

File with your 2001 Oregon individual income tax return

For Office Use Only

Date Received

• Please read the instructions.

Name	Social Security Number - -
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PART 1 — Exceptions to paying interest. Check the box if you qualify for any of these exceptions.
Refer to the instructions on page 1 to see if you qualify for an exception.

- ➔ **Exception 1** — Farmers and Commercial Fishers. To meet this exception, your gross income from farming or fishing must be two-thirds (66.7%) or more of your total gross income for 2000 or 2001.
- ➔ **Exception 2** — Prior Year. You may qualify for this exception if **all** of the following apply:
 - Your net income tax was -0- for 2000, or you were not required to file a return in 2000, **and**
 - You were a full-year Oregon resident in 2000, **and**
 - Your 2000 tax year was a full 12 months.
- ➔ **Exception 3** — In 2000 or 2001, you retired at age 62 or older or became disabled, **and** your underpayment was due to a reasonable cause. Attach a statement to explain the cause.
- ➔ **Exception 4** — Underpayment due to a casualty, disaster, or other unusual circumstance, **and** it would be unfair to impose interest. Attach a statement to explain your situation.
- ➔ **Exception 5** — S corporation shareholders. The S corporation income must be for the **first year** you elected S corporation status.

If you meet an exception, you don't owe interest due to underpayment of estimated tax. Include this form when you file your return and **check the box** on Form 40, line 50; or Form 40N or 40P, line 69. If you don't qualify for **any** exceptions, go to Part 2.

PART 2 — Figure your required annual payment. See line instructions on page 2.

1. 2001 net income tax	1		
2. Multiply line 1 by 90% (.90)	2		
3. 2001 Oregon income tax withheld from income	3		
4. Line 1 minus line 3. If less than \$1,000, stop here! You don't need to file this form	4		
5. Enter the tax shown on your 2000 tax return (see instructions)	5		
6. Enter the smaller of line 2 or line 5	6		

Note: If line 3 is equal to or more than line 6, **stop here!** You do not owe underpayment interest. File this form with your return.

PART 3 — Figure your underpayment. See line instructions on page 2.

		Payment Periods — Due Dates			
		A April 16, 2001	B June 15, 2001	C Sept. 17, 2001	D Jan. 15, 2002
7. Divide the amount on line 6 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions)	7				
8. 2001 estimated tax paid and tax withheld for each period. If line 8 is equal to or more than line 7 for all payment periods, stop here! You do not owe underpayment interest. File this form with your return	8				
Complete lines 9 through 12 of the first column before starting the next column.					
9. Overpayment from previous period. Amount on line 11 of prior column	9				
10. Line 8 plus line 9	10				
11. Overpayment. Is line 10 more than line 7? If yes, line 10 minus line 7. Go to line 9 in next column	11				
12. Underpayment. Is line 7 more than line 10? If yes, line 7 minus line 10. Go to line 9 in next column	12				
13. Total Interest Due. Compute interest for the underpayment in each column (see interest worksheet, page 4). Enter the total interest from the worksheet here and on Form 40, line 50; or Form 40N or Form 40P, line 69. File this form with your return	13				

ANNUALIZED INCOME WORKSHEET

Read the instructions on page 3 **before** completing this worksheet.

Note: Starting with column A, complete lines 1 through 31 **before** going on to columns B, C, and D.

