

OREGON 2005 PART-YEAR RESIDENT NONRESIDENT

PERSONAL INCOME TAX FORMS 40N AND 40P WITH INSTRUCTIONS

Services paid for with Oregon income taxes



Education **55%**
K-12 System, Community
Colleges, Higher Education

Human Services **23%**
Child Protective Services,
Medicaid, Senior Services

Public Safety **17%**
Police, Courts,
Jails, Prisons

Other Services **5%**
Forestry Services, Agriculture,
Public Transportation, Libraries

Percentages are projected for the 2005-07 biennium

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These instructions are not a complete statement of laws and Oregon Department of Revenue rules. You may need more information or forms. See page 40.

Electronic filing

Electronic filing (e-file) is a fast, efficient, and accurate way to file. Download the publication *Electronic Filing for Oregon* from our Web site or to order it, see page 40.



New information

Sales tax deduction. Oregon does not allow sales tax as an itemized deduction. Any sales tax deducted on federal Schedule A must be subtracted from the itemized deductions you claim on your Oregon return. See page 24.

Federal law. Oregon is tied to the federal definition of taxable income.* Oregon will automatically adopt any future federal law changes to the definition of taxable income. This tie is also retroactive to tax years 2003 and 2004. You may amend your 2003 and 2004 Oregon tax returns for any changes that result from the retroactive tie.

* There is one exception to the federal tie. The domestic production activities deduction from the federal return is not

allowed on the Oregon return. If you claimed this deduction on your federal return, you will have an addition on your Oregon tax return. See page 20.

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$4,500 (\$2,250 married filing separately). See page 25.

Standard deduction amounts. The standard deduction amounts have changed. See page 24.

Filing extension. You can now use Form 40-EXT to obtain an automatic six-month extension of time to file your 2005 Oregon return. See page 13.

Important reminders

Credit card payments. The department accepts credit card payments for 2005 current year tax balances due, 2006 estimated taxes, and any prior year tax. See page 31.

Direct debit. Oregon does not allow electronic funds withdrawal (direct debit) from your checking or savings account to pay your Oregon tax. The Internal Revenue Service allows direct debit payment as an

option to pay your federal tax, but this method is not available to pay your Oregon tax. If you have any questions, please call us.

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. If the bank rejects your direct deposit, we will issue you a paper check. See page 33.

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

General information

Should I file an Oregon return?

You must file an Oregon income tax return if your Oregon source income and income received while an Oregon resident is more than your standard deduction.

If your Oregon income is less than your standard deduction, you are not required to file a return for Oregon.

Full-year residents. Oregon taxes your income from all sources.

Part-year residents. Oregon taxes your income from all sources earned or received while you were an Oregon resident. Oregon also taxes your income from Oregon sources while you were a nonresident.

Nonresidents. Oregon taxes only your income from Oregon sources.

Filing thresholds

You must file an Oregon income tax return if:		
Your filing status is:	Age:	And your Oregon income is more than:
Single, can be claimed on another's return	Any	\$800*
Single	Under 65	\$1,770
	65 or over	\$2,970
Married, joint return	Both under 65	\$3,545
	One 65 or over	\$4,545
	Both 65 or over	\$5,545
Married, separate return <i>If spouse claims standard deduction</i>	Under 65	\$1,770
	65 or over	\$2,770
<i>If spouse itemizes deductions</i>	Any	\$0
Head of household	Under 65	\$2,855
	65 or over	\$4,055
Qualifying widow(er)	Under 65	\$3,545
	65 or over	\$4,545

* The larger of \$800 or your earned income plus \$250, up to your standard deduction amount.

What does income from Oregon sources include?

It includes income shown on your federal return from compensation for services performed in Oregon.

If you have wages from an Oregon employer for services performed in Oregon and another state while you were a nonresident, and your Oregon wages are not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \text{Total wages} = \text{Oregon wages}$$

Do not include holidays, vacation days, and sick days as actual work days. **However, you must** include sick pay, holiday pay, and vacation pay in total wages. You **must** attach an explanation from your employer. If Oregon is the only state you worked in, do not use this formula; all of your earnings are taxable and must be reported in the Oregon column.

Example: Savannah lives in Idaho but works in Oregon. Of her 260 total days paid, she worked 138 days in Oregon and 92 days from her home in Idaho. She received 14 days vacation pay, eight days of sick pay, and eight days of holiday pay. She earned \$50,000 in wages. She figured the amount subject to Oregon tax as follows:

Total days paid	260
Less: Vacation days	(14)
Sick days	(8)
Holidays	(8)
Total days worked everywhere	230

$$\frac{\text{Days actually worked in Oregon (138)}}{\text{Days actually worked everywhere (230)}} \times \frac{\$50,000}{\text{(Total wages)}} = \$30,000$$

Savannah's compensation reported in the Oregon column of Form 40N is \$30,000.

