

FULL-YEAR RESIDENT

Top 10 ways to get your refund faster

1. File electronically.
See page 3 for details.
2. Use direct deposit.
See page 4 for details.
3. Use the correct form.
4. Type or clearly print your name,
address, and correct Social
Security number.
5. Claim your correct federal tax
subtraction.
6. Double-check your math.
7. Sign your return.
8. Attach every Form W-2 and 1099
that shows Oregon tax withheld.
9. Attach a copy of the front and
back of your federal return if you
file Form 40.
10. File early.



OREGON 2001

Personal Income Tax Forms
40S & 40 with Instructions

Get your refund even faster with...
 **Direct Deposit**



FAST *No trips to the bank.*

SAFE *No lost or stolen checks.*

EASY *Your refund will be deposited directly into
your checking or savings account.*

Source: Direct Deposit and Direct Payment Coalition, www.directdeposit.org and www.directpayment.org.

Visit www.dor.state.or.us for tax information.

Students: Check out our new student Web site! See page 3.

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

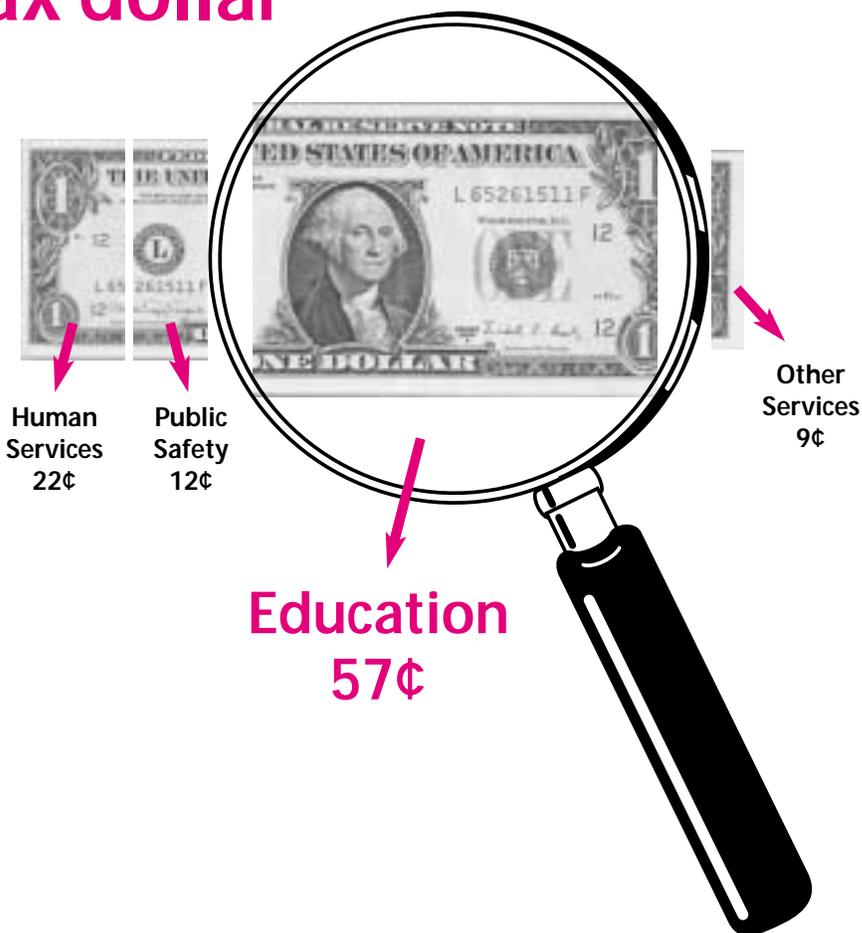
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Oregon Department
of Revenue

Services paid for with your income tax dollar

Your tax dollars support many important state services. Three years ago we gave you an overview of the services that are paid for with your tax dollar. Over the past two years, we have given you more in-depth information about programs for public safety and human services.

This year we want to give you a closer look at education. Fifty-seven cents of every tax dollar goes to support educational programs in Oregon. This money is at work every day, in every community, throughout the state.

To help manage these programs, the Department of Education oversees the state's massive K-12 system. The Department of Community Colleges and Workforce Development administers programs for Oregon's 17 community colleges. And the Oregon State System of Higher Education governs the state's seven public universities.



The Department of Education is responsible for the 570,000 students in the K-12 system. Its mission is to raise academic achievement to measurable standards.

The agency develops goals and content standards for all of Oregon's public schools. It is responsible for the state's student assessment program.

Its overriding aim is to prepare students for successful transitions to employment, further education, and adult responsibilities.

"The relentless pursuit of each student's success" is the vision of the Oregon Department of Education.

The Department of Community Colleges and Workforce Development works to increase skills, knowledge, and career opportunities for Oregonians. It is responsible for the planning, contracting, and overall supervision of statewide projects.

Oregon's community colleges serve nearly 400,000 people a year through instruction on campus, at outreach sites, via the Internet and television, and at business locations.

You can prepare for a job. Complete courses that transfer to a four-year university. Or even earn a complete certificate or degree through your local community college.

The Oregon State System of Higher Education is made up of seven distinguished public universities. These schools reach more than 1 million people each year. They do this through on-campus classes, statewide public services, distance learning technologies, and research to aid Oregon's future.

The main campuses are located in Ashland, Corvallis, Eugene, Klamath Falls, LaGrande, Monmouth, and Portland. The new Cascades Branch Campus in Bend and educational centers in Beaverton and Coos Bay provide additional educational opportunities for Oregonians.

To find out more about these and other state agencies that work to serve Oregon and its 3.4 million citizens, visit the state of Oregon Web site at 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.

New student Web site

Learn how to file your return using our "5 Easy Steps to Cash." You may get a refund. Visit www.dor.state.or.us and click on "Student Web Site."

Electronic filing

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 10–12 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 15, 2002, 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.** Many companies provide online return preparation and transmission for a fee. For a list of companies offering Oregon electronic filing, visit the department's Web site at www.dor.state.or.us 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. You can now have your refund deposited directly into your bank account. See page 4 for more information.

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



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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	\$750*
Single	Under 65	\$4,540
	65 or over	\$5,740
Head of Household	Under 65	\$5,480
	65 or over	\$6,680
	Both under 65	\$8,490
Married, joint return	One 65 or over	\$9,490
	Both 65 or over	\$10,490
Married, separate return	Under 65	\$4,240
	65 or over	\$5,240
Qualifying widow(er)	Under 65	\$5,840
	65 or over	\$6,840

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 \$750 or your earned income plus \$250, but no more than your standard deduction amount.