		A 1/1/01 to 3/31/01	B 1/1/01 to 5/31/01	C 1/1/01 to 8/31/01	D 1/1/01 to 12/31/01
1. Enter your adjusted gross income for each period (see instructions) ...	1				
2. Oregon additions for each period (see instructions)	2				
3. Add lines 1 and 2	3				
4. Annualization amounts	4	4	2.4	1.5	1
5. Annualized Oregon income. Multiply line 3 by line 4	5				
6. Oregon subtractions for each period (except federal tax)	6				
7. Annualization amounts	7	4	2.4	1.5	1
8. Annualized Oregon subtractions. Multiply line 6 by line 7	8				
9. Federal tax from the worksheet on page 3 of the instructions	9				
10. Total subtractions. Add lines 8 and 9	10				
11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions)	11				
12. Annualization amounts	12	4	2.4	1.5	1
13. Annualized net Oregon itemized deductions. Multiply line 11 by line 12	13				
14. In each column, enter the full amount of your Oregon standard deduction from Form 40, line 26	14				
15. Enter line 13 or 14, whichever is larger	15				
16. Total deductions. Add lines 10 and 15	16	()	()	()	()
17. Annualized Oregon taxable income. Line 5 minus line 16	17				
18. Oregon tax for the amount on line 17	18				
19. Total exemption credit (not annualized) from Form 40, line 33	19				
20. Enter the credits for each period. Do not include exemption credits	20				
21. Total credits. Add lines 19 and 20	21	()	()	()	()
22. Net annualized income tax. Line 18 minus line 21	22				
23. Percentage that applies for each period	23	22.5%	45%	67.5%	90%
24. Multiply line 22 by line 23	24				
25. Enter the sum of all amounts from the prior columns of line 31 below (i.e., column A, line 31 amount goes in column B, line 25)	25		()	()	()
26. Line 24 minus line 25. If less than zero, enter -0-	26				
27. Divide line 6, Part 2, by four and enter results in each column*	27				
28. Enter the amount from the previous column of line 30 below (i.e., column A, line 30 amount goes in column B, line 28)	28				
29. Add lines 27 and 28	29				
30. If line 29 is more than line 26, line 29 minus line 26. If line 29 is less than line 26, enter -0-	30				
31. Enter the smaller of line 26 or line 29 here and on Part 3, line 7 (see front of the form). Go to line 1 in next column	31				

* or divide by the number of periods you resided in Oregon, if less than four. (See instructions for Part 3, line 7 on page 2.)

File This Form With Your 2001 Oregon Individual Income Tax Return

Have questions? See page 4 of the instructions for numbers to call.

INSTRUCTIONS FOR 2001 FORM 10

Underpayment of 2001 Oregon Estimated Tax

General Information

Oregon law requires some taxpayers to make estimated tax payments. Interest is charged on underpayments or late payments. See Part 1 for exceptions.

File Form 10 to:

- Claim one of the exceptions to the interest charge.
- Show that no interest is due.
- Figure the amount you underpaid.
- Figure the amount of interest due.

You **must** file Form 10 if you meet an exception. Be sure to **check the box** on Form 40, line 50; or Form 40N or 40P, line 69 to indicate that Form 10 is attached to your return.

Do you owe interest on underpayment of 2001 estimated tax payments?

You may owe interest for underpayment of estimated tax if you owe \$1000 or more on your 2001 Oregon income tax return (Form 40, line 48; or Form 40N or 40P, line 67),

AND

Your total income tax withheld from 2001 income was **less** than:

- **Method 1—2001 Tax**
90 percent of your 2001 net income tax. The net income tax is your Oregon tax after all credits but before withholding or estimated tax.

OR

- **Method 2—2000 Tax**
100 percent of the net income tax shown on your 2000 Oregon income tax return. You **can't** use this method if you didn't file a 2000 Oregon return. **Do not** reduce your net income tax by the amount of tax withheld from your income, estimated tax payments made, or payments made with an extension request.

OR

- **Method 3—Tax on 2001 Annualized Income**
90 percent of your tax on 2001 annualized income.

If your 2001 Oregon withholding was at least as much as any of the amounts under these methods, you do not owe interest on underpayment of estimated tax. To avoid any interest charge, complete Form 10, Part 2 and file with your return. If you are using Method 3, complete Form 10, Part 2 and Part 3, lines 7 and 8.

Instructions (Form 10, page 1)

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

PART 1—Exceptions to paying interest

Exception 1—Farmers and commercial fishers.

If at least two-thirds (66.7 percent) of your 2000 or 2001 total gross income is from farming or fishing, you don't have to pay underpayment interest. File Form 10 with your 2001 Oregon

income tax return to show you meet this exception. Check the box on Form 10 and circle the year that qualifies you. Your Oregon return is not due until April 15, 2002, even if you were required to file your federal return earlier.

Gross income includes items such as wages, interest, and dividends. It also includes gross profit from rentals, royalties, businesses, farming, fishing, and the sale of property. Don't subtract expenses, except cost of goods sold, when figuring gross profit. Do subtract adjusted basis or cost to figure profit on the sale of property.

Farmers. Use the amounts on the following lines of both your **2000 and 2001** federal income tax returns to determine your gross income from farming:

- Federal Schedule F, line 11;
- Federal Schedule E, line 41;
- Federal Form 4797, line 20. (Include only gains from sales of draft, breeding, dairy, or sporting livestock.)

