a penalty.

**Interest.** If you are filing your return or paying your tax after April 16, 2001, include interest on any unpaid tax.

An interest period is each full month starting with the day after the due date. For example, April 17 to May 16 is a full month.

The current interest rate is .8333 percent per month (10 percent per year).

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

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

If the tax is not paid within 60 days of our bill, the interest rate increases to 14 percent per year.

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

You don't have an underpayment if:

- You owe less than \$1,000 tax on your 2000 tax return after credits and Oregon tax withheld, **or**
- You didn't have an underpayment for any 2000 estimated tax period.

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

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

**52 Amount-you-owe.** Make your check or money order payable to "**Oregon Department of Revenue.**" Write your Social Security number and "2000 Oregon Form 40" on it. Please use **blue** ink. Do not use red ink. Do not make your payment out to "IRS," "Treasury," or "Internal Revenue Service." **Don't send cash or a postdated check.** Staple your payment to your return on top of the Form(s) W-2. If the amount is less than \$1, no payment is required.

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

If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. See instructions for line 50 above.

For information about paying estimated tax for 2001, order the Estimated Tax circular, coupons, and instructions. See page 36.

**Stop here** on the form.

**53 Refund.** You must have a refund of \$1 or greater on line 53 to use lines 54-60.

**54 Estimated tax.** If your refund on line 53 is \$1 or more, you may apply part or all of it to your 2001 Oregon estimated income tax. Fill in the amount you want to apply.

**55 - 60 Charitable checkoff.** You may donate all or part of your refund to the charities listed below. Donations will reduce your refund. You may donate to any or all of the charities on lines 55-59. You also may donate to one of the charities on line 60. If you don't have a refund on line 53 but you want to contribute, mail your donations to the addresses shown.

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

Oregon Department of Fish and Wildlife  
PO Box 59  
Portland OR 97207

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

Children's Trust Fund  
1410 SW Morrison St, Suite 502  
Portland OR 97205

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

Alzheimer's Research Alliance  
PO Box 10051  
Portland OR 97296

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

OCADSV  
659 Cottage St NE  
Salem OR 97301

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

The Research and Education Group  
1650 NW Naito Parkway, Suite 185  
Portland OR 97209-8428

**60 Other charity.** You may donate all or part of your refund to one of the charities listed below. Enter the code of the charity on line 60. Only one code may be entered. Check the box for the amount you want to donate and write it on line 60.

Or, you can mail your donations to the addresses shown.

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

Habitat for Humanity of Oregon  
PO Box 3402  
Salem OR 97302-9998

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

Oregon Head Start Association  
Administrative Services  
PO Box 1455  
Tualatin OR 97062

**62 Net refund.** You must reduce your refund by any amounts applied to 2001 estimated tax (line 54) and donations on lines 55–60. By law, the Oregon Department of Revenue cannot refund or apply amounts less than \$1. Generally, the department cannot issue a refund when the return is filed more than three years after the due date of the return.

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

- State Board of Tax Service Examiners at 503-378-4034 for licensed tax consultants.

- State Board of Accountancy at 503-378-4181 for Public Accountants and Certified Public Accountants.

**License number.** Licensed tax consultants please enter your license number. Certified Public Accountants please enter your certificate number. Tax-Aide volunteers please enter your TCE site number.

**To avoid processing delays, remember to:**

**File electronically.** See page 3.

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

**Double-check your math calculations and other figures,** including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you selected. People commonly use the wrong line or column on the tax tables. Errors slow the processing of your return.

**Claim any federal pension subtraction** on line 17.

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

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

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

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

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

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

REFUND  
PO Box 14700  
Salem OR 97309-0930

**Mail tax-to-pay returns to:**

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

**Payment Plans**

If you can't pay in full now, we will work with you to set up a payment plan. File now and pay what you can. Write your Social Security number and tax year on your check. You will receive a billing notice showing tax, penalty, interest, and the balance due. When you receive the billing notice, immediately call the telephone number on the notice to set up your payment plan. Otherwise, collection action may begin.

# Taxpayer assistance

## Do you need help?

Telephone: Salem ..... **503-378-4988**

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

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

Once you're in the system, push:

**1** For current year personal income tax refund information (beginning February 1).

**2** **To order current year forms and instructions or amended forms.** (Some federal forms available.)

**6** For other information.

**0** For assistance from a representative:

Monday–Friday ..... 7:30 A.M.–5:10 P.M. \*

\*Except Wednesday ..... 9 A.M.–5:10 P.M.

April 2–April 16, Monday–Friday ..... 7 A.M.–7 P.M. \*\*

Closed on holidays.

\*\*Wait times may be 20 minutes or more.

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

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

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

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

## To get forms Internet: [www.dor.state.or.us](http://www.dor.state.or.us)

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

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

**Bend**—951 SW Simpson, Suite 100

**Eugene**—1600 Valley River Dr, Suite 310

**Medford**—24 West 6th St

**Portland**—800 NE Oregon St, 5th floor

**Portland\***—Federal Building Lobby  
1220 SW Third Ave

**Salem**—Revenue Building, First floor, Room 135  
955 Center St NE

**Salem**—4275 Commercial St SE  
Building 2, Suite 180

**Tualatin**—6405 SW Rosewood St

\* January 2–April 16: We'll provide walk-in help from 9 A.M.–4 P.M., Monday–Friday, except holidays.



### Printed information (free)

State forms and publications only

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

- Amended Form 40X and instructions... 150-101-046
- Computing Interest on Tax You Owe ... 150-800-691
- Credit for Income Taxes Paid to Another State ..... 150-101-646
- Depreciation form ..... 150-101-025
- Elderly Rental Assistance booklet ..... 150-545-002
- Estimated Tax circular ..... 150-101-648
- Estimated Tax coupons ..... 150-101-026-2
- Estimated Tax instructions ..... 150-101-026
- Home Care for the Elderly Credit ..... 150-101-653
- Interest and Dividends on U.S. Bonds and Notes ..... 150-101-615
- Interstate Transportation Wages ..... 150-101-601
- Limit on Itemized Deductions ..... 150-101-611
- Long-term Care Insurance Credit ..... 150-101-622
- 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
- Residential Energy Tax Credit ..... 150-101-641
- Retirement Income ..... 150-101-673
- Senior Citizen's Property Tax Deferral ..... 150-310-675
- What To Do if You are Audited ..... 150-101-607
- Your Rights as an Oregon Taxpayer ..... 150-800-406
- List of other printed information: Forms/Publications Request ..... 150-800-390

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

**Please print**

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

Address \_\_\_\_\_

City \_\_\_\_\_

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