New information

Visit our Web site at www.dor.state.or.us for more information about Oregon income tax.

Oregon College Savings Plan. Contributions you make to a qualified state tuition program may be tax deferred on your Oregon return. The deduction is limited to \$2,000 per tax year. See page 27 for more information. Call 1-866-772-8464 toll-free to receive an enrollment packet. Or visit www.oregoncollegesavings.com.

Were you an Oregon nonresident, working on the Columbia River waterway between 1986 and 2000? Did you pay tax to Oregon on that income? If so, you may be entitled to a refund. Contact the Department of Revenue for more information. See page 36.

Were you an Oregon nonresident, working on a federal dam spanning the Columbia River between 1997 and 2000? Did you pay tax to Oregon on that income? If so, you may be entitled to a refund. Contact the Department of Revenue. See page 36.

Like-kind exchanges. Did you exchange Oregon property for property outside Oregon during the tax year? If so, Oregon's tax treatment will now be the same as your federal tax treatment in all cases. This is true even if you become a nonresident of Oregon.

In the year that the gain is finally recognized for federal purposes, you will need to file a return and report the portion of the gain that is subject to Oregon taxation.

This law change applies to tax years 1998 and later. Please call the department for forms if you need to amend a prior-year return.

Were you taxed by another state on income previously taxed by Oregon? If you paid additional tax to another state because you filed a return, amended a return, or

were audited, you may be able to claim a credit for those taxes. Call us for more information. See page 36.

Oregon now offers direct deposit. Your income tax refund can now be directly deposited into your account at any bank or other financial institution. Other financial institutions include, but are not limited to:

- Mutual funds,
- Credit unions, and
- Brokerage firms.

If you are filing a joint return, both spouses must sign the tax return. **Without both signatures, the department cannot process your request for direct deposit of your refund into your account.**

Some banks may not permit the deposit of a joint refund into an individual account **or** accept direct deposits into accounts that are payable through another bank.

Please check with your bank before requesting direct deposit. The Department of Revenue is not responsible if your bank rejects a direct deposit for these reasons.

If your direct deposit request cannot be processed or is rejected by your bank, a check will be issued and sent to the mailing address shown on your return.

If you choose direct deposit, contact your bank to make sure that your deposit will be accepted and to get your correct routing and account numbers.

See page 12 or 35 for further instructions.

Authorization box. An authorization box is now included on your Oregon tax return. Check "Yes" if you wish to authorize the Department of Revenue to discuss information about the initial processing of your tax return with your preparer.

Important reminders

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.

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

Blue or black ink. Please use blue or black ink to make information on the forms easier to read and make processing faster. Equipment used to scan documents

cannot read certain colors of ink, especially red. We appreciate your cooperation.

Charitable checkoff for "other charity." You may select **one** from those charities 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 page 12 or 34.

Subtraction for taxable fringe benefits. If your employer provides health insurance or other taxable fringe 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.

General information

What income does Oregon tax?

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

Residency

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

- You are a full-year **Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
 - You think of Oregon as your permanent home; and
 - Oregon is the center of your financial, social, and family life; and
 - Oregon is the place you intend to come back to when you are away.You are still a **full-year resident** if:
 - You temporarily moved out of Oregon, or
 - You moved back to Oregon after a temporary absence.You may also be considered a full-year resident if you spend more than 200 days in Oregon during the tax year.
- 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 or black 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 reserve units or the Oregon National Guard may exclude only active duty pay.

Need 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; or
- You paid or should have paid estimated tax during the year; or
- You have adjustments to income 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 2002 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 2001 is **April 15, 2002**. 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 35.

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

What if I need more time to file?

Generally, Oregon allows you the same extension you have for your federal return. 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 in blue or black ink and use Oregon amounts on the form. We'll notify you only if your extension is denied.

Send your extension and payment by April 15, 2002, 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 15, 2002, to the date of your payment. The current interest rate is 8 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 12 percent per year.

Were you stationed in a designated combat zone?

Did you receive additional time to file your 2001 federal return? If so, Oregon allows the same additional time to file. Write "combat zone" in blue or black ink at the top of the form.

Penalties

You will owe a 5 percent penalty on any 2001 tax not paid by April 15, 2002.

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 15, 2002; and
3. Pay the balance of tax due when you file by the extension deadline; and
4. Pay the interest on the balance of tax due when you file or within 30 days of our billing date.

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

Interest on underpayment of estimated tax

You may owe interest on underpayment of estimated tax if:

- You owe \$1,000 or more on your return, or
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2001. Please see the instructions for line 50 on page 33.

2002 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 2002.

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2002 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 2002 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 2002 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 estimated tax coupons, instructions, and the information circular.

When do I pay?

The due dates are April 15, 2002*; June 17, 2002; September 16, 2002; and January 15, 2003.

* *Please send your 2002 Oregon Form 40ES and payment in a different envelope from your 2001 Oregon income tax return. This will help us credit your payment correctly.*

What if I am 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, 2001; 2) you were age 58 or older on December 31, 2001; 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. See page 36 to order the *Elderly Rental Assistance* booklet.

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, or 1040EZ 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 Schedule A, B, C, or D, or Form 2441, etc. We receive some federal

information from the IRS. We may ask you for copies of schedules or additional information later.

I'm getting an income tax refund this year. How long will it take?

- If you file your return electronically and request direct deposit of your refund:
 - You may receive your refund in as few as 7–10 business days.
- If you file your return electronically and request a check to be mailed:
 - You may receive your refund in as few as 10–12 business days.
- If you mail your return before April 1 and request direct deposit or a check:
 - Allow 6–8 weeks.
- If you mail your return on or after April 1 and request direct deposit or a check:
 - 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.

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.

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. 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 changes reduce Oregon tax, you have two years from the date of the audit report to claim a refund.

What tax records do I need to keep?

Keep a complete copy of your federal and state returns even if you use a practitioner or file electronically. Also, keep all receipts, canceled checks, statements, and documentation you use 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 report the gain or loss on 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 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 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. Also, check box 7c.

Severely disabled. Did you have a severe disability at the end of 2001? 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 33.

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

6d **Child 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
- Have been age 17 or younger on December 31, 2001, 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, 2001, 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.”

7a **Age 65 or older, or blind.** Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2001. 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.

