

FORM 10 UNDERPAYMENT OF OREGON ESTIMATED TAX 2003
 File with your 2003 Oregon individual income tax return

For Office Use Only
 Date Received

• See instructions.

Name _____ Social Security Number _____

EXCEPTION TO PAYING INTEREST

1. I am claiming an exception to the imposition of estimated payment interest because I qualified for relief under ORS 316.573 or 316.587. See instructions and write in the exception number you are claiming 1 **Exception #** _____

PART A — Figure your required annual payment

2. 2003 tax after credits from Form 40, line 43; or Forms 40N or 40P, line 61	2		.00
3. 2003 working family credit amount you claimed on Form 40, line 48; or Forms 40N or 40P, line 66	3		.00
4. Subtract line 3 from line 2	4		.00
5. Multiply line 4 by 90% (.90)	5		.00
6. 2003 Oregon income tax withheld from income	6		.00
7. Line 4 minus line 6. If less than \$1,000, stop here! You do not owe underpayment interest	7		.00
8. Enter your 2002 tax liability after tax credits (see instructions)	8		.00
9. Required annual payment. Enter the smaller of line 5 or line 8	9		.00

Note: If line 6 is equal to or more than line 9, **stop here!** You do not owe underpayment interest. Attach this form to your return.

Read the instructions on page 2 **before** completing Part B. Starting with column A, work **down** the columns, and complete lines 11 through 16 **before** going on to columns B, C, and D.

PART B — Figure your underpayment (See instructions on page 2)

- 10. Payment period due date 10
- 11. Divide the amount on line 9 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions) 11
- 12. **2003** estimated tax paid and tax withheld for each period. If line 12 is equal to or more than line 11 for all payment periods, **stop here!** You do not owe underpayment interest 12
- 13. Overpayment from previous period. Amount on line 15 of prior column 13
- 14. Line 12 plus line 13 14
- 15. **Overpayment.** Is line 14 more than line 11? If yes, line 14 minus line 11. Go to line 13 in the next column 15
- 16. **Underpayment.** Is line 11 more than line 14? If yes, line 11 minus line 14. Go to line 13 in the next column 16

	A	B	C	D
	April 15, 2003	June 16, 2003	Sept. 15, 2003	Jan. 15, 2004
10. Payment period due date				
11. Divide the amount on line 9 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions)				
12. 2003 estimated tax paid and tax withheld for each period. If line 12 is equal to or more than line 11 for all payment periods, stop here! You do not owe underpayment interest				
13. Overpayment from previous period. Amount on line 15 of prior column				
14. Line 12 plus line 13				
15. Overpayment. Is line 14 more than line 11? If yes, line 14 minus line 11. Go to line 13 in the next column				
16. Underpayment. Is line 11 more than line 14? If yes, line 11 minus line 14. Go to line 13 in the next column				
17. Date you paid underpayment or April 15, 2004, whichever is earlier				
18. Number of full months from date on line 10 before January 16, 2004				
19. Multiply line 18 X the amount on line 16 X .005833				
20. Number of remaining days before January 16, 2004				
21. Multiply line 20 X the amount on line 16 X .000192				
22. Number of full months after January 15, 2004				
23. Multiply line 22 X the amount on line 16 X .005				
24. Number of remaining days after January 15, 2004				
25. Multiply line 24 X the amount on line 16 X .000164				
26. Add lines 19, 21, 23, and 25				
27. Total interest due. Add the amounts on line 26 in columns A–D. Round the total to the nearest whole dollar and enter here and on Form 40, line 53; or Form 40N, line 71; or Form 40P, line 71				

ANNUALIZED INCOME WORKSHEET

Read the instructions on page 3 **before** completing this worksheet. **Note:** Starting with column A, work **down** the column, and complete lines 1 through 31 **before** going on to columns B, C, and D.

