

# 2002 OREGON

Individual Income Tax Forms 40S and 40 with Instructions

FULL-YEAR  
RESIDENT

## IMPORTANT NEWS FOR 2002

### NEW FOR 2002

#### OREGON EXTENSION FORM

Use the new Oregon extension form if you need more time to file. See page 5 for information.

#### PAYMENT COUPON

Send the new payment coupon when making your tax payment. See page 37.

#### STANDARD DEDUCTION

The standard deduction amounts have changed. See page 30.

### ! Before you file ...

The January 28, 2003, Oregon special election may affect how you file your 2002 tax return.

- To speed processing of your return, you may want to file until after the election.
  - Two sets of tax tables and charts are included. The election results are in. Use the **purple tax tables and charts**. The green tables and charts have been removed.
- January 28 election: If you are not sure which tax table or tax rate chart to use, visit [www.dor.state.or.us](http://www.dor.state.or.us) or call us. See page 40.

**FILING DEADLINE: TUESDAY, APRIL 15, 2003**



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

## IMPORTANT!

### Please read before filing

The January 28, 2003, Oregon special election may affect how you file your 2002 tax return. **Please wait to file your tax return until after election results are known.**

The 2001 Oregon Legislature referred a temporary income tax increase to Oregon voters for tax years 2002, 2003, and 2004, to be voted on in a January 28 special election. Because this special election affects tax year 2002, the department will begin processing returns after the election results are known. Filing before election results are known could delay the processing of your return.

In order to have as much information to you as possible in a timely manner, the Department of Revenue included two sets of tax tables and rate charts in the booklet this year—one for each possible election result:

- Use the **purple** tax tables or tax rate charts on pages 21–23 if the tax rate increase fails.
- Use the **green** tax tables or tax rate charts on pages 24–26 if the tax rate increase passes.

**After the January 28 election:** If you are not sure of the outcome of the election or which tax tables or rate charts to use, visit our Web site for details at [www.dor.state.or.us](http://www.dor.state.or.us). Or, call us for information. See page 40 for numbers to call.

## Contents

New information .....	3
Important reminders .....	3
General information .....	4
Residency .....	4
Filing status .....	4
Military personnel .....	4
What form do I use? .....	5
What if I need more time to file? .....	5
2003 estimated tax .....	6
Questions answered .....	6
Instructions for Forms 40S and 40 .....	7
Exemptions .....	7
Form 40S line instructions .....	9
Standard deduction .....	9
Form 40S .....	13
Form 40 .....	17
Tax tables—purple (with 9% rate) .....	21–23
Tax rate charts—purple (with 9% rate) .....	23
Tax tables—green (with 9.5% rate) .....	24–26
Tax rate charts—green (with 9.5% rate) .....	26
Form 40 line instructions .....	27
Additions .....	27
Subtractions .....	28
Deductions .....	30

Oregon tax .....	31
Credits .....	32
Tax payments, penalties, and interest .....	36
Charitable checkoff .....	37
Payment coupon, Form RPC .....	37
Direct deposit .....	38
Before you file .....	38
Can I make payments? .....	39
Return mailing addresses .....	39
Taxpayer assistance .....	40
Printed information (free) .....	40

These instructions aren't a complete statement of laws and Oregon Department of Revenue rules. You may need more information. See page 40.

## 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	\$4,430
	65 or over	\$5,630
Head of household	Under 65	\$5,540
	65 or over	\$6,740
	Both under 65	\$8,850
Married, joint return	One 65 or over	\$9,850
	Both 65 or over	\$10,850
Married, separate return	Under 65	\$4,430
	65 or over	\$5,430
Qualifying widow(er)	Under 65	\$6,180
	65 or over	\$7,180

### 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 larger of \$750 or your earned income plus \$250, up to your standard deduction amount.

## Electronic filing

Electronic filing (e-file) is a fast, efficient, and accurate way to file. This year, we recommend that you wait to file federal and state electronic returns until after the January 28 election results are known. When processing begins after the election results are known, you may receive your Oregon refund in as few as 7–12 business days.

For more information about how electronic filing works, see page 40 to order the information circular, *Oregon Electronic Filing*. Or, download it from our Web site.



# New information

**Tax rate change.** There may be a tax rate increase for 2002. The tax rates will not be known until after the January 28, 2003, Oregon special election. See page 2 for more information.

**Payment coupon, Form RPC.** Oregon now provides a payment coupon to use when you have tax to pay. Form RPC is similar to the federal coupon and is easy to complete. See page 37.

**Oregon extension form.** An Oregon extension form is now available. If you need more time to file, use Form 40-EXT to make a tax payment to Oregon or to file an extension for Oregon only. See page 5 for more information.

**Federal tax subtraction.** The deduction for your 2002 federal tax liability has changed. See page 9 or 28 for more information.

**Standard deduction amounts.** The standard deduction amounts changed for 2002. See page 9 or 30.

**New tax credits.** The 2001 Oregon Legislature approved several new credits and changes to existing credits. See page 35.

**Oregon Cultural Trust credit.** A credit is allowed for amounts you contributed beginning December 2002 to the Oregon Cultural Trust, up to \$500 or your tax liability, whichever is less. Contact the Secretary of State's Office for more information. Or, visit the trust's Web site at [www.culturaltrust.org](http://www.culturaltrust.org).

**Farm income averaging.** You can use the federal farm income averaging method to compute Oregon personal income tax on farm income, even if you didn't on your federal return. See page 31 for more information.

**Reduced tax rate on liquidation of farm assets.** A reduced tax rate is available to certain taxpayers who sold or exchanged capital assets used in farming. See page 31 for more information about farm asset capital gain.

# 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 the federal 30 percent bonus depreciation; net operating loss carryback and carryover provisions; elective deferral contribution increases; and exemption of college savings plan earnings from income. Oregon will automatically adopt any future federal law changes to the definition of taxable income.

**Direct deposit.** The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. 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. The Department of Revenue is not responsible if your bank rejects your deposit. We will issue you a paper check if the bank rejects the direct deposit. See page 12 or 38 for more information.

**Oregon Qualified Tuition Savings Program (QTSP).** Contributions you make to an Oregon qualified tuition savings plan may be subtracted on your Oregon return. The subtraction is limited to \$2,000 per tax year. See page 30 for more information about the subtraction. For information about the qualified tuition savings plans in Oregon, call 503-378-2882. Or, visit the State Treasury's Web site at [www.ost.state.or.us](http://www.ost.state.or.us).

**Like-kind exchanges.** Did you exchange property for property located outside of Oregon during the tax year?

If so, Oregon's tax treatment is the same as your federal tax treatment in all cases. This is true even if you become a nonresident of Oregon. You will need to file Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*. Please see page 40 to order the form.

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

**Blue or black ink.** Please use blue or black ink for easier reading and faster processing. Equipment used to scan documents cannot read certain types and colors of ink, especially gel pens and red ink. Thank you.

## Working Student Web site.

The Oregon Department of Revenue's "5 Easy Steps to Cash" Web site helps working students file their Oregon personal income tax returns and understand the state's tax system. You qualify to prepare your return on the student Web site if:



[www.steps2cash.org](http://www.steps2cash.org)

- You lived in Oregon for all of 2002; and
- You were single with no children as of December 31, 2002; and
- Someone else can claim you as a dependent; and
- You only worked in Oregon in 2002; and
- You had income only from your job(s) and/or interest.

# 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 are considered a nonresident.

## 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 40 to order the *Part-Year Resident and Nonresident* 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 *Part-Year Resident and Nonresident* booklet if you meet the requirements for special-case Oregon residents or Oregon residents living abroad. See "Residency" on this page.

Write "Military nonresident" at the top left corner of your Form 40N in **blue or black ink**.

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

## Filing for a deceased person

See "Do I need to file?" on page 2 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. Call the department to order this form. If you are a court-appointed or certified personal representative, Form 243 is not needed.

## 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.

If you are a working student, you may be eligible to complete Form 40S using our working student Web site. See page 3 for more information.

Use Form 40 if BOTH of the following are true:

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

Use Form 40 if any 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 34; or Form 1040A, line 20 (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 9, 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 2003 estimated tax.

Use Form 40P if any ONE of the following is true:

- 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 any ONE of the following is true:

- You are a nonresident, or
- You are a special-case Oregon resident (see "Residency" on page 4), or

- You and your spouse are filing jointly and one (or both) of you is a nonresident, or
- You meet the military personnel nonresident requirements explained on page 4, or
- You qualified as an Oregon resident living abroad for the entire year.