Other income from Oregon sources:

- Businesses, S corporations, partnerships, and limited liability companies taxed as partnerships located or doing business in Oregon—income (losses).
- Unemployment compensation received because of an Oregon job.
- Severance pay received because of an Oregon job.
- Oregon farm income (losses).
- Oregon estate and trust income (losses).
- Sale of Oregon property income (losses).
- Rents and royalties for use of Oregon property.
- Community property income. If you are a resident of Oregon and your spouse is a resident of a state with community property laws, you may be taxed on part of your spouse's income. Community property laws in the state where your spouse lives determine if you are taxed on any of your spouse's income. You may need more information from the state where your spouse lives. Visit our Web site for links to other states' tax Web sites.

What income is not included in Oregon sources?

- Interest and dividends. However, if they are from an Oregon business you own or they are received during the part of the year you were a resident, you must include them in Oregon income.
- Interstate transportation wages from an interstate railroad company, interstate motor carrier, air carrier, or motor private carrier. You must be a nonresident and have regularly assigned duties in more than one state. Download the publication *Amtrak Act (Interstate Transportation Wages)* from our Web site or to order it, see page 40.
- Oregon retirement income received while you were a nonresident unless you were domiciled in Oregon. See "Pensions and annuities" on page 18.
- Waterway or hydroelectric dam compensation, if you are a nonresident:
 - Working as crew or pilot on a vessel on a river between Oregon and another state, or
 - Working on a dam that spans a river between Oregon and another state.
- Military pay of a nonresident.

Residency

Am I a resident, nonresident, or 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 spent more than 200 days in Oregon during 2005 or if you are a nonresident alien, as defined by federal law.

- **You are a nonresident** if your permanent home was outside Oregon all year.
- **You are a part-year resident** if you moved into or out of Oregon during 2005. 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. If you are an Oregon resident and you meet **all** of the following conditions, you are considered a nonresident for tax purposes.

- 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 2005, and
- You spent less than 31 days in Oregon during 2005.

Note: A recreational vehicle (RV) is not considered a permanent home outside of Oregon.

Oregon residents living abroad. Generally, if you qualify for the federal earned income exclusion 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. If you file separate returns for Oregon, you **must** use the married filing separately status. 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. If you file separate returns for Oregon, you **must** use the married filing separately status. The full-year resident files Form 40,

Instructions continued on page 13

Form 40N

For Oregon forms, please visit our Web site at
www.oregon.gov/DOR/
and click on "Tax Forms"

Form 40N

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Form 40N

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and click on "Tax Forms"

Form 40P

For Oregon forms, please visit our Web site at
www.oregon.gov/DOR/
and click on "Tax Forms"

Form 40P

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Form 40P

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Form 40P

For Oregon forms, please visit our Web site at
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and click on "Tax Forms"

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. If you file separate returns for Oregon, you **must** use the married filing separately status. 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.

Need more information? Download the publication *Married Persons Filing Separate Returns* from our Web site or to order it, see page 40.

Military personnel

Nonresidents stationed in Oregon. Oregon does not 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.

Residents stationed in Oregon. If you are an Oregon resident stationed in Oregon, file Form 40 from the *Full-Year Resident* tax booklet.

Residents stationed outside Oregon. If you are an Oregon resident stationed outside Oregon, you may file Form 40N if you meet the requirements for special case Oregon residents or Oregon residents living abroad. See "Residency" on page 4. File Form 40 from the *Full-Year Resident* tax booklet if you don't meet the listed requirements.

Need more information? Download the publication *Military Personnel Filing Information* from our Web site or to order it, see page 40.

Filing for a deceased person

You must file a final return for a person who died during the calendar year if a return normally would be required. See "Should I file an Oregon return?" on page 3. If a return must be filed, please check the "deceased" box.

If you are filing a return and claiming a refund for someone who is now deceased and there is no court-appointed or certified personal representative, file Form 243, *Claim to Refund Due a Deceased Person*, with the return. This will allow us to issue the refund check in your name. Download the form from our Web site or contact us to order it.

What form do I use?

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

- You are a nonresident, or
- You are a special case Oregon resident (see "Special case Oregon residents" 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 this page, or
- You qualified as an Oregon resident living abroad for the entire year.