	A 1/1/03 to 3/31/03	B 1/1/03 to 5/31/03	C 1/1/03 to 8/31/03	D 1/1/03 to 12/31/03
1. Enter your adjusted gross income for each period (see instructions) 1				
2. Oregon additions for each period (see instructions) 2				
3. Add lines 1 and 2 3				
4. Annualization amounts 4	4	2.4	1.5	1
5. Annualized Oregon income. Multiply line 3 by line 4 5				
6. Oregon subtractions for each period (except federal tax) 6				
7. Annualization amounts 7	4	2.4	1.5	1
8. Annualized Oregon subtractions. Multiply line 6 by line 7 8				
9. Federal tax from the worksheet on page 3 of the instructions 9				
10. Total subtractions. Add lines 8 and 9 10				
11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions) 11				
12. Annualization amounts 12	4	2.4	1.5	1
13. Annualized net Oregon itemized deductions. Multiply line 11 by line 12 13				
14. In each column, enter the full amount of your Oregon standard deduction 14				
15. Enter line 13 or 14, whichever is larger 15				
16. Total deductions. Add lines 10 and 15 16	()	()	()	()
17. Annualized Oregon taxable income. Line 5 minus line 16 17				
18. Oregon tax for the amount on line 17 (see tax tables or tax rate chart in the 2003 tax booklet) 18				
19. Exemption credit (not annualized) from Form 40, line 34; Form 40N, line 55; or Form 40P, line 55 19				
20. Enter the credits for each period. Do not include exemption credits (see instructions) 20				
21. Total credits. Add lines 19 and 20 21	()	()	()	()
22. Net annualized income tax. Line 18 minus line 21 22				
23. Percentage that applies for each period 23	22.5%	45%	67.5%	90%
24. Multiply line 22 by line 23 24				
25. Enter the sum of all amounts from the prior columns of line 31 below (i.e., column A, line 31 amount goes in column B, line 25) 25		()	()	()
26. Line 24 minus line 25. If less than zero, enter -0- 26				
27. *Divide line 9, Part A, by four and enter results in each column 27				
28. Enter the amount from the previous column of line 30 below (i.e., column A, line 30 amount goes in column B, line 28) 28				
29. Add lines 27 and 28 29				
30. If line 29 is more than line 26, line 29 minus line 26. If line 29 is less than line 26, enter -0- 30				
31. Enter the smaller of line 26 or line 29 here and on Part B, line 11 (see front of the form). Go to line 1 in next column 31				

* If you are a part-year filer, divide by the number of periods you resided in Oregon, if less than 4. (See instructions for Part B, line 11.)