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

## When should I file my return?

File as soon as possible after the January 28 election results are known. The filing deadline for calendar year 2002 is **April 15, 2003**. 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 39.

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. However, in some cases, you will need to file the **new Oregon extension form**, Form 40-EXT. See page 40 to order this form. The following will help you decide when you need to file Oregon Form 40-EXT:

- If you filed a federal extension, Form 4868, and you expect to get a refund for Oregon:
  - You do not need to file Form 40-EXT.
  - Check box 7b on Form 40S or Form 40 when you file your return.
  - Keep a copy of your federal extension in your records. You are not required to send us a copy of your federal extension.
- If you did not file a federal extension but need more time to file for **Oregon only** and you expect an Oregon refund:
  - File Oregon Form 40-EXT. Enter -0- in the payment amount box on the Form 40-EXT payment coupon and mail the entire form to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
  - Check box 7b on Form 40S or Form 40 when you file your return.
  - Keep a copy of your extension in your records.
- If you need more time to file for Oregon and you need to make a tax payment to Oregon:
  - File Oregon Form 40-EXT with your check or money order. Detach the payment coupon from the Form 40-EXT. Send your Form 40-EXT payment coupon and your check or money order by April 15, 2003, to: Extension Clerk, Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0980.
  - Check box 7b on Form 40S or Form 40 when you file your return.
  - Keep a copy of your extension in your records.

## More time to file does not 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 the tax due with your extension, you will owe interest on the unpaid balance after April 15, 2003, to the date of your payment. The current interest rate is 7 percent per year. If the tax is not paid within 60 days of our bill, the interest rate increases to 11 percent per year.

## Were you stationed in a designated combat zone?

Did you receive additional time to file your 2002 federal return? If so, Oregon allows the same additional time to file. Write "combat zone" in blue or black ink at the top of your return when you file it.

## Penalties

You will owe a 5 percent penalty on any 2002 tax not paid by April 15, 2003.

If you file more than three months after the due date or extension due date, 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, 2003; 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 after credits and withholding, based on the 9 percent tax rate (purple tables, pages 21–23); or
- You paid less than 90 percent of the tax due on each estimated tax payment date for 2002, based on the 9 percent tax rate.

See the instructions for line 51 on page 36.

## 2003 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 2003.

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2003 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 2003 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 2003 return. You may want to increase the amount your employer withholds from your Oregon wages. If you and your spouse both work, call the department to order the information circular, *Oregon Income Tax Withholding: Some Special Cases*. See page 40. Or, download it from our Web site.

## How do I make estimated tax payments?

Send your payment with Form 40ES. See page 40 to order estimated tax coupons, instructions, and the information circular.

## When do I pay?

The due dates are April 15, 2003\*; June 16, 2003; September 15, 2003; and January 15, 2004.

\* *Please send your 2003 Oregon Form 40ES and payment in a different envelope from your 2002 Oregon income tax return. This will help us credit your payment efficiently.*

## 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, *TriMet 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*. Contact the department to order either of these forms. Or, visit our Web site to download the forms.

## Questions answered

### May I round off cents to the nearest whole dollar?

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

### Is my tax return private information?

Yes. All information provided on the return is confidential. 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 40. You should also file a change of address form at your local post office.

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

Keep a complete copy of your federal and state returns even if you use a tax practitioner or file electronically. Also, keep the original of all receipts, canceled checks, statements, and other records you used to prepare your return. **Save these records for at least three years from the due date of the return or three years from the date you file your return, whichever is later.** 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 40 to order the information circular, *Record Keeping Requirements*.

### 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 40 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.

## Instructions for Forms 40S and 40

### Step 1: Select the appropriate form.

See page 5 to decide which form to use. Not everyone may file Form 40S (short form).

### Step 2: Fill out your federal form.

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

**Form 40 filers. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR, or TeleFile Tax Record to your Oregon Form 40. Don't attach federal Schedule A, B, C, or D, or Form 2441, etc.** We may ask you for copies of schedules or additional information later.

See "What tax records do I need to keep?" above.

### Step 3: Start the Oregon form.

#### Name and address

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

**Social Security number (SSN).** The request for your SSN 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.

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

**Birth year.** 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 your federal return as married filing jointly. See page 4 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 person who qualifies you for head of household filing status next to box 4. Use the same name as on your federal return.

#### 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 unless you are severely disabled.

**Severely disabled.** Did you have a severe disability at the end of 2002? If so, you may claim an additional exemption credit. You may qualify for the severely disabled exemption even if someone else can claim you as a dependent. 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 35.

**6c** **All 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 qualifying disability. To qualify, **all** of the following must be true. Your child:

- Qualified as your dependent for 2002; and
- Was age 17 or younger on December 31, 2002; and
- Was eligible for "early intervention services" or received special education as defined by the Oregon Department of Education (learning disabilities or communication disorders alone don't qualify); and
- Was considered to have a disability as of December 31, 2002, under the federal Individuals with Disabilities Education Act and related Oregon laws. Eligible disabilities include:
  - Autism.
  - Deaf-blind.
  - Hearing impairment.
  - Mental retardation.
  - Multiple disabilities.
  - Orthopedic impairment.
  - Other health impairment.
  - Serious emotional disturbance.
  - Traumatic brain injury.
  - Visual impairment.

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

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Children with a disability." 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, 2002. You are entitled to a larger standard deduction. If you or your spouse are blind, you may also qualify for the severely disabled exemption credit. See the instructions for lines 6a and 6b.

**7b** **Extension.** If you filed an extension of time to file, check the box on line 7b. See page 5 for more information.

**7c** **Form 40S: Dependent.** If someone else can claim you as a dependent, you can't claim an exemption for yourself. Be sure to check the box on Form 40S, line 7c. Also, enter -0- in the total box on line 6a unless you are severely disabled.

**Form 40: Deferral of gain.** Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, be sure to check the box on Form 40, line 7c. Also, complete and attach Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*. See page 40 to order the form.

**7d** **State School Fund.** Check here to donate your Oregon income tax kicker refund to the State School Fund. The fund is used for public elementary and secondary education. The kicker amount, if any, will be determined in the fall of 2003. If you check the box, any kicker refund that you would have received in 2003 based on your 2002 Oregon income tax will be sent directly to the State School Fund. **If you check the box, you cannot change your decision for the 2002 tax year.**

**Form 40S filers, go to the next page to complete your return.**

**Form 40 filers, go to page 27 to complete your return.**

# Form 40S line instructions

The following instructions are for lines not fully explained on the form. See page 7 for general Form 40S instructions.

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 Form 40.

**9b** Fill in your total dividends. If you received non-taxable 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; Form 1040EZ, line 3; Form 1040NR, line 20; or TeleFile Tax Record, line D.

**12 2002 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 \$3,250. Don't fill in less than -0- or more than \$3,250 (\$1,625 if married filing separately).

1. Fill in your federal tax liability from Form 1040EZ, line 10; Form 1040A, line 36; Form 1040, line 55; Form 1040NR, line 51; or TeleFile Tax Record, tax from second box, line K. 1. \_\_\_\_\_
2. Fill in \$3,250 (\$1,625 if married filing separately). 2. \_\_\_\_\_
3. Fill in the lesser of line 1 or line 2 here and on Form 40S, line 12. 3. \_\_\_\_\_

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

**13 Standard deduction.** If you can be claimed as a dependent on another person's return, use the

following worksheet to figure your standard deduction. All others, see the back of Form 40S for instructions.

## Standard deduction worksheet for dependents

- |  |     |       |
|--|-----|-------|
| 1. Enter your earned income.   | 1.  | _____ |
| 2. Additional set amount.  | 2.  | 250   |
| 3. Add lines 1 and 2.  | 3.  | _____ |
| 4. Minimum standard deduction set amount.  | 4.  | 750   |
| 5. Enter the larger of line 3 or line 4.   | 5.  | _____ |
| 6. Basic standard deduction for single.  | 6.  | 1,640 |
| 7. Enter the smaller of line 5 or line 6.  | 7.  | _____ |
| 8. If you are under age 65, enter -0-. If you are age 65 or older, enter \$1,200.  | 8.  | _____ |
| 9. If you are not blind, enter -0-. If you are blind, enter \$1,200.   | 9.  | _____ |
| 10. Add lines 7, 8, and 9 and enter the total here and on Form 40S, line 13; or Form 40, line 26. This is your standard deduction. | 10. | _____ |

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

**16 Tax from tables.** Figure the tax on your Oregon taxable income, line 15. Because of the January 28, 2003, election, two sets of tax tables are provided.