Fishers. Use the amounts on the following lines of both your **2000 and 2001** federal income tax returns to determine your gross income from fishing:

- Federal Schedule C, line 5;
- Federal Schedule C-EZ, line 1;
- Federal Schedule E, line 41.

Exception 2—Prior year.

You meet this exception if **all** of the following are true:

- Your net income tax for 2000 was -0- or you were not required to file a return for 2000.
- You were a full-year Oregon resident in 2000.
- Your tax year was a full 12 months.

Your 2000 net income tax is your Oregon income tax after tax credits but before withholding, estimated tax payments, or payments made with an extension.

Note: If you were a nonresident or a part-year resident in 2000, you can't use this exception. However, you may be able to use Method 2 to figure your required annual payment. See the instructions in Part 2 on page 2.

Exception 3—Retired or disabled and have a reasonable cause for the underpayment.

You meet this exception if:

- There was reasonable cause for underpaying your estimated tax, **and**
 - You retired at age 62 or older during 2000 or 2001, **or**
 - You became disabled during 2000 or 2001.

Reasonable cause will be decided on a case-by-case basis. Some examples are: unexpected absence from the state prior to the due date of the estimated payment or reasonable reliance on incorrect facts or advice. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" at the top center of the page. Please use **blue or black ink**.

Exception 4—Underpayment due to unusual circumstances.

No interest is due if your underpayment is due to a casualty, disaster, or other unusual circumstance. Unusual circumstances will be determined on a case-by-case basis. The extent of your effort to comply with the law will be considered. The casualty, disaster, or other unusual circumstance must make it unfair to impose interest. Circumstances that may qualify are death or serious illness, or books and records destroyed by fire, flood, or other natural disaster. Attach a statement explaining the cause to be considered for the exception. Label the statement “Form 10 Attachment” in the center at the top of the page. Please use **blue or black ink**.

Exception 5—S corporation shareholders.

No interest is due on your underpayment attributable to S corporation income in which you are a shareholder if:

- The underpayment was attributable to S corporation income, **and**
- The income is for the first year in which S corporation status is elected,

and

- You are a nonresident for 2001, **or**
- You are a full-year resident for 2001, and you were a part-year resident for 2000.

PART 2—Figure your required annual payment

Line 1. Fill in your net income tax after tax credits, but before Oregon tax withheld and estimated tax payments (Form 40, line 43; or Form 40N or 40P, line 62).

Line 3. Fill in only your Oregon income tax withheld from income. **Don't** include any estimated tax payments.

Line 5. Enter the tax after credits shown on your 2000 tax return. (This is the amount shown on: Form 40S, line 23; Form 40, line 43; or Forms 40N or 40P, line 62.)

If you did not file a return for 2000, or if your 2000 tax year was less than 12 months, **do not** complete line 5. Instead, enter the amount from line 2 on line 6. **Note:** Individuals who were part-year residents or nonresidents in 2000 generally have “tax years” of 12 months and may use the tax shown on their 2000 Form 40N or 40P.

PART 3—Figure your underpayment

Line 7. You have two options:

Option 1. Divide line 6 by four and enter the amount in each column.

Did you move into or out of Oregon in 2001? If so, use the columns that correspond to the dates you lived in Oregon. Divide the amount on line 6 by the number of periods you were a resident of Oregon.

Option 2. Annualize your income using the Annualized Income Worksheet on the back of Form 10. This method may benefit part-year residents and those who don't receive their income evenly throughout the year.

Line 8. Fill in estimated tax payments and Oregon income taxes withheld from your wages, pension, or any other

income. Withholding is considered to be paid in equal amounts on the required payment dates (usually four), unless you prove otherwise. If you worked all year, divide your withholding by four and enter the amount in each column.

Complete lines 9 through 12 of the first column before going to the next column.

Column A:

Line 9. Don't enter an amount here.

Line 10. Enter the amount from line 8, column A. Is line 10 more than line 7? **If yes**, go to line 11. **If no**, go to line 12.

Line 11. You paid more than the required installment for this period. Enter the result of line 10 minus line 7 here. Enter the same amount on line 9 of column B and go to the instructions for column B.

Line 12. You have an underpayment for this period. Enter the result of line 7 minus line 10 here. Enter -0- on line 9 of column B and go to the instructions for column B.

Column B:

Line 9. Enter the amount (if any) from line 11 of column A.