File this form with your 2003 Oregon Individual Income Tax Return

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

INSTRUCTIONS FOR 2003 FORM 10

Underpayment of 2003 Oregon Estimated Tax

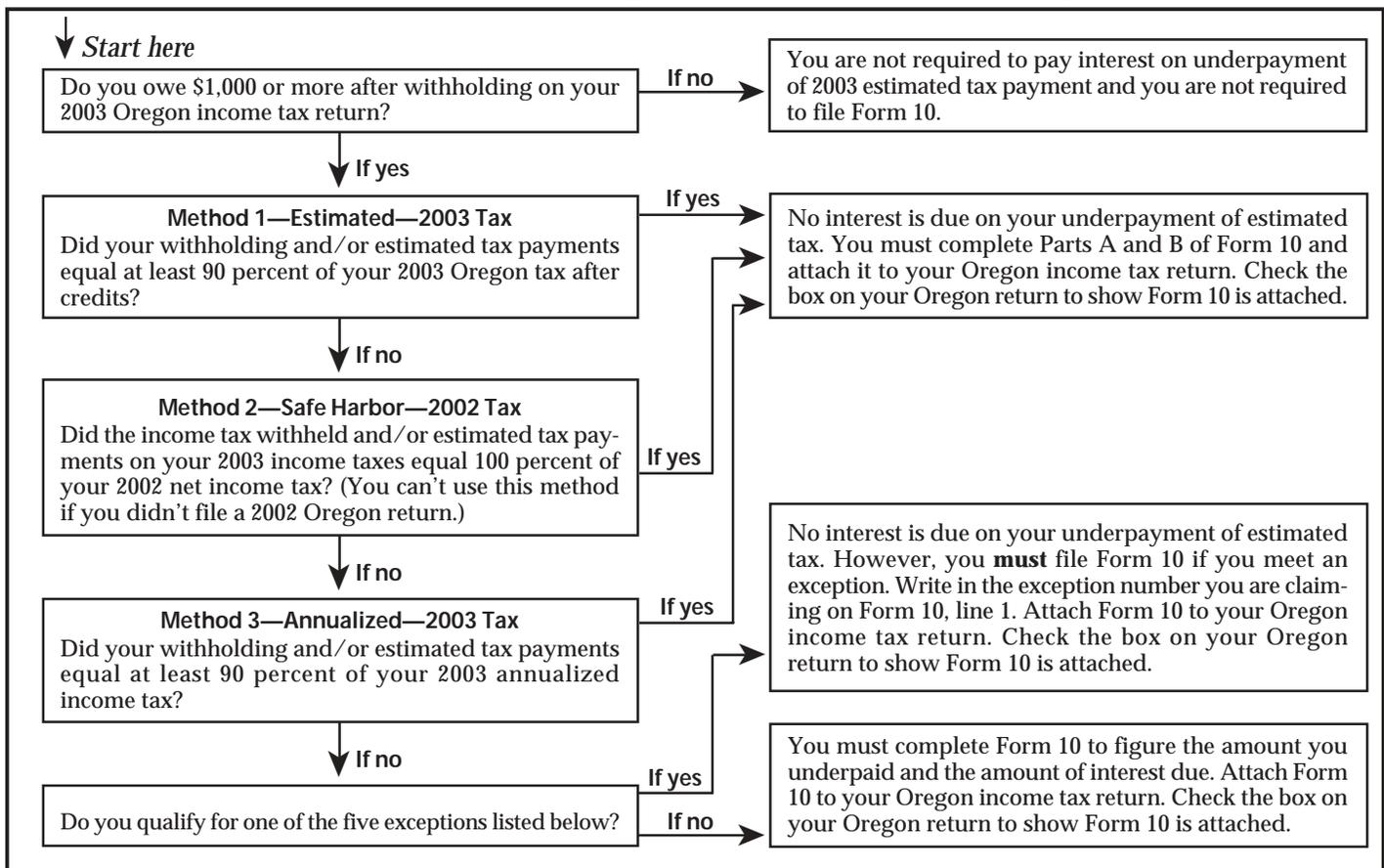
If Measure 30 passes. Interest is not charged on any 2003 underpayment of estimated tax caused by the passage of Measure 30. Refigure and use your Oregon tax without House Bill 2152 changes (addition for depreciation on certain vehicles and reduction in the Oregon special medical deduction) when completing your Form 10.

General Information

Oregon law requires some taxpayers to make estimated tax payments. Interest is charged on underpayments or late payments.

The table below will help you determine if you owe interest on underpayment of your 2003 estimated tax payment.

Do I Owe Interest on Underpayment of 2003 Estimated Tax Payments?



Instructions

These instructions are for lines not fully explained on the form.

Line 1—Claiming an exception

Exception 1—Farmers and commercial fishers.

If at least two-thirds (66.7 percent) of your 2002 or 2003 total gross income is from farming or fishing, you don't have to pay underpayment interest. Your Oregon return is not due until April 15, 2004.

Gross income includes items such as wages, interest, and dividends. It also includes gross profit from rentals, royal-

ties, businesses, farming, fishing, and the sale of property. Don't subtract expenses, except cost of goods sold, when figuring gross profit. Do subtract adjusted basis or cost to figure profit on the sale of property.

Farmers. Use the amounts on the following lines of both your **2002 and 2003** federal income tax returns to determine your gross income from farming:

- Federal Schedule F, line 11;
- Federal Schedule E, line 42 (line 41 for tax year 2002);
- Federal Form 4797, line 20. (Include only gains from sale of livestock held for drafting, breeding, dairy, or sporting purposes.)

Fishers. Use the amounts on the following lines of both your **2002 and 2003** federal income tax returns to determine your gross income from fishing:

- Federal Schedule C, line 5;
- Federal Schedule C-EZ, line 1;
- Federal Schedule E, line 42 (line 41 for tax year 2002).

Exception 2—Prior year.

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

- Your net income tax for 2002 was -0- or you were not required to file a return for 2002.
- You were a full-year Oregon resident in 2002.
- Your tax year was a full 12 months.

Your 2002 net income tax is your Oregon income tax after tax credits, including the working family credit, but before withholding, estimated tax payments, or payments made with an extension.

Note: If you were a nonresident or a part-year resident in 2002, you can't use this exception. However, you may be able to use the Safe Harbor Method to figure your required annual payment. See the Part A instructions on this page.