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 benefits. This is the amount on federal Form 1040, line 19; Form 1040A, line 13; or Form 1040EZ, line 3.

12 **2001 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 1040EZ, line 11; Form 1040A, line 34; Form 1040, line 52; or TeleFile Tax Record, tax from second box, line K. 1. _____
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 Form 40S, line 12. 3. _____

* *Did you claim a **rate reduction credit** on your federal return? If so, do not include this credit with any other tax credits you may have to reduce your federal tax liability. Need help? See page 36 for numbers to call.*

Did you claim both a rate reduction credit and a refundable child tax credit? If so, you must subtract the refundable child tax credit from the rate reduction credit in determining your correct federal tax subtraction.

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 9a; Form 1040A, line 39a; or Form 1040, line 61a). 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. Any unused credit cannot be refunded or carried over.

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

- Your adjusted gross income is less than the limit for your household size (see tables on page 30); and
- Your child care 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 \$6,550; and
- You have less than \$2,450 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, 2001.

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 qualifying child care expenses you paid in 2001. 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 2001. With a household size of three, they use Table 3 to find the correct decimal (.40) and multiply it by \$2,650 to figure their credit of \$1,060.

The working family child care 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. _____

If your federal taxable income from Form 1040, line 39; or Form 1040A, line 25 is:		Your decimal amount is:
Over—	But not over—	
—	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 above by the decimal on line 2. Enter here and on Form 40S, line 20. 3. _____

Note: Did you pay 2000 child care expenses in 2001? If so, you may be able to use that amount to increase your 2001 Oregon child and dependent care credit.

Carryover. Your total 2001 child and dependent care credit can't be more than your 2001 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 qualify 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.

- **Child and dependent care credit carryover from prior years [C/O-CDC].** Fill in the carryover amount on line 21. See page 32 for instructions.
- **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%).

- **Home care of a person age 60 or older [HCE].**
- **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.

- **Involuntary moving of a mobile home [Mobile hm].** Call us for more information about this credit.
- **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.

- **Political contribution [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 2001. 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.

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

If you don't have a Form W-2 or 1099, you must provide other proof of any tax withheld. Proof may include a final paycheck stub or a letter from your employer. If you file before February 1, 2002, we can accept only Form(s) W-2 or 1099 as proof.

If you paid estimated tax for 2001, 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 "2001 Oregon Form 40S" on it. Please use **blue or black** 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.

We cannot accept credit cards or withdraw funds from your bank account for your payment.

If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. See page 33. For information about paying estimated tax for tax year 2002, 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 listed under the instructions for 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 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 pages 34 and 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.

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

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

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

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

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

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

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.

35 Direct deposit. Complete line 35 if you want us to deposit your refund directly to your bank account instead of sending you a check. Contact your bank to make sure your deposit will be accepted and to get your correct routing and account number. **Check** the appropriate box for account type. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32. **Enter the account number** of the account to which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but don't include spaces and special symbols. Enter the number left to right and leave any unused boxes blank.

Authorization box. Check "Yes" if you wish to authorize the Department of Revenue to discuss information about the initial processing of your tax return with your preparer or any member of his or her firm. Otherwise, check "No."

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 and must sign the return. Contact these agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 for licensed tax consultants.
- 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,
see page 35.

Form 40S Front

The tax forms are a separate download. You will find them at:

<http://www.dor.state.or.us/formspit.html>

Form 40S Back

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Form 40 Front

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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	
At least	But less than	S	J	At least	But less than	S	J	At least	But less than	S	J
		Your tax is:				Your tax is:				Your tax is:	
0				4,000				9,000			
				4,000 – 4,100	234 203			9,000 – 9,100	639 534		
				4,100 – 4,200	241 208			9,100 – 9,200	648 541	14,000–14,100	1,089 913
				4,200 – 4,300	248 213			9,200 – 9,300	657 548	14,100–14,200	1,098 922
				4,300 – 4,400	255 218			9,300 – 9,400	666 555	14,200–14,300	1,107 931
				4,400 – 4,500	262 223			9,400 – 9,500	675 562	14,300–14,400	1,116 940
				4,500 – 4,600	269 228			9,500 – 9,600	684 569	14,400–14,500	1,125 949
				4,600 – 4,700	276 233			9,600 – 9,700	693 576	14,500–14,600	1,134 958
				4,700 – 4,800	283 238			9,700 – 9,800	702 583	14,600–14,700	1,143 967
				4,800 – 4,900	290 243			9,800 – 9,900	711 590	14,700–14,800	1,152 976
0 – 20	0	0	0	4,900 – 5,000	297 248			9,900 – 10,000	720 597	14,800–14,900	1,161 985
20 – 50	2	2	2							14,900–15,000	1,170 994
50				5,000				10,000			
50 – 100	4	4		5,000 – 5,100	304 254			10,000–10,100	729 604	15,000–15,100	1,179 1,003
100 – 200	8	8		5,100 – 5,200	311 261			10,100–10,200	738 611	15,100–15,200	1,188 1,012
200 – 300	13	13		5,200 – 5,300	318 268			10,200–10,300	747 618	15,200–15,300	1,197 1,021
300 – 400	18	18		5,300 – 5,400	325 275			10,300–10,400	756 625	15,300–15,400	1,206 1,030
400 – 500	23	23		5,400 – 5,500	332 282			10,400–10,500	765 632	15,400–15,500	1,215 1,039
500 – 600	28	28		5,500 – 5,600	339 289			10,500–10,600	774 639	15,500–15,600	1,224 1,048
600 – 700	33	33		5,600 – 5,700	346 296			10,600–10,700	783 646	15,600–15,700	1,233 1,057
700 – 800	38	38		5,700 – 5,800	353 303			10,700–10,800	792 653	15,700–15,800	1,242 1,066
800 – 900	43	43		5,800 – 5,900	360 310			10,800–10,900	801 660	15,800–15,900	1,251 1,075
900 – 1,000	48	48		5,900 – 6,000	367 317			10,900–11,000	810 667	15,900–16,000	1,260 1,084
1,000				6,000				11,000			
1,000 – 1,100	53	53		6,000 – 6,100	374 324			11,000–11,100	819 674	16,000–16,100	1,269 1,093
1,100 – 1,200	58	58		6,100 – 6,200	381 331			11,100–11,200	828 681	16,100–16,200	1,278 1,102
1,200 – 1,300	63	63		6,200 – 6,300	388 338			11,200–11,300	837 688	16,200–16,300	1,287 1,111
1,300 – 1,400	68	68		6,300 – 6,400	396 345			11,300–11,400	846 695	16,300–16,400	1,296 1,120
1,400 – 1,500	73	73		6,400 – 6,500	405 352			11,400–11,500	855 702	16,400–16,500	1,305 1,129
1,500 – 1,600	78	78		6,500 – 6,600	414 359			11,500–11,600	864 709	16,500–16,600	1,314 1,138
1,600 – 1,700	83	83		6,600 – 6,700	423 366			11,600–11,700	873 716	16,600–16,700	1,323 1,147
1,700 – 1,800	88	88		6,700 – 6,800	432 373			11,700–11,800	882 723	16,700–16,800	1,332 1,156
1,800 – 1,900	93	93		6,800 – 6,900	441 380			11,800–11,900	891 730	16,800–16,900	1,341 1,165
1,900 – 2,000	98	98		6,900 – 7,000	450 387			11,900–12,000	900 737	16,900–17,000	1,350 1,174
2,000				7,000				12,000			
2,000 – 2,100	103	103		7,000 – 7,100	459 394			12,000–12,100	909 744	17,000–17,100	1,359 1,183
2,100 – 2,200	108	108		7,100 – 7,200	468 401			12,100–12,200	918 751	17,100–17,200	1,368 1,192
2,200 – 2,300	113	113		7,200 – 7,300	477 408			12,200–12,300	927 758	17,200–17,300	1,377 1,201
2,300 – 2,400	118	118		7,300 – 7,400	486 415			12,300–12,400	936 765	17,300–17,400	1,386 1,210
2,400 – 2,500	123	123		7,400 – 7,500	495 422			12,400–12,500	945 772	17,400–17,500	1,395 1,219
2,500 – 2,600	129	128		7,500 – 7,600	504 429			12,500–12,600	954 779	17,500–17,600	1,404 1,228
2,600 – 2,700	136	133		7,600 – 7,700	513 436			12,600–12,700	963 787	17,600–17,700	1,413 1,237
2,700 – 2,800	143	138		7,700 – 7,800	522 443			12,700–12,800	972 796	17,700–17,800	1,422 1,246
2,800 – 2,900	150	143		7,800 – 7,900	531 450			12,800–12,900	981 805	17,800–17,900	1,431 1,255
2,900 – 3,000	157	148		7,900 – 8,000	540 457			12,900–13,000	990 814	17,900–18,000	1,440 1,264
3,000				8,000				13,000			
3,000 – 3,100	164	153		8,000 – 8,100	549 464			13,000–13,100	999 823	18,000–18,100	1,449 1,273
3,100 – 3,200	171	158		8,100 – 8,200	558 471			13,100–13,200	1,008 832	18,100–18,200	1,458 1,282
3,200 – 3,300	178	163		8,200 – 8,300	567 478			13,200–13,300	1,017 841	18,200–18,300	1,467 1,291
3,300 – 3,400	185	168		8,300 – 8,400	576 485			13,300–13,400	1,026 850	18,300–18,400	1,476 1,300
3,400 – 3,500	192	173		8,400 – 8,500	585 492			13,400–13,500	1,035 859	18,400–18,500	1,485 1,309
3,500 – 3,600	199	178		8,500 – 8,600	594 499			13,500–13,600	1,044 868	18,500–18,600	1,494 1,318
3,600 – 3,700	206	183		8,600 – 8,700	603 506			13,600–13,700	1,053 877	18,600–18,700	1,503 1,327
3,700 – 3,800	213	188		8,700 – 8,800	612 513			13,700–13,800	1,062 886	18,700–18,800	1,512 1,336
3,800 – 3,900	220	193		8,800 – 8,900	621 520			13,800–13,900	1,071 895	18,800–18,900	1,521 1,345
3,900 – 4,000	227	198		8,900 – 9,000	630 527			13,900–14,000	1,080 904	18,900–19,000	1,530 1,354