- Use the **purple** tax tables on pages 21–23 if the tax increase fails.
- Use the **green** tax tables on pages 24–26 if the tax increase passes.

See page 2 for more information.

**After the January 28 election:** If you are not sure which tax table to use, visit our Web site or contact us. See page 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 × .05).

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040EZ, line 8; Form 1040A, line 41; Form 1040, line 64; or TeleFile Tax Record, line L. 1. \_\_\_\_\_
2. Decimal amount. 2. .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40S, line 18. 3. \_\_\_\_\_

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability. Any unused credit cannot be refunded.

**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:

- You paid child care expenses to allow you and your spouse to be employed or attend school; and
- Your adjusted gross income is less than the limit for your household size (see tables on page 33); and
- Your child care expenses are for your child under age 13 (or for your child with a disability, see page 8); 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 \$6,500; and
- You have less than \$2,550 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, 2002.

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 2002. 5. \_\_\_\_\_
6. Enter the decimal amount from the correct table on page 33. 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 2002. 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 to next year any amount that exceeds your tax liability. If you qualify, you may claim this credit 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 41; or Form 1040A, line 27 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 2001 child care expenses in 2002? If so, you may be able to use that amount to increase your 2002 Oregon child and dependent care credit. See page 40 for taxpayer assistance information.

**Carryover.** Your total 2002 child and dependent care credit can't be more than your 2002 tax liability for Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 21 below.

**21 Other credits.** You may qualify for other credits listed below. Identify the credit(s) you are claiming in the space on line 21. Use the title shown in bold or the abbreviation shown in brackets. If you have more than one credit, show the amount and type of each on the form, not on a separate sheet. Fill in the total amount of "other credits" on line 21.

- **Child and dependent care credit carryover from prior years [C/O-CDC].** Fill in the carryover amount on line 21. See page 35 for instructions.

- **Elderly or the disabled [OR CED].** You get an Oregon credit only if you qualify for the federal credit. See Form 40, line 39 instructions on page 34.
- **Home care of a person age 60 or older [HCE].** See page 40 to order the information circular.
- **Income taxes paid to another state [CITPAS].** You may be eligible for this credit if you paid income tax to another state. See Form 40, line 41 instructions on page 34.
- **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. See Form 40, line 42 instructions on page 35.
- **Political contribution [PCC].** You may qualify for a credit for political contributions. See Form 40, line 40 instructions on page 34.

**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, 2003, we can accept only Form(s) W-2 or 1099 as proof.

If you paid estimated tax for 2002, you **must** use Form 40.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2003 wages for Oregon. Call the department to order the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, download it from our Web site.

**25 Refund.** If line 24 is more than line 23, you have a refund. Enter your refund amount on line 25 and then go to line 27.

**26 Tax to pay.** If line 23 is more than line 24, you have tax to pay.

- Make your check or money order payable to "**Oregon Department of Revenue.**" **Do not** make your payment out to "IRS," "Treasury," or "Internal Revenue Service."
- Write your Social Security number and "2002 Oregon Form 40S" on your check.
- Please use **blue or black** ink. Do not use gel pens or red ink.
- **Don't send cash or a postdated check.**
- Staple your payment and the Form RPC payment coupon (page 37) 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.

**Payment plan.** If you can't pay in full now, we will work with you to set up a payment plan. See page 39 for more information.

If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. See page 36. For information about paying estimated tax for tax year 2003, see page 6.

If you don't have a refund but want to contribute to a charity listed on lines 27–32, mail your donation to the charity's address shown. Please do not mail your donation to the Department of Revenue.

**Go to the signature block section on page 38 to finish your return.**

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

**27 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

**28 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 Street, Suite 502  
Portland OR 97205

**29 Alzheimer's Disease Research.** Your donation goes to the Alzheimer's Association for research on Alzheimer's and related disorders.

Alzheimer's Association  
1311 NW 21st Avenue  
Portland OR 97209

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

OCADSV  
659 Cottage Street NE  
Salem OR 97301

**31 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

**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.

**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 17067  
Portland OR 97217-0067

**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  
2705 E Burnside, Suite 108  
Portland OR 97214

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

American Diabetes Association  
380 SE Spokane Street, 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 12<sup>th</sup> 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 14<sup>th</sup> Avenue  
Portland OR 97214

**Doernbecher Children's Hospital Foundation (Code 9).** Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

Doernbecher Children's Hospital Foundation  
1121 SW Salmon, Suite 201  
Portland OR 97205-2021

**The Oregon Humane Society (Code 10).** Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

The Oregon Humane Society  
PO Box 11364  
Portland OR 97211

**The Oregon Salvation Army (Code 11).** Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Salvation Army  
PO Box 8798  
Portland OR 97208

**The Oregon Veterans' Home (Code 12).** Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

Oregon Veterans' Home Donations  
700 Summer Street NE  
Salem OR 97301-1285

**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. Do not send in Form RPC, the payment coupon, with your return if you are claiming a refund.

**35** **Direct deposit.** Complete line 35 if you want us to deposit your refund directly into your bank account instead of sending you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32.
4. **Enter the account number** of the account into 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.

**Go to the signature block section on page 38 to finish your return.**

## **Form 40S Front**

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

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Use these PURPLE tables if the tax rate increase FAILS