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

You meet this exception if:

- There was reasonable cause for underpaying your estimated tax, **AND**
 - You retired at age 62 or older during 2002 or 2003, **or**
 - You became disabled during 2002 or 2003.

Reasonable cause will be decided on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" at the top center of the page.

Exception 4—Underpayment due to unusual circumstances.

No interest is due if your underpayment is due to a casualty, disaster, or other unusual circumstance. Unemployment does **not** qualify as an unusual circumstance. Unusual circumstances will be determined on a case-by-case basis. The extent of your effort to comply with the law will be considered. Attach a statement explaining the cause to be considered for the exception. Label the statement "**Form 10 Attachment**" in the center at the top of the page.

Exception 5—S corporation shareholders.

If you are a shareholder of a first-year S corporation contact the Department of Revenue to see if you meet this exception.

PART A—Figure your required annual payment

Line 2. Fill in your 2003 tax after credits amount from Form 40, line 43; Form 40N, line 61; or Form 40P, line 61.

Line 3. Fill in your 2003 working family credit amount from Form 40, line 48; Form 40N, line 66; or Form 40P, line 66.

Line 6. Fill in only your Oregon income tax withheld from income. **Don't** include any estimated tax payments.

Line 8. Enter the tax after credits shown on your 2002 tax return.

If you didn't file a return for 2002, or your 2002 tax year was less than 12 months, **don't** complete line 8. Enter the amount from line 5 on line 9. **Note:** If you were a part-year resident or nonresident in 2002 you have a tax year of 12 months and may use the tax shown on your 2002 Form 40N or 40P.

PART B—Figure your underpayment

Line 11. Divide line 9 by four and enter the amount in each column. If you moved into Oregon in 2003 use the columns that correspond to the dates you lived in Oregon. Divide the amount on line 9 by the number of periods you were a resident of Oregon.

OR

If you annualized your income using the Annualized Income Worksheet on the back of Form 10, enter the amounts from line 31 of the worksheet.

Line 12. Fill in estimated tax payments and Oregon income taxes withheld from your wages, pension, or any other income. Withholding is considered to be paid in equal amounts on the required payment dates (usually four), unless you prove otherwise. If you worked all year, divide your withholding by four and enter the amount in each column.

Complete lines 13 through 16 of the first column, before going to the next column.

Column A:

Line 14. Enter the amount from line 12, column A. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column B and go to the instructions for column B.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column B and go to the instructions for column B.

Column B:

Line 13. Enter the amount (if any) from line 15 of column A.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column C and go to the instructions for column C.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column C and go to the instructions for column C.

Column C:

Line 13. Enter the amount (if any) from line 15 of column B.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes**, go to line 15. **If no**, go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Enter the same amount on line 13 of column D and go to the instructions for column D.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Enter -0- on line 13 of column D and go to the instructions for column D.

Column D:

Line 13. Enter the amount (if any) from line 15 of column C.

Line 14. Add lines 12 and 13 and enter the amount here. Is line 14 more than line 11? **If yes,** go to line 15. **If no,** go to line 16.

Line 15. You paid more than the required installment for this period. Enter the result of line 14 minus line 11 here. Go to the instructions for line 17.

Line 16. You have an underpayment for this period. Enter the result of line 11 minus line 14 here. Go to the instructions for line 17.

PART C—Figure your interest

Line 17. Your payment will be applied to the oldest underpayment first. If you paid the underpayment **before** April

15, 2004, enter the date you made the payment. If you paid the underpayment **after** April 15, 2004, enter April 15, 2004.

Line 18. Enter the number of full months from the payment period due date on line 10 to the date of payment on line 17, or January 15, 2004, whichever is earlier.

Line 20. Enter the number of days remaining until the date you made your payment, or January 15, 2004, whichever is earlier.

Line 22. Enter the number of full months after January 15, 2004 to the date of payment on line 17.

Line 24. Enter the number of days after January 15, 2004 to the date of payment on line 17.

Example: If you didn't pay the estimated tax that was due on April 15, 2003 until June 6, 2003, count this way:
 April 16 to May 15 = 1 month (from line 18, column A)
 May 16 to June 6 = 22 days (from line 20, column A)

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

Note: Part-year residents. Start with the column that corresponds to the date you moved to Oregon. You must multiply your exemption credit, prorated credits, and Oregon tax by your annualized Oregon percentage.