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	S	J	At least	But less than	S	J	At least	But less than	S	J	At least	But less than	S	J
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
19,000				24,000				29,000				34,000			
19,000–19,100	1,539	1,363	24,000–24,100	1,989	1,813	29,000–29,100	2,439	2,263	34,000–34,100	2,889	2,713				
19,100–19,200	1,548	1,372	24,100–24,200	1,998	1,822	29,100–29,200	2,448	2,272	34,100–34,200	2,898	2,722				
19,200–19,300	1,557	1,381	24,200–24,300	2,007	1,831	29,200–29,300	2,457	2,281	34,200–34,300	2,907	2,731				
19,300–19,400	1,566	1,390	24,300–24,400	2,016	1,840	29,300–29,400	2,466	2,290	34,300–34,400	2,916	2,740				
19,400–19,500	1,575	1,399	24,400–24,500	2,025	1,849	29,400–29,500	2,475	2,299	34,400–34,500	2,925	2,749				
19,500–19,600	1,584	1,408	24,500–24,600	2,034	1,858	29,500–29,600	2,484	2,308	34,500–34,600	2,934	2,758				
19,600–19,700	1,593	1,417	24,600–24,700	2,043	1,867	29,600–29,700	2,493	2,317	34,600–34,700	2,943	2,767				
19,700–19,800	1,602	1,426	24,700–24,800	2,052	1,876	29,700–29,800	2,502	2,326	34,700–34,800	2,952	2,776				
19,800–19,900	1,611	1,435	24,800–24,900	2,061	1,885	29,800–29,900	2,511	2,335	34,800–34,900	2,961	2,785				
19,900–20,000	1,620	1,444	24,900–25,000	2,070	1,894	29,900–30,000	2,520	2,344	34,900–35,000	2,970	2,794				
20,000				25,000				30,000				35,000			
20,000–20,100	1,629	1,453	25,000–25,100	2,079	1,903	30,000–30,100	2,529	2,353	35,000–35,100	2,979	2,803				
20,100–20,200	1,638	1,462	25,100–25,200	2,088	1,912	30,100–30,200	2,538	2,362	35,100–35,200	2,988	2,812				
20,200–20,300	1,647	1,471	25,200–25,300	2,097	1,921	30,200–30,300	2,547	2,371	35,200–35,300	2,997	2,821				
20,300–20,400	1,656	1,480	25,300–25,400	2,106	1,930	30,300–30,400	2,556	2,380	35,300–35,400	3,006	2,830				
20,400–20,500	1,665	1,489	25,400–25,500	2,115	1,939	30,400–30,500	2,565	2,389	35,400–35,500	3,015	2,839				
20,500–20,600	1,674	1,498	25,500–25,600	2,124	1,948	30,500–30,600	2,574	2,398	35,500–35,600	3,024	2,848				
20,600–20,700	1,683	1,507	25,600–25,700	2,133	1,957	30,600–30,700	2,583	2,407	35,600–35,700	3,033	2,857				
20,700–20,800	1,692	1,516	25,700–25,800	2,142	1,966	30,700–30,800	2,592	2,416	35,700–35,800	3,042	2,866				
20,800–20,900	1,701	1,525	25,800–25,900	2,151	1,975	30,800–30,900	2,601	2,425	35,800–35,900	3,051	2,875				
20,900–21,000	1,710	1,534	25,900–26,000	2,160	1,984	30,900–31,000	2,610	2,434	35,900–36,000	3,060	2,884				
21,000				26,000				31,000				36,000			
21,000–21,100	1,719	1,543	26,000–26,100	2,169	1,993	31,000–31,100	2,619	2,443	36,000–36,100	3,069	2,893				
21,100–21,200	1,728	1,552	26,100–26,200	2,178	2,002	31,100–31,200	2,628	2,452	36,100–36,200	3,078	2,902				
21,200–21,300	1,737	1,561	26,200–26,300	2,187	2,011	31,200–31,300	2,637	2,461	36,200–36,300	3,087	2,911				
21,300–21,400	1,746	1,570	26,300–26,400	2,196	2,020	31,300–31,400	2,646	2,470	36,300–36,400	3,096	2,920				
21,400–21,500	1,755	1,579	26,400–26,500	2,205	2,029	31,400–31,500	2,655	2,479	36,400–36,500	3,105	2,929				
21,500–21,600	1,764	1,588	26,500–26,600	2,214	2,038	31,500–31,600	2,664	2,488	36,500–36,600	3,114	2,938				
21,600–21,700	1,773	1,597	26,600–26,700	2,223	2,047	31,600–31,700	2,673	2,497	36,600–36,700	3,123	2,947				
21,700–21,800	1,782	1,606	26,700–26,800	2,232	2,056	31,700–31,800	2,682	2,506	36,700–36,800	3,132	2,956				
21,800–21,900	1,791	1,615	26,800–26,900	2,241	2,065	31,800–31,900	2,691	2,515	36,800–36,900	3,141	2,965				
21,900–22,000	1,800	1,624	26,900–27,000	2,250	2,074	31,900–32,000	2,700	2,524	36,900–37,000	3,150	2,974				
22,000				27,000				32,000				37,000			
22,000–22,100	1,809	1,633	27,000–27,100	2,259	2,083	32,000–32,100	2,709	2,533	37,000–37,100	3,159	2,983				
22,100–22,200	1,818	1,642	27,100–27,200	2,268	2,092	32,100–32,200	2,718	2,542	37,100–37,200	3,168	2,992				
22,200–22,300	1,827	1,651	27,200–27,300	2,277	2,101	32,200–32,300	2,727	2,551	37,200–37,300	3,177	3,001				
22,300–22,400	1,836	1,660	27,300–27,400	2,286	2,110	32,300–32,400	2,736	2,560	37,300–37,400	3,186	3,010				
22,400–22,500	1,845	1,669	27,400–27,500	2,295	2,119	32,400–32,500	2,745	2,569	37,400–37,500	3,195	3,019				
22,500–22,600	1,854	1,678	27,500–27,600	2,304	2,128	32,500–32,600	2,754	2,578	37,500–37,600	3,204	3,028				
22,600–22,700	1,863	1,687	27,600–27,700	2,313	2,137	32,600–32,700	2,763	2,587	37,600–37,700	3,213	3,037				
22,700–22,800	1,872	1,696	27,700–27,800	2,322	2,146	32,700–32,800	2,772	2,596	37,700–37,800	3,222	3,046				
22,800–22,900	1,881	1,705	27,800–27,900	2,331	2,155	32,800–32,900	2,781	2,605	37,800–37,900	3,231	3,055				
22,900–23,000	1,890	1,714	27,900–28,000	2,340	2,164	32,900–33,000	2,790	2,614	37,900–38,000	3,240	3,064				
23,000				28,000				33,000				38,000			
23,000–23,100	1,899	1,723	28,000–28,100	2,349	2,173	33,000–33,100	2,799	2,623	38,000–38,100	3,249	3,073				
23,100–23,200	1,908	1,732	28,100–28,200	2,358	2,182	33,100–33,200	2,808	2,632	38,100–38,200	3,258	3,082				
23,200–23,300	1,917	1,741	28,200–28,300	2,367	2,191	33,200–33,300	2,817	2,641	38,200–38,300	3,267	3,091				
23,300–23,400	1,926	1,750	28,300–28,400	2,376	2,200	33,300–33,400	2,826	2,650	38,300–38,400	3,276	3,100				
23,400–23,500	1,935	1,759	28,400–28,500	2,385	2,209	33,400–33,500	2,835	2,659	38,400–38,500	3,285	3,109				
23,500–23,600	1,944	1,768	28,500–28,600	2,394	2,218	33,500–33,600	2,844	2,668	38,500–38,600	3,294	3,118				
23,600–23,700	1,953	1,777	28,600–28,700	2,403	2,227	33,600–33,700	2,853	2,677	38,600–38,700	3,303	3,127				
23,700–23,800	1,962	1,786	28,700–28,800	2,412	2,236	33,700–33,800	2,862	2,686	38,700–38,800	3,312	3,136				
23,800–23,900	1,971	1,795	28,800–28,900	2,421	2,245	33,800–33,900	2,871	2,695	38,800–38,900	3,321	3,145				
23,900–24,000	1,980	1,804	28,900–29,000	2,430	2,254	33,900–34,000	2,880	2,704	38,900–39,000	3,330	3,154				