# 2002 Tax Tables (with 9% rate)

**S** Use column S if you are:  
 • Single  
 • Married filing separately

**J** Use column J if you are:  
 • Married filing jointly  
 • Head of household  
 • Widow(er) with dependent child

If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column	
At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>\$ 0</b>				<b>\$ 4,000</b>				<b>\$ 9,000</b>				<b>\$ 14,000</b>			
				4,000 – 4,100	234	203		9,000 – 9,100	640	534		14,000 – 14,100	1,090	915	
				4,100 – 4,200	241	208		9,100 – 9,200	649	541		14,100 – 14,200	1,099	924	
				4,200 – 4,300	248	213		9,200 – 9,300	658	548		14,200 – 14,300	1,108	933	
				4,300 – 4,400	255	218		9,300 – 9,400	667	555		14,300 – 14,400	1,117	942	
				4,400 – 4,500	262	223		9,400 – 9,500	676	562		14,400 – 14,500	1,126	951	
				4,500 – 4,600	269	228		9,500 – 9,600	685	569		14,500 – 14,600	1,135	960	
				4,600 – 4,700	276	233		9,600 – 9,700	694	576		14,600 – 14,700	1,144	969	
				4,700 – 4,800	283	238		9,700 – 9,800	703	583		14,700 – 14,800	1,153	978	
0 – 20	0	0		4,800 – 4,900	290	243		9,800 – 9,900	712	590		14,800 – 14,900	1,162	987	
20 – 50	2	2		4,900 – 5,000	297	248		9,900 – 10,000	721	597		14,900 – 15,000	1,171	996	
<b>\$ 50</b>				<b>\$ 5,000</b>				<b>\$ 10,000</b>				<b>\$ 15,000</b>			
50 – 100	4	4		5,000 – 5,100	304	254		10,000 – 10,100	730	604		15,000 – 15,100	1,180	1,005	
100 – 200	8	8		5,100 – 5,200	311	261		10,100 – 10,200	739	611		15,100 – 15,200	1,189	1,014	
200 – 300	13	13		5,200 – 5,300	318	268		10,200 – 10,300	748	618		15,200 – 15,300	1,198	1,023	
300 – 400	18	18		5,300 – 5,400	325	275		10,300 – 10,400	757	625		15,300 – 15,400	1,207	1,032	
400 – 500	23	23		5,400 – 5,500	332	282		10,400 – 10,500	766	632		15,400 – 15,500	1,216	1,041	
500 – 600	28	28		5,500 – 5,600	339	289		10,500 – 10,600	775	639		15,500 – 15,600	1,225	1,050	
600 – 700	33	33		5,600 – 5,700	346	296		10,600 – 10,700	784	646		15,600 – 15,700	1,234	1,059	
700 – 800	38	38		5,700 – 5,800	353	303		10,700 – 10,800	793	653		15,700 – 15,800	1,243	1,068	
800 – 900	43	43		5,800 – 5,900	360	310		10,800 – 10,900	802	660		15,800 – 15,900	1,252	1,077	
900 – 1,000	48	48		5,900 – 6,000	367	317		10,900 – 11,000	811	667		15,900 – 16,000	1,261	1,086	
<b>\$ 1,000</b>				<b>\$ 6,000</b>				<b>\$ 11,000</b>				<b>\$ 16,000</b>			
1,000 – 1,100	53	53		6,000 – 6,100	374	324		11,000 – 11,100	820	674		16,000 – 16,100	1,270	1,095	
1,100 – 1,200	58	58		6,100 – 6,200	381	331		11,100 – 11,200	829	681		16,100 – 16,200	1,279	1,104	
1,200 – 1,300	63	63		6,200 – 6,300	388	338		11,200 – 11,300	838	688		16,200 – 16,300	1,288	1,113	
1,300 – 1,400	68	68		6,300 – 6,400	397	345		11,300 – 11,400	847	695		16,300 – 16,400	1,297	1,122	
1,400 – 1,500	73	73		6,400 – 6,500	406	352		11,400 – 11,500	856	702		16,400 – 16,500	1,306	1,131	
1,500 – 1,600	78	78		6,500 – 6,600	415	359		11,500 – 11,600	865	709		16,500 – 16,600	1,315	1,140	
1,600 – 1,700	83	83		6,600 – 6,700	424	366		11,600 – 11,700	874	716		16,600 – 16,700	1,324	1,149	
1,700 – 1,800	88	88		6,700 – 6,800	433	373		11,700 – 11,800	883	723		16,700 – 16,800	1,333	1,158	
1,800 – 1,900	93	93		6,800 – 6,900	442	380		11,800 – 11,900	892	730		16,800 – 16,900	1,342	1,167	
1,900 – 2,000	98	98		6,900 – 7,000	451	387		11,900 – 12,000	901	737		16,900 – 17,000	1,351	1,176	
<b>\$ 2,000</b>				<b>\$ 7,000</b>				<b>\$ 12,000</b>				<b>\$ 17,000</b>			
2,000 – 2,100	103	103		7,000 – 7,100	460	394		12,000 – 12,100	910	744		17,000 – 17,100	1,360	1,185	
2,100 – 2,200	108	108		7,100 – 7,200	469	401		12,100 – 12,200	919	751		17,100 – 17,200	1,369	1,194	
2,200 – 2,300	113	113		7,200 – 7,300	478	408		12,200 – 12,300	928	758		17,200 – 17,300	1,378	1,203	
2,300 – 2,400	118	118		7,300 – 7,400	487	415		12,300 – 12,400	937	765		17,300 – 17,400	1,387	1,212	
2,400 – 2,500	123	123		7,400 – 7,500	496	422		12,400 – 12,500	946	772		17,400 – 17,500	1,396	1,221	
2,500 – 2,600	129	128		7,500 – 7,600	505	429		12,500 – 12,600	955	780		17,500 – 17,600	1,405	1,230	
2,600 – 2,700	136	133		7,600 – 7,700	514	436		12,600 – 12,700	964	789		17,600 – 17,700	1,414	1,239	
2,700 – 2,800	143	138		7,700 – 7,800	523	443		12,700 – 12,800	973	798		17,700 – 17,800	1,423	1,248	
2,800 – 2,900	150	143		7,800 – 7,900	532	450		12,800 – 12,900	982	807		17,800 – 17,900	1,432	1,257	
2,900 – 3,000	157	148		7,900 – 8,000	541	457		12,900 – 13,000	991	816		17,900 – 18,000	1,441	1,266	
<b>\$ 3,000</b>				<b>\$ 8,000</b>				<b>\$ 13,000</b>				<b>\$ 18,000</b>			
3,000 – 3,100	164	153		8,000 – 8,100	550	464		13,000 – 13,100	1,000	825		18,000 – 18,100	1,450	1,275	
3,100 – 3,200	171	158		8,100 – 8,200	559	471		13,100 – 13,200	1,009	834		18,100 – 18,200	1,459	1,284	
3,200 – 3,300	178	163		8,200 – 8,300	568	478		13,200 – 13,300	1,018	843		18,200 – 18,300	1,468	1,293	
3,300 – 3,400	185	168		8,300 – 8,400	577	485		13,300 – 13,400	1,027	852		18,300 – 18,400	1,477	1,302	
3,400 – 3,500	192	173		8,400 – 8,500	586	492		13,400 – 13,500	1,036	861		18,400 – 18,500	1,486	1,311	
3,500 – 3,600	199	178		8,500 – 8,600	595	499		13,500 – 13,600	1,045	870		18,500 – 18,600	1,495	1,320	
3,600 – 3,700	206	183		8,600 – 8,700	604	506		13,600 – 13,700	1,054	879		18,600 – 18,700	1,504	1,329	
3,700 – 3,800	213	188		8,700 – 8,800	613	513		13,700 – 13,800	1,063	888		18,700 – 18,800	1,513	1,338	
3,800 – 3,900	220	193		8,800 – 8,900	622	520		13,800 – 13,900	1,072	897		18,800 – 18,900	1,522	1,347	
3,900 – 4,000	227	198		8,900 – 9,000	631	527		13,900 – 14,000	1,081	906		18,900 – 19,000	1,531	1,356	