Line 10. Add lines 8 and 9 and enter the amount here. Is line 10 more than line 7? **If yes**, go to line 11. **If no**, go to line 12.

Line 11. You paid more than the required installment for this period. Enter the result of line 10 minus line 7 here. Enter the same amount on line 9 of column C and go to the instructions for column C.

Line 12. You have an underpayment for this period. Enter the result of line 7 minus line 10 here. Enter -0- on line 9 of column C and go to the instructions for column C.

Column C:

Line 9. Enter the amount (if any) from line 11 of column B.

Line 10. Add lines 8 and 9 and enter the amount here. Is line 10 more than line 7? **If yes**, go to line 11. **If no**, go to line 12.

Line 11. You paid more than the required installment for this period. Enter the result of line 10 minus line 7 here. Enter the same amount on line 9 of column D and go to the instructions for column D.

Line 12. You have an underpayment for this period. Enter the result of line 7 minus line 10 here. Enter -0- on line 9 of column D and go to the instructions for column D.

Column D:

Line 9. Enter the amount (if any) from line 11 of column C.

Line 10. Add lines 8 and 9 and enter the amount here. Is line 10 more than line 7? **If yes**, go to line 11. **If no**, go to line 12.

Line 11. You paid more than the required installment for this period. Enter the result of line 10 minus line 7 here. Go to the instructions for line 13.

Line 12. You have an underpayment for this period. Enter the result of line 7 minus line 10 here. Go to the instructions for line 13.

Line 13. To figure the interest you owe, use the amounts from line 12 to complete the **Interest Worksheet** on page 4.

Instructions For Annualized Income Worksheet (Form 10, page 2)

Note: Part-year residents. Start with the column that corresponds to the date you moved to Oregon.

Line 1. Enter your adjusted gross income earned or received during the period shown at the top of each column.

Example 1: Scott received wages for the entire year of 2001. Three months wages belong in column A, five months in column B, eight months in column C, and all 12 months in column D. He also received a lump sum distribution of \$25,000 from his IRA on July 19, 2001. Scott would include the total amount of the distribution in columns C and D only. If Scott received the lump sum distribution on April 26, 2001 instead, he would include it in columns B, C, and D.

Line 2. Enter the amount of Oregon additions received or credited to you during the period shown at the top of each column.

Example: Carol has an Oregon addition of \$6,000 for California bond interest received in September 2001. Carol would enter the \$6,000 in column D. If she received the bond interest at \$500 a month, she would enter \$1,500 (for three months) in column A, \$2,500 (for five months) in column B, \$4,000 (for eight months) in column C, and the \$6,000 in column D (for 12 months).

Line 6. Enter the amount of Oregon subtractions paid or incurred during the period shown at the top of each column.

Line 9. Compute your federal tax subtraction on your annualized income using the Federal Tax Subtraction Worksheet below.

Line 11. Enter only the amount of your Oregon itemized deductions incurred during the period shown at the top of each

column. Your total Oregon itemized deductions are on Form 40, line 25.

Example 1: Generally, home mortgage interest is a deduction paid evenly throughout the year. Three months of home mortgage interest belong in column A (January, February, and March), five months in column B, eight months in column C, and all 12 months of interest in column D.

Example 2: Medical expenses claimed as medical deductions generally are not incurred evenly throughout the tax year. For example, Jill made deductible payments on a hospital bill in 2001. She made a payment of \$990 in April, another of \$1,995 in June, and the final payment of \$2,271 in October. (All amounts are after the 7.5 percent federal AGI limitation.) Jill will enter the \$990 payment in column B. The April payment **plus** the June \$1,995 payment (totaling \$2,985) will go in column C. In column D, she will enter \$5,256, the total deductible amount of all three payments.

Line 14. If you are married filing separately, and your spouse itemizes deductions, the amount on this line is -0-. You must itemize your deductions.

Line 18. Use the tax tables or the tax rate chart from the Oregon tax booklet. Line 17 is your annualized Oregon taxable income for each column.

Line 20. Enter credit amounts that apply only to each period.

Example: Sam installed a residential alternative energy device on September 4. He qualifies for a credit of \$160. Sam includes \$160 in column D only.