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					
At least	But less than	S	J	At least	But less than	S	J	At least	But less than	S	J				
		Your tax is:				Your tax is:				Your tax is:					
39,000				42,000				45,000				48,000			
39,000–39,100	3,339	3,163	42,000–42,100	3,609	3,433	45,000–45,100	3,879	3,703	48,000–48,100	4,149	3,973				
39,100–39,200	3,348	3,172	42,100–42,200	3,618	3,442	45,100–45,200	3,888	3,712	48,100–48,200	4,158	3,982				
39,200–39,300	3,357	3,181	42,200–42,300	3,627	3,451	45,200–45,300	3,897	3,721	48,200–48,300	4,167	3,991				
39,300–39,400	3,366	3,190	42,300–42,400	3,636	3,460	45,300–45,400	3,906	3,730	48,300–48,400	4,176	4,000				
39,400–39,500	3,375	3,199	42,400–42,500	3,645	3,469	45,400–45,500	3,915	3,739	48,400–48,500	4,185	4,009				
39,500–39,600	3,384	3,208	42,500–42,600	3,654	3,478	45,500–45,600	3,924	3,748	48,500–48,600	4,194	4,018				
39,600–39,700	3,393	3,217	42,600–42,700	3,663	3,487	45,600–45,700	3,933	3,757	48,600–48,700	4,203	4,027				
39,700–39,800	3,402	3,226	42,700–42,800	3,672	3,496	45,700–45,800	3,942	3,766	48,700–48,800	4,212	4,036				
39,800–39,900	3,411	3,235	42,800–42,900	3,681	3,505	45,800–45,900	3,951	3,775	48,800–48,900	4,221	4,045				
39,900–40,000	3,420	3,244	42,900–43,000	3,690	3,514	45,900–46,000	3,960	3,784	48,900–49,000	4,230	4,054				
40,000				43,000				46,000				49,000			
40,000–40,100	3,429	3,253	43,000–43,100	3,699	3,523	46,000–46,100	3,969	3,793	49,000–49,100	4,239	4,063				
40,100–40,200	3,438	3,262	43,100–43,200	3,708	3,532	46,100–46,200	3,978	3,802	49,100–49,200	4,248	4,072				
40,200–40,300	3,447	3,271	43,200–43,300	3,717	3,541	46,200–46,300	3,987	3,811	49,200–49,300	4,257	4,081				
40,300–40,400	3,456	3,280	43,300–43,400	3,726	3,550	46,300–46,400	3,996	3,820	49,300–49,400	4,266	4,090				
40,400–40,500	3,465	3,289	43,400–43,500	3,735	3,559	46,400–46,500	4,005	3,829	49,400–49,500	4,275	4,099				
40,500–40,600	3,474	3,298	43,500–43,600	3,744	3,568	46,500–46,600	4,014	3,838	49,500–49,600	4,284	4,108				
40,600–40,700	3,483	3,307	43,600–43,700	3,753	3,577	46,600–46,700	4,023	3,847	49,600–49,700	4,293	4,117				
40,700–40,800	3,492	3,316	43,700–43,800	3,762	3,586	46,700–46,800	4,032	3,856	49,700–49,800	4,302	4,126				
40,800–40,900	3,501	3,325	43,800–43,900	3,771	3,595	46,800–46,900	4,041	3,865	49,800–49,900	4,311	4,135				
40,900–41,000	3,510	3,334	43,900–44,000	3,780	3,604	46,900–47,000	4,050	3,874	49,900–50,001	4,320	4,144				
41,000				44,000				47,000							
41,000–41,100	3,519	3,343	44,000–44,100	3,789	3,613	47,000–47,100	4,059	3,883							
41,100–41,200	3,528	3,352	44,100–44,200	3,798	3,622	47,100–47,200	4,068	3,892							
41,200–41,300	3,537	3,361	44,200–44,300	3,807	3,631	47,200–47,300	4,077	3,901							
41,300–41,400	3,546	3,370	44,300–44,400	3,816	3,640	47,300–47,400	4,086	3,910							
41,400–41,500	3,555	3,379	44,400–44,500	3,825	3,649	47,400–47,500	4,095	3,919							
41,500–41,600	3,564	3,388	44,500–44,600	3,834	3,658	47,500–47,600	4,104	3,928							
41,600–41,700	3,573	3,397	44,600–44,700	3,843	3,667	47,600–47,700	4,113	3,937							
41,700–41,800	3,582	3,406	44,700–44,800	3,852	3,676	47,700–47,800	4,122	3,946							
41,800–41,900	3,591	3,415	44,800–44,900	3,861	3,685	47,800–47,900	4,131	3,955							
41,900–42,000	3,600	3,424	44,900–45,000	3,870	3,694	47,900–48,000	4,140	3,964							

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 \$4,324 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 \$4,148 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 Form 1040, 1040A, or 1040EZ to your Oregon tax return. Don't attach federal Schedule A, B, C, or D, or Form 2441, etc. We receive some federal information from the IRS. We may ask you for copies of schedules or additional information later.

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. Please use **blue or black 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 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 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 2001? 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 33.

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

6d **Child 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
- Have been age 17 or younger on December 31, 2001, 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, 2001, 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 first name on line 6c for "All dependents."

7a **Age 65 or older, or blind.** Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2001. 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 instructions for lines 6a and 6b on page 24.

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; or Form 1040EZ, line 4. Attach the first two pages of your federal return. This helps us verify your income and speeds the processing of your return.

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 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 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 that amount also.
- **Federal income tax refunds [Fed ref].** Did you get a federal tax refund in 2001 because you filed an amended federal return for a prior year or because you were audited? If so, you must add the amount of the refund for which you received an Oregon tax benefit in a prior year. You received an Oregon tax benefit if the amount of the refund was claimed as part of your federal tax subtraction on your Oregon return for the prior year.
- **Gambling losses claimed as an itemized deduction [Gambling].** Did you claim gambling losses as an itemized deduction on your federal Schedule A? For Oregon purposes, gambling losses are limited to gambling winnings taxed by Oregon.
- **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.
- **Lump-sum payment from a qualified retirement plan [Lump-sum].** Did you use the 10-year averaging method for federal purposes? If so, all or part of your lump-sum distribution must be added to income on your Oregon return. The amount of the addition is the total of your ordinary income portion and your capital gain portion. Include the capital gain portion only if you did not include it in your federal adjusted gross income. This information is on the federal Form 1099R your employer gave you. Fill in this sum on line 10. Attach a copy of federal Form 1099R to your Oregon return with your Form(s) W-2 and other Form(s) 1099.
- **Unused business credits [UBC].** Did you claim a deduction on your federal return for unused business credits? If so, these must be added back to Oregon income.
- **Other additions.** The following additions apply to only a few people and are not explained in this booklet. See page 36 for telephone numbers to call.