# Use these PURPLE tables if the tax rate increase FAILS

## 2002 Tax Tables (with 9% rate)

**S** Use column S if you are:  
• Single  
• Married filing separately

**J** Use column J if you are:  
• Married filing jointly  
• Head of household  
• Widow(er) with dependent child

If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column	
At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>\$ 19,000</b>				<b>\$ 24,000</b>				<b>\$ 29,000</b>				<b>\$ 34,000</b>			
19,000-19,100	1,540	1,365		24,000-24,100	1,990	1,815		29,000-29,100	2,440	2,265		34,000-34,100	2,890	2,715	
19,100-19,200	1,549	1,374		24,100-24,200	1,999	1,824		29,100-29,200	2,449	2,274		34,100-34,200	2,899	2,724	
19,200-19,300	1,558	1,383		24,200-24,300	2,008	1,833		29,200-29,300	2,458	2,283		34,200-34,300	2,908	2,733	
19,300-19,400	1,567	1,392		24,300-24,400	2,017	1,842		29,300-29,400	2,467	2,292		34,300-34,400	2,917	2,742	
19,400-19,500	1,576	1,401		24,400-24,500	2,026	1,851		29,400-29,500	2,476	2,301		34,400-34,500	2,926	2,751	
19,500-19,600	1,585	1,410		24,500-24,600	2,035	1,860		29,500-29,600	2,485	2,310		34,500-34,600	2,935	2,760	
19,600-19,700	1,594	1,419		24,600-24,700	2,044	1,869		29,600-29,700	2,494	2,319		34,600-34,700	2,944	2,769	
19,700-19,800	1,603	1,428		24,700-24,800	2,053	1,878		29,700-29,800	2,503	2,328		34,700-34,800	2,953	2,778	
19,800-19,900	1,612	1,437		24,800-24,900	2,062	1,887		29,800-29,900	2,512	2,337		34,800-34,900	2,962	2,787	
19,900-20,000	1,621	1,446		24,900-25,000	2,071	1,896		29,900-30,000	2,521	2,346		34,900-35,000	2,971	2,796	
<b>\$ 20,000</b>				<b>\$ 25,000</b>				<b>\$ 30,000</b>				<b>\$ 35,000</b>			
20,000-20,100	1,630	1,455		25,000-25,100	2,080	1,905		30,000-30,100	2,530	2,355		35,000-35,100	2,980	2,805	
20,100-20,200	1,639	1,464		25,100-25,200	2,089	1,914		30,100-30,200	2,539	2,364		35,100-35,200	2,989	2,814	
20,200-20,300	1,648	1,473		25,200-25,300	2,098	1,923		30,200-30,300	2,548	2,373		35,200-35,300	2,998	2,823	
20,300-20,400	1,657	1,482		25,300-25,400	2,107	1,932		30,300-30,400	2,557	2,382		35,300-35,400	3,007	2,832	
20,400-20,500	1,666	1,491		25,400-25,500	2,116	1,941		30,400-30,500	2,566	2,391		35,400-35,500	3,016	2,841	
20,500-20,600	1,675	1,500		25,500-25,600	2,125	1,950		30,500-30,600	2,575	2,400		35,500-35,600	3,025	2,850	
20,600-20,700	1,684	1,509		25,600-25,700	2,134	1,959		30,600-30,700	2,584	2,409		35,600-35,700	3,034	2,859	
20,700-20,800	1,693	1,518		25,700-25,800	2,143	1,968		30,700-30,800	2,593	2,418		35,700-35,800	3,043	2,868	
20,800-20,900	1,702	1,527		25,800-25,900	2,152	1,977		30,800-30,900	2,602	2,427		35,800-35,900	3,052	2,877	
20,900-21,000	1,711	1,536		25,900-26,000	2,161	1,986		30,900-31,000	2,611	2,436		35,900-36,000	3,061	2,886	
<b>\$ 21,000</b>				<b>\$ 26,000</b>				<b>\$ 31,000</b>				<b>\$ 36,000</b>			
21,000-21,100	1,720	1,545		26,000-26,100	2,170	1,995		31,000-31,100	2,620	2,445		36,000-36,100	3,070	2,895	
21,100-21,200	1,729	1,554		26,100-26,200	2,179	2,004		31,100-31,200	2,629	2,454		36,100-36,200	3,079	2,904	
21,200-21,300	1,738	1,563		26,200-26,300	2,188	2,013		31,200-31,300	2,638	2,463		36,200-36,300	3,088	2,913	
21,300-21,400	1,747	1,572		26,300-26,400	2,197	2,022		31,300-31,400	2,647	2,472		36,300-36,400	3,097	2,922	
21,400-21,500	1,756	1,581		26,400-26,500	2,206	2,031		31,400-31,500	2,656	2,481		36,400-36,500	3,106	2,931	
21,500-21,600	1,765	1,590		26,500-26,600	2,215	2,040		31,500-31,600	2,665	2,490		36,500-36,600	3,115	2,940	
21,600-21,700	1,774	1,599		26,600-26,700	2,224	2,049		31,600-31,700	2,674	2,499		36,600-36,700	3,124	2,949	
21,700-21,800	1,783	1,608		26,700-26,800	2,233	2,058		31,700-31,800	2,683	2,508		36,700-36,800	3,133	2,958	
21,800-21,900	1,792	1,617		26,800-26,900	2,242	2,067		31,800-31,900	2,692	2,517		36,800-36,900	3,142	2,967	
21,900-22,000	1,801	1,626		26,900-27,000	2,251	2,076		31,900-32,000	2,701	2,526		36,900-37,000	3,151	2,976	
<b>\$ 22,000</b>				<b>\$ 27,000</b>				<b>\$ 32,000</b>				<b>\$ 37,000</b>			
22,000-22,100	1,810	1,635		27,000-27,100	2,260	2,085		32,000-32,100	2,710	2,535		37,000-37,100	3,160	2,985	
22,100-22,200	1,819	1,644		27,100-27,200	2,269	2,094		32,100-32,200	2,719	2,544		37,100-37,200	3,169	2,994	
22,200-22,300	1,828	1,653		27,200-27,300	2,278	2,103		32,200-32,300	2,728	2,553		37,200-37,300	3,178	3,003	
22,300-22,400	1,837	1,662		27,300-27,400	2,287	2,112		32,300-32,400	2,737	2,562		37,300-37,400	3,187	3,012	
22,400-22,500	1,846	1,671		27,400-27,500	2,296	2,121		32,400-32,500	2,746	2,571		37,400-37,500	3,196	3,021	
22,500-22,600	1,855	1,680		27,500-27,600	2,305	2,130		32,500-32,600	2,755	2,580		37,500-37,600	3,205	3,030	
22,600-22,700	1,864	1,689		27,600-27,700	2,314	2,139		32,600-32,700	2,764	2,589		37,600-37,700	3,214	3,039	
22,700-22,800	1,873	1,698		27,700-27,800	2,323	2,148		32,700-32,800	2,773	2,598		37,700-37,800	3,223	3,048	
22,800-22,900	1,882	1,707		27,800-27,900	2,332	2,157		32,800-32,900	2,782	2,607		37,800-37,900	3,232	3,057	
22,900-23,000	1,891	1,716		27,900-28,000	2,341	2,166		32,900-33,000	2,791	2,616		37,900-38,000	3,241	3,066	
<b>\$ 23,000</b>				<b>\$ 28,000</b>				<b>\$ 33,000</b>				<b>\$ 38,000</b>			
23,000-23,100	1,900	1,725		28,000-28,100	2,350	2,175		33,000-33,100	2,800	2,625		38,000-38,100	3,250	3,075	
23,100-23,200	1,909	1,734		28,100-28,200	2,359	2,184		33,100-33,200	2,809	2,634		38,100-38,200	3,259	3,084	
23,200-23,300	1,918	1,743		28,200-28,300	2,368	2,193		33,200-33,300	2,818	2,643		38,200-38,300	3,268	3,093	
23,300-23,400	1,927	1,752		28,300-28,400	2,377	2,202		33,300-33,400	2,827	2,652		38,300-38,400	3,277	3,102	
23,400-23,500	1,936	1,761		28,400-28,500	2,386	2,211		33,400-33,500	2,836	2,661		38,400-38,500	3,286	3,111	
23,500-23,600	1,945	1,770		28,500-28,600	2,395	2,220		33,500-33,600	2,845	2,670		38,500-38,600	3,295	3,120	
23,600-23,700	1,954	1,779		28,600-28,700	2,404	2,229		33,600-33,700	2,854	2,679		38,600-38,700	3,304	3,129	
23,700-23,800	1,963	1,788		28,700-28,800	2,413	2,238		33,700-33,800	2,863	2,688		38,700-38,800	3,313	3,138	
23,800-23,900	1,972	1,797		28,800-28,900	2,422	2,247		33,800-33,900	2,872	2,697		38,800-38,900	3,322	3,147	
23,900-24,000	1,981	1,806		28,900-29,000	2,431	2,256		33,900-34,000	2,881	2,706		38,900-39,000	3,331	3,156	