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 40 or 40S if any ONE of the following is true:

- You are a full-year resident, or
- You and your spouse are both full-year residents filing jointly.

Forms 40 and 40S are available on our Web site and at many post offices and libraries in Oregon and southwest Washington. To order Forms 40 and 40S and instructions, see page 40.

When should I file my return?

The filing deadline for calendar year 2005 is **April 17, 2006**. If you cannot pay all of your tax by the due date, file your return anyway to avoid a late-filing penalty.

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?

Request an extension of time to file your return. Complete an Oregon extension form, Form 40-EXT, if:

- You are making a tax payment to Oregon and you cannot file your Oregon return by April 17, 2006, or
- You are filing an extension for Oregon only.

If you received a federal extension **and** you are expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow you the same extension. Be sure to check the extension box (box 7b) on your Oregon return when you file. Do not attach a copy of your federal extension to your Oregon return. Keep a copy of your federal extension with your records.

If you need to complete Form 40-EXT, download the form from our Web site or to order it, see page 40.

An extension does not mean more time to pay!

You must pay any tax you expect to owe when you file your extension. If you do not pay all the tax due with your extension, you will owe interest on the unpaid balance after April 17, 2006, until the date of your pay-

ment. The 2006 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. You may also owe a late-payment penalty.

Were you stationed in a designated combat zone?

Did you receive additional time to file your 2005 federal return and pay your 2005 tax? If so, Oregon allows the same additional time to file and pay. **Write "Combat zone" in blue or black ink at the top of your return.**

Penalties

You will owe a 5 percent late-payment penalty on any 2005 tax not paid by April 17, 2006.

If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total penalty of 25 percent of any tax not paid.

There is an exception to paying a penalty. For line 67 instructions, see page 30.

A 100 percent penalty is charged if you do not 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, or
- You paid less than 90 percent of the tax due on each estimated tax payment due date.

For line 68 instructions, see page 30.

2006 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2006 Oregon individual income tax return.

Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to decide if you need to make estimated tax payments for 2006.

Who must make estimated tax payments?

In most cases, **people who expect to owe \$1,000 or more** on their 2006 Oregon income tax return after credits and withholding must make estimated payments. You may also need to make estimated payments if:

- You are self-employed and don't have Oregon tax withheld from your income.

- You received Oregon Lottery single ticket winnings of less than \$5,000. (Note: Single ticket winnings of \$5,000 or more are subject to Oregon withholding.)
- You receive income such as pensions, interest, or dividends, and Oregon tax is not withheld.
- You are a wage earner and expect to owe tax of \$1,000 or more on your 2006 return. You may want to increase the amount your employer withholds from your Oregon wages. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site or contact us to order it.

When do I pay?

The due dates are April 17, 2006;* June 15, 2006; September 15, 2006; and January 16, 2007.

If paying with a check or money order, send your payment with Form 40-ESV, *Oregon Estimated Income Tax Payment Voucher*. Download the publication from our Web site or to order it, see page 40.

* Please send your 2006 estimated tax payment and Oregon Form 40-ESV in a separate envelope from your 2005 Oregon income tax return. This will help us credit your payment more efficiently.

What if I am self-employed?

If you are self-employed and do business in Multnomah, Clackamas, or Washington counties, you may also 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*. Visit our Web site to download the forms, or contact us to order them.

Frequently asked questions

Is my tax return private information?

Yes. All information provided on the return is confidential. Any Oregon Department of Revenue employee who gives out confidential information without your permission may be convicted of a Class C felony.

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

After the processing of part-year and nonresident returns begins on March 1, allow:

- E-file return 7–12 business days
- Mail return (before April 1) 6–8 weeks
- Mail return (on or after April 1) 8–11 weeks

Your refund may be delayed if your return needs further review.

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

Yes. If you move after you file your return, let us know your new address. Download a change of address

form from our Web site or contact us. Remember to file a change of address form with your local post office.

What tax records do I need to keep?

You need to keep:

- A complete copy of both your federal and state returns, even if you use a tax practitioner or file electronically.
- All original 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.**
- All records from the sale, purchase, or exchange of property and investments. Keep these records for at least three years after you report the gain or loss on the property or investment.

Download the publication *Record-Keeping Requirements* from our Web site or to order it, see page 40.

What if I need to change my Oregon return after filing?

File an amended return. Use Form 40N or Form 40P to change (amend) your 2005 return, and check the amended return box in the upper left hand corner of the form. You must also complete and attach the *Oregon Amended Schedule* to your 2005 amended return. Download the schedule from our Web site or to order it, see page 40.

Generally, you are allowed three years from the due date of the return to file an amended return to claim a refund. If you need assistance, please contact us.