Federal Tax Subtraction Worksheet (Line 9)	(A) Jan 1 to Mar 31	(B) Jan 1 to May 31	(C) Jan 1 to Aug 31	(D) Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period 1				
2. Annualization amounts 2	4	2.4	1.5	1
3. Multiply line 1 by line 2 3				
4. Actual federal itemized deductions for each period. If you do not itemize, skip to line 7 of this worksheet 4				
5. Annualization amounts 5	4	2.4	1.5	1
6. Multiply line 4 by line 5 6				
7. Enter the full amount of your 2001 federal standard deduction in each column 7				
8. Enter line 6 or line 7, whichever is larger 8	()	()	()	()
9. Line 3 minus line 8 9				
10. 2001 federal exemption amount (Form 1040, line 38, or Form 1040A, line 24) 10	()	()	()	()
11. Annualized federal taxable income. Line 9 minus line 10 11				
12. Federal tax on line 11 amount for each period (use the federal tax tables) 12				
13. Enter \$1,500 if you are married filing separately or \$3,000 for any other filing status in each column 13				
14. Enter the lesser of line 12 or line 13. Also enter this amount in each column on line 9 of the Annualized Income Worksheet 14				

Interest Worksheet and Instructions (keep this worksheet for your records)

Line 3. Enter the date you paid the underpayment of estimated tax. Your payment will be applied to the oldest underpayment first. The latest date that can be entered in each column is the due date of the return, April 15, 2002.

If you paid the underpayment **before** the due date of the return, enter the date you made the payment. If you paid the underpayment **after** the due date of the return, enter April 15, 2002.

Lines 4 and 8. Enter the number of full months from the payment period due date on line 1 to the date of payment on line 3.

Lines 6 and 10. Enter the number of days remaining until the date you made your payment.

Example: If you didn't pay the estimated tax that was due on April 16, 2001 until June 8, 2001, count this way:

April 17 to May 16 = 1 month (number from line 4, column A)

May 17 to June 7 = 22 days (number from line 6, column A)

Line 13. Enter this amount on Form 10, line 13.

	A April 16, 2001	B June 15, 2001	C Sept. 17, 2001	D Jan. 15, 2002
1. Payment period—due date	1			
2. Amount of underpayment for each period (line 12, Form 10) ...	2			
3. Date you paid underpayment or April 15, 2002, whichever is earlier .	3			
4. Number of full months before February 17, 2002	4			
5. Multiply line 4 × the amount on line 2 × .008333	5			
6. Number of remaining days before February 17, 2002	6			
7. Multiply line 6 × the amount on line 2 × .000274	7			
8. Number of full months after February 16, 2002	8			
9. Multiply line 8 × the amount on line 2 × .006667	9			
10. Number of remaining days after February 16, 2002	10			
11. Multiply line 10 × the amount on line 2 × .000219	11			
12. Add lines 5, 7, 9, and 11	12			
13. Total interest due. Add the amounts in columns A–D on line 12. Fill in here and on Form 10, line 13.....	13			

Taxpayer assistance

Internet

www.dor.state.or.us



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

Correspondence



Write us at 955 Center St NE, Salem OR 97301-2555. Include your Social Security number and a daytime telephone number for faster service.

Field offices

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

- Bend** 951 SW Simpson Dr, Suite 100
- Eugene** 1600 Valley River Dr, Suite 310
- Medford** 24 West 6th St
- Newport** 119 NE 4th St, Suite 4
- North Bend** ... 3030 Broadway
- Pendleton** 700 SE Emigrant Ave, Suite 310
- Portland** 800 NE Oregon St, 5th floor
- Portland*** Federal Building Lobby, 1220 SW Third Ave
- Salem** Revenue Building, 955 Center St NE, Room 135
- Salem** 4275 Commercial St SE, Building A, Suite 180
- Tualatin** 6405 SW Rosewood St



*January 2–April 15: Walk-in help is available from 9:00 A.M.–4:00 P.M., Monday–Friday, except holidays.

Telephone

Salem 503-378-4988

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

If you have a touch-tone telephone call our 24-hour voice response system at one of the numbers above to hear recorded tax information, order tax forms, or check on the status of your 2001 personal income tax refund (beginning February 1).



Call one of the numbers above for help from a representative during the following hours:

- Monday, Tuesday, Thursday, Friday 7:30 A.M.–5:10 P.M.
- Wednesday 10:00 A.M.–5:10 P.M.
- Closed on holidays.*
- April 1–April 15, Monday–Friday 7:00 A.M.–7:00 P.M.
- 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.

To get forms

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.

American with Disabilities Act (ADA)

In compliance with the ADA, this information is available in alternative formats upon request by calling 503-378-4988.