# Use these PURPLE tables if the tax rate increase FAILS

## 2002 Tax Tables (with 9% rate)

**S** Use column S if you are:  
 • Single  
 • Married filing separately

**J** Use column J if you are:  
 • Married filing jointly  
 • Head of household  
 • Widow(er) with dependent child

If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column		If income from Form 40S, line 15; or Form 40, line 29 is		And you use column	
At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>	At least:	But less than:	<b>S</b>	<b>J</b>
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
<b>\$ 39,000</b>				<b>\$ 42,000</b>				<b>\$ 45,000</b>				<b>\$ 48,000</b>			
39,000–39,100	3,340	3,165		42,000–42,100	3,610	3,435		45,000–45,100	3,880	3,705		48,000–48,100	4,150	3,975	
39,100–39,200	3,349	3,174		42,100–42,200	3,619	3,444		45,100–45,200	3,889	3,714		48,100–48,200	4,159	3,984	
39,200–39,300	3,358	3,183		42,200–42,300	3,628	3,453		45,200–45,300	3,898	3,723		48,200–48,300	4,168	3,993	
39,300–39,400	3,367	3,192		42,300–42,400	3,637	3,462		45,300–45,400	3,907	3,732		48,300–48,400	4,177	4,002	
39,400–39,500	3,376	3,201		42,400–42,500	3,646	3,471		45,400–45,500	3,916	3,741		48,400–48,500	4,186	4,011	
39,500–39,600	3,385	3,210		42,500–42,600	3,655	3,480		45,500–45,600	3,925	3,750		48,500–48,600	4,195	4,020	
39,600–39,700	3,394	3,219		42,600–42,700	3,664	3,489		45,600–45,700	3,934	3,759		48,600–48,700	4,204	4,029	
39,700–39,800	3,403	3,228		42,700–42,800	3,673	3,498		45,700–45,800	3,943	3,768		48,700–48,800	4,213	4,038	
39,800–39,900	3,412	3,237		42,800–42,900	3,682	3,507		45,800–45,900	3,952	3,777		48,800–48,900	4,222	4,047	
39,900–40,000	3,421	3,246		42,900–43,000	3,691	3,516		45,900–46,000	3,961	3,786		48,900–49,000	4,231	4,056	
<b>\$ 40,000</b>				<b>\$ 43,000</b>				<b>\$ 46,000</b>				<b>\$ 49,000</b>			
40,000–40,100	3,430	3,255		43,000–43,100	3,700	3,525		46,000–46,100	3,970	3,795		49,000–49,100	4,240	4,065	
40,100–40,200	3,439	3,264		43,100–43,200	3,709	3,534		46,100–46,200	3,979	3,804		49,100–49,200	4,249	4,074	
40,200–40,300	3,448	3,273		43,200–43,300	3,718	3,543		46,200–46,300	3,988	3,813		49,200–49,300	4,258	4,083	
40,300–40,400	3,457	3,282		43,300–43,400	3,727	3,552		46,300–46,400	3,997	3,822		49,300–49,400	4,267	4,092	
40,400–40,500	3,466	3,291		43,400–43,500	3,736	3,561		46,400–46,500	4,006	3,831		49,400–49,500	4,276	4,101	
40,500–40,600	3,475	3,300		43,500–43,600	3,745	3,570		46,500–46,600	4,015	3,840		49,500–49,600	4,285	4,110	
40,600–40,700	3,484	3,309		43,600–43,700	3,754	3,579		46,600–46,700	4,024	3,849		49,600–49,700	4,294	4,119	
40,700–40,800	3,493	3,318		43,700–43,800	3,763	3,588		46,700–46,800	4,033	3,858		49,700–49,800	4,303	4,128	
40,800–40,900	3,502	3,327		43,800–43,900	3,772	3,597		46,800–46,900	4,042	3,867		49,800–49,900	4,312	4,137	
40,900–41,000	3,511	3,336		43,900–44,000	3,781	3,606		46,900–47,000	4,051	3,876		49,900–50,001	4,321	4,146	
<b>\$ 41,000</b>				<b>\$ 44,000</b>				<b>\$ 47,000</b>							
41,000–41,100	3,520	3,345		44,000–44,100	3,790	3,615		47,000–47,100	4,060	3,885					
41,100–41,200	3,529	3,354		44,100–44,200	3,799	3,624		47,100–47,200	4,069	3,894					
41,200–41,300	3,538	3,363		44,200–44,300	3,808	3,633		47,200–47,300	4,078	3,903					
41,300–41,400	3,547	3,372		44,300–44,400	3,817	3,642		47,300–47,400	4,087	3,912					
41,400–41,500	3,556	3,381		44,400–44,500	3,826	3,651		47,400–47,500	4,096	3,921					
41,500–41,600	3,565	3,390		44,500–44,600	3,835	3,660		47,500–47,600	4,105	3,930					
41,600–41,700	3,574	3,399		44,600–44,700	3,844	3,669		47,600–47,700	4,114	3,939					
41,700–41,800	3,583	3,408		44,700–44,800	3,853	3,678		47,700–47,800	4,123	3,948					
41,800–41,900	3,592	3,417		44,800–44,900	3,862	3,687		47,800–47,900	4,132	3,957					
41,900–42,000	3,601	3,426		44,900–45,000	3,871	3,696		47,900–48,000	4,141	3,966					

After January 28: If you are not sure of the election outcome or which chart to use, visit our Web site at [www.dor.state.or.us](http://www.dor.state.or.us). Or, call us for information. See page 40 for numbers to call.

### 2002 Tax Rate Charts (with 9% rate)

**S** Chart S:  
 For persons filing  
 Single or Married filing separately

If your taxable income is: Your tax is:  
 Over \$50,000 ..... \$4,325 plus 9% of excess over \$50,000

**J** Chart J:  
 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 ..... \$4,150 plus 9% of excess over \$50,000

# Form 40 line instructions

The following instructions are for lines not fully explained on the form. See page 7 for general Form 40 instructions.

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 35; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 34; or TeleFile Tax Record, line I. Attach the first two pages of your federal return. This helps us verify your income and speeds the processing of your return.

## Additions

Generally, additions are items the federal government does not tax but Oregon does. Additions increase your federal adjusted gross income.

**9** **Interest and dividends on state and local government bonds outside of Oregon.** You must add to Oregon income any interest and dividends you received from state and local governments **outside of 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 line 10. Please use the title shown in bold or the abbreviation in brackets. If you have more than one addition, show the amount and type of each on the form, not on a separate sheet. Fill in the total amount of "other additions" on line 10.

- **Federal deduction for long-term care insurance premiums [LTCIP].** Are you going to claim an Oregon long-term care insurance credit this year? Did you claim a federal deduction for the premiums? If so, you must add to your Oregon return the amount of premiums that resulted in a tax benefit on your federal return. Call the department to order the information circular, *Long-Term Care Insurance Premiums Tax Credit*. Or, download it from our Web site.
- **Federal election on interest and dividends of a minor child [Minor].** Did you 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 outside of Oregon, you must add that amount also.

- **Federal income tax refunds [Fed ref].** Did you get a federal tax refund in 2002 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? Gambling losses are limited to gambling winnings taxed by Oregon. Contact the department for more information. See page 40.
- **Individual Development Account [IDA].** Are you going to claim an Oregon Individual Development Account credit this year? Did you claim a federal deduction for your charitable contribution to that program? If so, 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, you must add these back to Oregon income.
- The following additions apply to only a few people and are not explained in this booklet. See page 40 for taxpayer assistance.
  - Claim of right [COR].
  - Depletion in excess of property basis [Depl].
  - Difference in depreciation for Oregon [Dif dep].
  - Fiduciary adjustments from Oregon estates and simple or complex trusts [Fid].
  - Gain or loss on the sale of depreciable property with an Oregon basis that is different from the federal basis [Basis dif].
  - Non-qualified withdrawal from an Oregon qualified tuition savings plan [QTSP].
  - 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

Generally, subtractions are items the federal government taxes but Oregon does not. Subtractions reduce your federal adjusted gross income.

**13** **2002 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 \$3,250. Don't fill in less than -0- or more than \$3,250 (\$1,625 if married filing separately).

1. Fill in your federal tax liability from Form 1040, line 55\*; Form 1040A, line 36; Form 1040EZ, line 10; Form 1040NR, line 51\*; or TeleFile Tax Record, tax from second box, line K. 1. \_\_\_\_\_
2. Fill in \$3,250 (\$1,625 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 have tax on qualified retirement plans, Form 1040, line 58; or Form 1040NR, line 54? If so, include the additional tax in your federal tax liability amount on line 1 above.*

**Caution:** Don't add:

- Self-employment tax, Form 1040, line 56.
- Social Security and Medicare tax on tips, Form 1040, line 57; or Form 1040NR, line 53.
- Advance earned income credit payments, Form 1040, line 59; or Form 1040A, line 37.
- Household employment taxes, Form 1040, line 60; or Form 1040NR, line 56.

Did you pay additional federal tax in 2002 because you were audited or you filed an amended return? If so, read the instructions for line 18 on page 29 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 \$3,250 (\$1,625 if married filing separately).

**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 Board benefits and need help, see page 40 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:** You may subtract 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 reported interest or dividends of your minor child on your federal return, you may subtract any U.S. government interest included.

**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 in Oregon income.

**17** **Federal pension income.** You may be able to subtract some or all of the taxable federal pension included in 2002 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:** Joe 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 2002, 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. Identify the subtraction in the space on line 18. Please use the title shown in bold or the abbreviation shown in brackets. If you have more than one subtraction, show the amount and type of each on the form, not on a separate sheet. Fill in the total amount of “other subtractions” on line 18. Do not use this line to subtract federal pension. See line 17. If you need more information about any of the following subtractions, see page 40 for taxpayer assistance information.

• **American Indian [Amer Ind].** Are you an enrolled member of a federally recognized tribe? You may be able to subtract all or part of your income if **all** of the following are true:

- You are an enrolled member of a federally recognized American Indian tribe, and
- Your income is earned in federally recognized Indian country, and
- You live in federally recognized Indian country.

Income such as interest income can also be subtracted if you receive it while living in Indian country. “Indian country” means reservation land and other land held in trust by the United States for a tribe. Please attach a completed copy of your *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe* (Form 150-101-049) to your return. See page 40 for assistance information.

• **Claim of right [COR].** Were you taxed in a prior year on income such as unemployment benefits that you are repaying? If so, you may be able to claim a subtraction for the income (or benefits) you repaid. Contact the department for more information. See page 40.