Nonresidents. You must multiply your federal tax subtraction, itemized deductions or standard deduction, exemption credit, and prorated credits by your annualized Oregon percentage.

Line 1. Enter your adjusted gross income (AGI) earned or received during the period shown at the top of each column (Form 40, line 8; Form 40N, line 30b; or Form 40P, line 30a).

Example: Scott received wages for the entire year of 2003. Three months wages belong in column A, five months in column B, eight months in column C, and all 12 months in column D. He also received a lump sum distribution of \$25,000 from his IRA on July 19, 2003. Scott includes the total amount of the distribution in columns C and D only.

If Scott received the lump sum distribution on April 26, 2003 instead, he includes it in columns B, C, and D.

Line 2. Enter the amount of Oregon additions claimed during the period shown at the top of each column.

Example: Carol has an Oregon addition of \$6,000 for California bond interest received in September 2003. Carol enters the \$6,000 in column D. If she received the interest at \$500 a month, she would enter \$1,500 (for three months) in column A, \$2,500 (for five months) in column B, \$4,000 (for eight months) in column C, and the \$6,000 in column D (for 12 months).

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

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

Federal Tax Subtraction Worksheet (line 9)	(A) Jan 1 to Mar 31	(B) Jan 1 to May 31	(C) Jan 1 to Aug 31	(D) Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period 1				
2. Annualization amounts 2	4	2.4	1.5	1
3. Multiply line 1 by line 2 3				
4. Actual federal itemized deductions for each period. If you do not itemize, skip to line 7 of this worksheet 4				
5. Annualization amounts 5	4	2.4	1.5	1
6. Multiply line 4 by line 5 6				
7. Enter the full amount of your 2003 federal standard deduction in each column 7				
8. Enter line 6 or line 7, whichever is larger 8	()	()	()	()
9. Line 3 minus line 8 9				
10. 2003 federal exemption amount (Form 1040, line 39, or Form 1040A, line 26) 10	()	()	()	()
11. Annualized federal taxable income. Line 9 minus line 10 11				
12. Federal tax on line 11 amount for each period (use the federal tax tables) 12				
13. Enter \$1,750 if you are married filing separately or \$3,500 for any other filing status in each column 13				
14. Enter the smaller of line 12 or 13. Also enter this amount in each column on line 9 of the Annualized Income Worksheet 14				

If you are filing Form 40N multiply your federal tax subtraction by your Oregon percentage from Form 40N, line 40.

Line 11. Enter only the amount of your net Oregon itemized deductions claimed for the period shown at the top of each column.

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

Example 2: Medical expenses claimed as medical deductions generally are not incurred evenly throughout the tax year. For example, Jill made deductible payments on a hospital bill in 2003. She made a payment of \$990 in April, another of \$1,995 in June, and the final payment of \$2,271 in October.

(All amounts are after the 7.5 percent federal AGI limitation.) Jill will enter the \$990 payment in column B. The April payment **plus** the June \$1,995 payment (totaling \$2,985) will go in column C. In column D, she will enter \$5,256, the total deductible amount of all three payments.

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

Line 18. Use the tax tables or tax rate chart in your 2003 Oregon income tax booklet. Line 17 is your annualized Oregon taxable income for each column.

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

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

Taxpayer assistance

Internet

www.dor.state.or.us



The Department of Revenue Web site is a quick and easy way to download forms and publications, 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 day-time telephone number for faster service.

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 West 6th Street

Newport 119 NE 4th Street, Suite 4

North Bend 3030 Broadway

Pendleton 700 SE Emigrant Ave, Suite 310

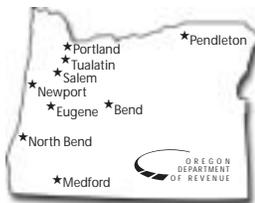
Portland* Federal Building Lobby, 1220 SW Third Avenue

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 21–March 26: Monday, Wednesday, and Friday, 10 a.m.–3 p.m. March 29–April 15: Monday–Friday, 9 a.m.–4 p.m.

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 2003 personal income tax refund (beginning March 15).



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.–9:00 p.m.

Saturday, April 3 and April 10 9:00 a.m.–5:00 p.m.

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 o llame gratis al 1-800-356-4222 en Oregon.

To get forms

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