- Claim of right [COR].
- Depletion in excess of property basis [Depl].
- Difference in depreciation for Oregon [Dif dep].
- Federally deferred gain taxed by Oregon [Fed defer].
- Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
- Gain or loss on the sale of depreciable property with an Oregon basis different from federal [Basis dif].
- Passive activity losses [PAL].
- Sale of Oregon inherited farm or forest property acquired from a decedent who died before January 1, 1987 [Inher F/F].

Subtractions

Subtractions reduce your federal adjusted gross income.

13 **2001 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 52**, Form 1040A, line 34; Form 1040EZ, line 11; or TeleFile Tax Record, tax from second box, line K. 1. _____
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 Form 40, line 13. 3. _____

* *Did you claim a **rate reduction credit** on your federal return? If so, do not include this credit with any other tax credits you may have to reduce your federal tax liability. Need help? See page 36 for numbers to call.*

Did you claim both a rate reduction credit and a refundable child tax credit? If so, you must subtract the refundable child tax credit from the rate reduction credit in determining your correct federal tax subtraction.

** *Did you have tax on qualified retirement plans, Form 1040, line 55? If so, include it in your federal tax subtraction amount on line 1 above.*

Caution: Don't add:

- Self-employment tax, Form 1040, line 53.
- Social Security and Medicare tax on tips, Form 1040, line 54.
- Advance earned income credit payments, Form 1040, line 56; or Form 1040A, line 35.
- Household employment taxes, Form 1040, line 57.

Did you pay additional federal tax in 2001 because you were audited or you filed an amended return? If so, read the instructions for line 18 on page 27 for federal tax from a prior year.

The total of your federal tax subtraction (line 13), your

federal tax from a prior year (line 18), and your foreign tax subtraction (line 18) can't exceed \$3,000.

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. Do not include other states' refunds.

16 **Interest and dividends from U.S. government.** Fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest and dividends you received through partnerships or grantor trusts. *Examples:* 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 them.

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 federal pension included in 2001 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 of 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 2001, 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 federal return** and double-check that you reported your pension income on the correct line.

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.

- **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. You must include your street address on your return. Please write your tribal enrollment number on line 18.
- **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.
- **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.
- **Federal tax credits [Fed exp].** Did you claim a federal tax credit, such as a jobs credit or business credit? If so, you may have been required to reduce your federal business and farm expenses because you claimed that credit. You may claim the unallowed expenses as a subtraction for Oregon.
- **Federal tax from a prior year [Prior fed].** Did you pay additional federal income tax in 2001 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.

- **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 and interest received in 2001 that are included in your federal income.
- **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.
- **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.
- **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 until August 15 of the tax year 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.

- **Oregon College Savings Plan [Col sav].** You may deduct up to \$2,000 a year for contributions you make to a qualified state tuition program. Keep a copy of your account statement with your tax records.
- **Oregon Lottery [OR lott].** Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket. 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; and
- Annual payments from tickets purchased prior to 1998.

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.

- **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.

- **Taxable benefits [Partner].** If your employer provides taxable health insurance or other benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. Visit our Web site and click on “Q & A.”
- **Other subtractions.** The following subtractions apply to only a few people and are not explained in this booklet. See page 36 for telephone numbers to call.
 - Artists who make a charitable art donation [Art].
 - Claim of right [COR].
 - Federal gain previously taxed by Oregon [Fed gain].
 - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
 - Foreign tax [Foreign].
 - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [Basis dif].
 - Logger’s and construction worker’s commuting costs [LCCC].
 - Passive activity losses [PAL].
 - Public Safety Memorial Fund Board payments [Memorial].
 - Scholarship awards used for housing expenses [Sch housing].
 - Tier 2, windfall/dual-vested, or supplemental railroad retirement and railroad unemployment benefits [RR].

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, 2001? 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 your 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 \$132,950 (\$66,475 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	
If spouse claims standard deduction ...	1,500
If spouse claims itemized deductions	-0-
Head of household	2,640
Qualifying widow(er)	3,000

Exception 1: If someone else can claim you as a dependent, your standard deduction is limited to the **greater** of:

- Your earned income plus \$250, but no more than the maximum allowed for your filing status as shown above, or
- \$750.

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

Exception 2: Each taxpayer and each spouse who is age 65 or older is allowed an additional deduction amount. Each taxpayer and each spouse who is blind is also allowed an additional deduction amount. The additional amount is based on your filing status, as follows:

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	<u>1,000</u>
Total standard deduction	<u>\$6,000</u>

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

27 **Total deductions.** Enter the **greater** 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 \$1,584.

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%	×	<u>.09</u>
		1,755
Then add	+	<u>4,148</u>
Their Oregon tax is		<u>\$5,903</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 .6667 percent per month (8 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 ($\$400 \times .05$).

Use the following formula to compute your credit:

1. Enter your federal earned income credit (Form 1040EZ, line 9a; Form 1040A, line 39a; or Form 1040, line 61a). 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 child care credit.** This credit is available to low-income families with **qualifying child care expenses**. You qualify for this credit if all of the following are true:

- Your adjusted gross income (Form 40, line 8) is less than the limit for your household size (see tables on page 30); and
- Your child care expenses are for your child under age 13 (or for your child with a disability, see page 24); 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 \$6,550; and
- You have less than \$2,450 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, 2001.

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 qualifying child care expenses you paid in 2001. 5. _____
6. Enter the decimal amount from the correct table on page 30. 6. _____

(Worksheet continued on page 31.)

Working Family Child Care Credit—2001 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:	
—	\$17,200	.40
\$17,200	18,050	.36
18,050	18,900	.32
18,900	19,750	.24
19,750	20,600	.16
20,600	21,500	.08
21,500	—	.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:	
—	\$23,200	.40
\$23,200	24,400	.36
24,400	25,550	.32
25,550	26,700	.24
26,700	27,850	.16
27,850	29,050	.08
29,050	—	.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:	
—	\$29,250	.40
\$29,250	30,700	.36
30,700	32,200	.32
32,200	33,650	.24
33,650	35,100	.16
35,100	36,600	.08
36,600	—	.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:	
—	\$35,300	.40
\$35,300	37,050	.36
37,050	38,850	.32
38,850	40,600	.24
40,600	42,350	.16
42,350	44,150	.08
44,150	—	.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:	
—	\$41,350	.40
\$41,350	43,400	.36
43,400	45,450	.32
45,450	47,550	.24
47,550	49,600	.16
49,600	51,700	.08
51,700	—	.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:	
—	\$47,400	.40
\$47,400	49,750	.36
49,750	52,100	.32
52,100	54,500	.24
54,500	56,850	.16
56,850	59,250	.08
59,250	—	.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:	
—	\$53,400	.40
\$53,400	56,100	.36
56,100	58,750	.32
58,750	61,450	.24
61,450	64,100	.16
64,100	66,800	.08
66,800	—	.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:	
—	\$59,450	.40
\$59,450	62,450	.36
62,450	65,400	.32
65,400	68,400	.24
68,400	71,350	.16
71,350	74,350	.08
74,350	—	.00

The tables are based on household size (line 3). For example, if the amount on line 3 is 7, use Table 7.