• **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 40 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 2002 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 \$3,250 (\$1,625 if married filing separately) subtract your federal tax, Form 40, line 13.

**Step 2:** On Form 40, line 18, fill in the smaller 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 2002 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. **Note:** Your total subtraction cannot be more than your total active duty pay income.

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.

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 subtraction of \$13,000.

• **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 27.

- **Oregon Qualified Tuition Savings Program [QTSP].** You may subtract contributions you made to an Oregon qualified tuition savings plan in 2002 but not more than \$2,000 (\$1,000 if married filing separately) per return. Keep a copy of your account statement with your tax records. For information about qualified tuition savings plans in Oregon, call 503-378-2882. Or, visit the State Treasury's Web site at [www.ost.state.or.us](http://www.ost.state.or.us).
- **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. See page 40 for assistance information.
- The following subtractions apply to only a few people and are not explained in this booklet. See page 40 for taxpayer assistance information.
  - Artists who make a charitable art donation [Art].
  - 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 and construction worker 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 Board and railroad unemployment benefits [RR].

## Deductions

You may claim either net itemized deductions or Oregon's standard deduction, whichever is larger, but not both.

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

**Note:** If you are married filing separately, you must itemize deductions if your 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, 2002? 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 for Oregon. 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 41, page 34.

Did you limit itemized deductions on your federal return because your adjusted gross income exceeded \$137,300 (\$68,650 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 40 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 .....	\$1,640
Married filing jointly .....	3,280
Married filing separately	
If spouse claims standard deduction ....	1,640
If spouse claims itemized deductions .....	-0-
Head of household .....	2,640
Qualifying widow(er) .....	3,280

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

- Your earned income plus \$250, up to 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. See page 9 for Form 40S, line 13 instructions.



same way as federal. The interest rate is .6667 percent per month (8 percent per year) for 2002.

## 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.

**35 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 8; Form 1040A, line 41; Form 1040, line 64; or TeleFile Tax Record, line L). 1. \_\_\_\_\_
2. Decimal amount. 2. .05
3. Multiply the amount on line 1 by the decimal on line 2. Enter the result here and on Form 40, line 35. 3. \_\_\_\_\_

The Oregon earned income credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability.

**36 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:

- You paid child care expenses to allow you and your spouse to be employed or attend school; and
- Your adjusted gross income (Form 40, line 8) is less than the limit for your household size (see tables on page 33); and
- Your child care expenses are for your child under age 13 (or for your child with a disability, see page 8); 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 \$6,500; and
- You have less than \$2,550 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, 2002.

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 2002. 5. \_\_\_\_\_
6. Enter the decimal amount from the correct table on page 33. The tables are based on household size (line 3). For example, if the amount on line 3 is 7, use Table 7. 6. \_\_\_\_\_
7. Multiply the amount on line 5 by the decimal amount on line 6. Enter the result here and on Form 40, line 36. 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 2002. 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 to next year any amount that exceeds your tax liability. If you qualify, you may claim this credit in addition to the child and dependent care credit.

**37 Retirement income credit.** If you were age 62 or older on December 31, 2002, 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 Board benefits. Retirement income includes payments reported 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 on Form 40, line 17. See page 28. 2. \_\_\_\_\_

*continued on page 34*

# Working Family Child Care Credit—2002 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:	
—	\$17,700	.40
\$17,700	18,600	.36
18,600	19,500	.32
19,500	20,400	.24
20,400	21,250	.16
21,250	22,150	.08
22,150	—	.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:	
—	\$23,900	.40
\$23,900	25,050	.36
25,050	26,250	.32
26,250	27,450	.24
27,450	28,650	.16
28,650	29,850	.08
29,850	—	.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:	
—	\$30,050	.40
\$30,050	31,550	.36
31,550	33,050	.32
33,050	34,550	.24
34,550	36,050	.16
36,050	37,550	.08
37,550	—	.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:	
—	\$36,200	.40
\$36,200	38,000	.36
38,000	39,800	.32
39,800	41,650	.24
41,650	43,450	.16
43,450	45,250	.08
45,250	—	.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:	
—	\$42,350	.40
\$42,350	44,500	.36
44,500	46,600	.32
46,600	48,700	.24
48,700	50,850	.16
50,850	52,950	.08
52,950	—	.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:	
—	\$48,500	.40
\$48,500	50,950	.36
50,950	53,350	.32
53,350	55,800	.24
55,800	58,200	.16
58,200	60,650	.08
60,650	—	.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:	
—	\$54,700	.40
\$54,700	57,400	.36
57,400	60,150	.32
60,150	62,900	.24
62,900	65,600	.16
65,600	68,350	.08
68,350	—	.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:	
—	\$60,850	.40
\$60,850	63,900	.36
63,900	66,900	.32
66,900	69,950	.24
69,950	73,000	.16
73,000	76,050	.08
76,050	—	.00

\* If your household size is larger than eight, please contact the department for the tables you need. See page 40 for taxpayer assistance information.

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 2002 Social Security and tier 1 Railroad Retirement Board 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 smaller of line 3 or line 10. 11. \_\_\_\_\_
12. Multiply line 11 by 9% (.09). Enter the result here and on Form 40, line 37. 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 Board 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. You cannot carry over to next year any amount that exceeds your tax liability. You may claim this credit or the credit for the elderly or the disabled, line 39, **but not both**.

**38** **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 41; or Form 1040A, line 27 is:		Your decimal amount is:
Over—	But not over—	
—	\$5,000	.30
\$5,000	10,000	.15
10,000	15,000	.08
15,000	25,000	.06
25,000	35,000	.05
35,000	45,000	.04
45,000	—	.00

3. Multiply the amount on line 1 by the decimal amount on line 2. Enter here and on Form 40, line 38. 3. \_\_\_\_\_

**Did you pay 2001 child care expenses in 2002?** If so, you may be able to use that amount to increase your 2002 Oregon child and dependent care credit. See page 40 for taxpayer assistance information.

**Carryover.** Your total 2002 child and dependent care credit can't be more than your 2002 tax liability for Oregon. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost. See instructions for line 42 on page 35.

**39** **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 for Form 40 filers:** You may claim this credit or the retirement income credit, line 37, **but not both**.

**40** **Political contribution credit.** Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. You must have made the contributions during 2002. Your contributions 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.

Call the department to order the information circular, *Political Contributions Tax Credit*. See page 40. Or, download it from our Web site.

**41** **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 cannot claim the credit on your Oregon return. You may claim the credit on the nonresident return you file with those states. If income is taxed by Oregon and another state not listed here, claim the credit on your Form 40 Oregon resident return, line 41; or Form 40S, line 21.

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 **smallest** 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:

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

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total MAGI}} \times \text{Your Oregon tax after subtracting all other credits}$$

If you file Form 40S, your total MAGI is line 11.

If you file Form 40, your total MAGI 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 **smaller** of the following:

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

**You must attach a copy of the other state's return and proof of payment to the back of your Oregon return.**

You may be allowed this credit even if Oregon and another state taxes the same income in different years. Call us for more information. See page 40.

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 40.

**42** **Other credits.** You may be eligible for other credits listed in the next column. Identify the credit(s) you are claiming in the space on line 42. Use the title shown in bold or the abbreviation shown in brackets. If you have more than one credit, show the amount and type of each on the form, not on a separate sheet. Fill in the total amount of "other credits" on line 42.

- **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 smallest 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, line 44. You can carry forward any excess credit 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 2002, you may qualify for a credit. The credit is the smaller of \$75,000 or 75 percent of the donation made. It can't be more than your 2002 Oregon tax liability. You may carry over any excess for the next three years. Any federal benefit due to a federal deduction must be reported as an Oregon addition. See page 27.
- **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 2002.

The credit for joint filers and single individual filers is the **smaller** 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. Call the department to order the information circular, *Long-Term Care Insurance Premiums Tax Credit*. See page 40.

Any federal benefit due to a federal deduction for the premiums must be reported as an Oregon addition. See instructions on page 27.

The credit is limited to your tax liability. You cannot carry over to next year any amount that exceeds your tax liability.

- **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 an additional exemption for severely disabled persons. See instructions on page 7.