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 2001. With a household size of three, they use Table 3 to find the correct decimal (.40) and multiply it by \$2,650 to figure their credit of \$1,060.

The working family child care 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, 2001, 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.

1. Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1. _____
2. Enter any federal pension income subtracted from Oregon income. See page 26. 2. _____
3. Net Oregon taxable pension. Line 1 minus line 2. 3. _____
4. Enter \$7,500 (\$15,000 if married filing jointly). 4. _____
5. Enter both spouses' total 2001 Social Security and tier 1 railroad retirement benefits. 5. _____
6. Line 4 minus line 5, but not less than -0-. 6. _____
7. Enter your **household income**. See below to determine your household income. 7. _____
8. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 8. _____
9. Line 7 minus line 8, but not less than -0-. 9. _____

10. Line 6 minus line 9, but not less than -0-. 10. _____
11. Enter the lesser of line 3 or line 10. 11. _____
12. Multiply line 11 by 9% (.09). Enter the result here and on line 36. 12. _____

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. _____

If your federal taxable income from Form 1040, line 39; or Form 1040A, line 25 is:		Your decimal amount is:
Over—	But not over—	
—	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

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

Did you pay 2000 child care expenses in 2001? If so, you may be able to use that amount to increase your 2001 Oregon child and dependent care credit.

Carryover. Your total 2001 child and dependent care credit can't be more than your 2001 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 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 2001. 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 or U.S. territory on income that is also taxed by Oregon? If so, you may be able to claim this credit.

If you were a full-year Oregon resident and had income taxed by Arizona, California, Indiana, or Virginia, you 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 **least** 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, or
- 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. **Do not attach a separate sheet.**

- **Adoption [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 least 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.

- **Individual Development Account [IDA].** If you made a charitable contribution through the Enterprise Foundation for the Oregon Individual Development Account program during 2001, 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 2001 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 25.

- **Long-term care insurance premiums [LTCIP].** You are allowed a long-term care insurance premiums credit if:
 - Your policy was issued in 2000 or later; and
 - You, your parents, or your dependents are the policy beneficiaries; and
 - You paid premiums for 2001.

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 Premiums 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.

- **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 24.

- **Residential energy devices [Res en].** To qualify, you must purchase an energy efficient appliance or install a solar device or ground loop system that provides 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*.
- **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].
 - Dependent care assistance [DCA].
 - Donated crops [Crops].
 - 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 a person age 60 or older [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 17 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 Form 1099 showing Oregon income tax withheld to the lower front of your return.

If you don't have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer. If you file before February 1, 2002, 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 2001 tax year.** Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 16, 2001; June 15, 2001; September 17, 2001; and January 15, 2002. Include any payments you made with your extension. Also include any refund applied from your 2000 income tax return or an Oregon amended return (Form 40X). If the department adjusted your 2000 refund, be sure to use the corrected amount.

49 **Penalty and interest.** Your return is due by April 15, 2002, unless you file for an extension.

Penalty. Include a penalty payment if you:

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

The 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 15, 2002, include interest on any unpaid tax.

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

The current interest rate is .6667 percent per month (8 percent per year).

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

$$\text{Tax} \times .000219 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 12 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 2001 tax return after credits and Oregon tax withheld, **or**
- You didn't have an underpayment for any 2001 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 “2001 Oregon Form 40” on it. Please use **blue or black** 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.

We cannot accept credit cards or withdraw funds from your bank account for your payment.

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 2002, 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 2002 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 listed under the instructions for 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 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

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

American Diabetes Association
380 SE Spokane St, Suite 110
Portland OR 97202

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

Oregon Coast Aquarium
2820 SE Ferry Slip Road
Newport OR 97365

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

Oregon Children's Foundation/SMART
219 NW 12th Avenue, Suite 203
Portland OR 97209

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

SOLV
PO Box 1235
Hillsboro OR 97123

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

St. Vincent de Paul Society of Oregon
PO Box 24608
Eugene OR 97402

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

The Nature Conservancy
821 SE 14th Avenue
Portland OR 97214

62 Net refund. You must reduce your refund by any amounts applied to 2002 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.

63 Direct deposit. Complete line 63 if you want us to deposit your refund directly to your bank account instead of sending you a check. Contact your bank to make sure your deposit will be accepted and to get your correct routing and account number. **Check** the appropriate box for account type. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32. **Enter the account number** of the account to which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but don't include spaces and special symbols. Enter the number left to right and leave any unused boxes blank.

Authorization box. Check "Yes" if you wish to authorize the Department of Revenue to discuss information about the initial processing of your tax return with your preparer or any member of his or her firm. Otherwise, check "No."

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 and must sign the return. Contact these agencies for more information on licensing or to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 for licensed tax consultants.
- 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. File only once. Do not send a paper return if you have filed electronically.

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 Form 40, line 17.

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

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

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

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

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

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, tax year, and "Form 40" or "Form 40S" 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

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.

Printed information (free)

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. Other printed information is available by returning the form below.



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 Schedule 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 of a Person Age 60 or Older 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 Premiums 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 150-490-675
- Underpayment of Oregon Estimated Tax, Form 10 and instructions 150-101-031
- 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 and Publications Order 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 _____

Correspondence



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

Telephone

Salem 503-378-4988

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

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

- Hear recorded tax information.
- Order tax forms.
- Check on the status of your 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.

Americans with Disabilities Act (ADA)

In compliance with ADA, this information is available in alternative formats upon request. The toll-free number within Oregon is 1-800-356-4222. In Salem, it is 503-378-4988.

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, Suite 310

Portland 800 NE Oregon St, Suite 505

Portland* Federal Building Lobby, 1220 SW Third Ave

Salem Revenue Building, 955 Center St NE, Room 135

Salem 4275 Commercial St SE, Suite 180

Tualatin 6405 SW Rosewood St, Suite A

* January 2–April 15: Walk-in help is available from 9:00 a.m.–4:00 p.m., Monday–Friday, except holidays.