- **Residential energy devices [Res en].** To qualify, you must purchase an energy efficient appliance or install a solar device or ground loop system. Renters may qualify for this credit. See page 40 to order the information circular, *Residential Energy Tax Credit*.
- The following credits apply to only a few people and aren't explained in this booklet. See page 40 for taxpayer assistance information.
  - Advanced telecommunications facilities [ATF].\*
  - Bone marrow donation program [Marrow].
  - Business energy [Bus en].
  - Child Care Division contributions [CCD].\*
  - Claim of right [COR].
  - Dependent care assistance [DCA].
  - Donated crops [Crops].
  - Electronic commerce zone investment [ECZI].\*
  - Employer scholarship [Emp Sch].\*
  - 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].
  - On-farm processing facilities [On-farm].\*
  - Oregon Cultural Trust [OCT].\*
  - Pollution control facilities [Poll fac].
  - Pollution prevention [Poll prev].
  - Reforestation of underproductive forest lands [Reforest].
  - Reservation enterprise zone [Tribal EZ].\*
  - Rural medical practitioners [Rural med].

\* New for 2002.

## Tax payments, penalties, and interest

- 45** **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, 2003, we can accept only Form(s) W-2 or 1099 as proof.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2003 wages for Oregon. Call the department to order the information circular, *Oregon Income Tax Withholding: Some Special Cases*. Or, download it from our Web site.

- 46** **Estimated tax you paid for the 2002 tax year.** Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 15, 2002; June 17, 2002; September 16, 2002; and January 15, 2003. Include any payments you made with your extension. Also include any refund applied from your 2001 income tax return or an Oregon amended return (Form 40X). If the department adjusted your 2001 refund, be sure to use the corrected amount.

- 50** **Penalty and interest.** Your return is due by April 15, 2003, 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 to find out how to avoid a penalty.

**Interest.** If you are filing your return or paying your tax after April 15, 2003, 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 .5833 percent per month (7 percent per year).

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

$$\text{Tax} \times .000192 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 11 percent per year.

- 51** **Interest on estimated tax underpayment.** For 2002, you have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment date, based on the 9 percent tax rate (purple tables, pages 21-23).

You don't have an underpayment if:

- You owe less than \$1,000 tax on your 2002 tax return after credits and Oregon tax withheld, based on the 9 percent tax rate, or



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

**61** **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 61. Only one code may be entered. Check the box for the amount you want to donate and write it on line 61. Or, you can mail your donations to the addresses shown on page 12.

**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.

**Doernbecher Children's Hospital Foundation (Code 9).** Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

**The Oregon Humane Society (Code 10).** Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

**The Oregon Salvation Army (Code 11).** Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

**The Oregon Veterans' Home (Code 12).** Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

**63** **Net refund.** You must reduce your refund by any amounts applied to 2003 estimated tax (line 55) and donations on lines 56–61. 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. Do not send in Form RPC, the payment coupon, with your return if you are claiming a refund.

**64** **Direct deposit.** Complete line 64 if you want us to deposit your refund directly into your bank account instead of sending you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box** for account type. Check **either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, or 21 through 32.
4. **Enter the account number** of the account into 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.

## Signature block

**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. Otherwise, check "No."

**Signature(s).** Be sure to sign and date your return. If you are filing a joint return, both spouses must sign.

**Preparer signature.** 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 and licensed tax preparers.
- 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.

## Before you file

**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 and completed Form RPC payment coupon (page 37) on top of the Form(s) W-2 and/or 1099.

4. Place a copy of the front and back of federal Form 1040, 1040A, 1040EZ, 1040NR, or TeleFile Tax Record behind your Form 40. Form 40S filers don't need to attach this item unless the IRS is figuring your federal tax.
5. If applicable, place these items in the following order behind the federal form:
  - Oregon Form 10, *Underpayment of Oregon Estimated Tax*.
  - Proof to claim credit for taxes paid to another state.
  - Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions*.
  - Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*.
  - *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*.
6. Staple all the pages of your return together in the top left-hand corner.

**Don't attach** extension requests; 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.

#### How long do I have to file my return and get a refund?

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.

#### Can I make payments?

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. Be sure you also use Form RPC, the payment coupon, on page 37. 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. If you do not call, collection activity may begin.

### To avoid processing delays, remember to:

**File electronically.** See page 2. File only once. **Do not send a paper return if you have filed electronically.**

**File after January 28, 2003, election results are known.**

**Type or clearly print** your name, address, telephone number, 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.

**Verify that you have used the correct tax table or rate chart** on pages 21–23 or 24–26.

**Claim any federal pension subtraction** on Form 40, line 17.

**Label amounts** on Form 40S, line 21; or Form 40, lines 10, 18, and 42 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.

**Attach Form RPC, the payment coupon,** with your payment to the front of your return.

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

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

REFUND  
PO Box 14700  
Salem OR 97309-0930

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

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

### After you file

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

Remember, the department will start processing returns after the January 28, 2003, election results are known.

- 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.**

# Taxpayer assistance

## Printed information (free)

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our Web site, order by telephone, or return the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail in the entire list to the address below.

### Forms and instructions

- Form 10, *Underpayment of Oregon Estimated Tax* ..... 150-101-031
- Form 24, *Like-Kind Exchanges/ Involuntary Conversions*..... 150-800-734
- Form 40ES, *Estimated Income Tax Coupons, and instructions* ..... 150-101-026/-2
- Forms 40S & 40, *Full-Year Residents* ..... 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresidents* .... 150-101-045
- Form 40X, *Oregon Amended Individual Income Tax Return* ..... 150-101-046
- Form 40-EXT, *Oregon Automatic Extension and Extension Payment Coupon* ..... 150-101-165
- Form 90R, *Elderly Rental Assistance* ..... 150-545-002
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* ..... 150-101-160
- Form FIA-40N, *Oregon Farm Income Averaging for Nonresidents* ..... 150-101-161
- Form FIA-40P, *Oregon Farm Income Averaging for Part-Year Residents* ..... 150-101-162
- Oregon Depreciation Schedule* ..... 150-101-025
- Schedule Z, Computation of Tax for Oregon Farm Income Averaging* ..... 150-101-166

### Information circulars and brochures

- Computing Interest on Tax You Owe* ..... 150-800-691
- Credit for Income Taxes Paid to Another State* .... 150-101-646
- Divorce and Taxes* ..... 150-101-629
- Donated Crops Tax Credit* ..... 150-101-686
- Estimated Income Tax* ..... 150-101-648
- Home Care of a Person Age 60 or Older Tax Credit* ... 150-101-653
- Income Tax Filing Extension* ..... 150-101-660
- Interstate Transportation Wages (Amtrak Act)*... 150-101-601
- Limit on Itemized Deductions* ..... 150-101-611
- Married Persons Filing Separate Returns* ..... 150-101-656
- Military Personnel Filing Information* ..... 150-101-657
- Oregon Electronic Filing* ..... 150-101-630
- Record Keeping Requirements* ..... 150-101-608
- Residential Energy Tax Credit* ..... 150-101-641
- Retirement Income* ..... 150-101-673
- What To Do if You Are Audited* ..... 150-101-607
- Your Rights as an Oregon Taxpayer* ..... 150-800-406
- List of other printed information:  
*Form and Publication Order* ..... 150-800-390

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

### Please print

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ ZIP Code \_\_\_\_\_

## Internet

[www.dor.state.or.us](http://www.dor.state.or.us)



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

## Correspondence



Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555. 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 2002 personal income tax refund (beginning March 1).



For help from Tax Services, call one of the numbers above:  
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.  
Representatives also available Saturday, April 5 and April 12.  
*Wait times may vary.*

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

**Americans with Disabilities Act (ADA).** This information is available in alternative formats. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

**Asistencia en español. Llame al 503-945-8618 en Salem.**

## Field offices

Get forms and assistance at these offices. **Don't send your return to these addresses.**

**Bend** 951 SW Simpson Drive, Suite 100  
**Eugene** 1600 Valley River Drive, Suite 310  
**Medford** 24 W 6th Street  
**Newport** 119 NE 4th Street, Suite 4  
**North Bend** 3030 Broadway  
**Pendleton** 700 SE Emigrant, Suite 310  
**Portland\*** Federal Building Lobby,  
1220 SW Third Avenue



**Portland** 800 NE Oregon Street, Suite 505  
**Salem** Revenue Building, 955 Center Street NE, Room 135  
**Salem** 4275 Commercial Street SE, Suite 180  
**Tualatin** 6405 SW Rosewood Street, Suite A

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