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

If the IRS or another state makes changes that increase your Oregon taxable income, file an amended return to report and pay additional tax. If the changes reduce Oregon taxable income, you have two years from the date of the audit report to file an amended return to claim a refund.

Instructions for Forms 40N and 40P

Step 1: Select the appropriate form

To decide whether to use Form 40N or 40P, see page 13.

Step 2: Fill out your federal form

Your Oregon tax is determined using the ratio of your Oregon source income to your entire federal income. **Fill out your federal return first**, then your Oregon return. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR to your Oregon tax return. **Do not attach any federal schedules.** We may ask for copies of schedules or additional information later.

Step 3: Start the Oregon form

Residency

Enter the dates you were an Oregon resident during 2005. For example, "01/01/2005 to 04/15/2005," or "03/01/2005 to 12/31/2005."

Fiscal year filers

Write the end date of your fiscal year in the space. Write "Fiscal year" in blue or black ink at the top of your return.

Name and address

Please type or clearly print your name, Social Security number, date of birth, address, and telephone number on your return. If the taxpayer died in 2005 or 2006, check the "deceased" box next to their name.

Social Security number (SSN). The request for your SSN is authorized by Section 405, Title 42, of the United States Code. You must provide 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 wherever your SSN is requested. If you do not have an ITIN, you need to request one from the IRS. Do not attach your ITIN application (federal Form W-7) to your Oregon tax return. **Write "ITIN applied for" on the top of your Oregon return** and file the return by April 17, 2006. For a copy of Form W-7, visit the IRS Web site at www.irs.gov or call the IRS at 1-800-829-1040.

Date of birth. Enter the month, day, and year you were born. For example, "09/22/1976."

Check the boxes

Filing status

1 – **5** Check the box next to your filing status. If filing as **head of household**, enter the name of a person who qualifies you for head of household filing status next to box 4. Please enter only one name.

You must check the **same filing status** you checked on your federal return. **Exception:** If you and your spouse do not have the same residency status, you may file separate returns for Oregon even if you filed your federal return as married filing jointly. To determine which form to use based on the filing status you choose for Oregon, see page 4.

How to file separate returns for Oregon

If you are **married filing separately** (MFS), enter your spouse's first name, last name (first four letters only), and Social Security number next to box 3. Do not fill in your spouse's name or Social Security number in the heading of the return.

If you **file separate returns for Oregon only**, report your own share of federal adjusted gross income (AGI) and deductions. Also, report your share of any Oregon additions or subtractions. To figure your share, use this formula to determine your percentage:

$$\frac{\text{Your share of federal AGI}}{\text{Joint federal AGI}} = \text{Your percentage (not to exceed 100\%)}$$

Write "MFS for Oregon only" in blue or black ink at the top of your return. Attach the following to both Oregon returns:

- A federal Form 1040, 1040A, 1040EZ, or 1040NR prepared **as if** you had filed married filing separately, and
- A copy of the joint Form 1040, 1040A, 1040EZ, or 1040NR you **actually** filed.

If possible, mail both spouses' Oregon returns in the same envelope. **Do not** staple the returns together.

Download the publication *Married Persons Filing Separate Returns* from our Web site or to order it, see page 40.

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 have a severe disability.

Severely disabled. Did you have a severe disability at the end of 2005? 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 outside help, limits your ability to:
 - Earn a living, or
 - Maintain a household, or
 - Transport yourself.

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

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 does not prevent you from doing 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.

If you qualify, 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 loss of use of limbs credit. For more information, please contact us.

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

6d **Children 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 2005, **and**
- Was considered to have a disability as of December 31, 2005 under the federal Individuals with Disabilities Education Act, **and**
- Was eligible for "early intervention services," **or**
- Received special education as defined by a state board of education. 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.

Note: Learning disabilities or communication disorders alone don't qualify.

Get a statement of eligibility that confirms one of the disabilities listed on the previous page and the cover sheet from **one** of the following:

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

Keep the statement and cover sheet with your permanent health records. Write your child's name on line 6d, "Disabled children only." 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 blind on December 31, 2005. You are entitled to a larger standard deduction on Form 40N, line 44; or Form 40P, line 45.

If you or your spouse are blind, you may also qualify for the severely disabled exemption credit. For box 6a and 6b instructions, see page 16.

7b **Extension.** If you filed an extension of time to file, check box 7b. For more information, see page 13.

7c **Federal Form 8886.** If you filed federal Form 8886, *Reportable Transaction Disclosure Statement*, check box 7c.

7d **Oregon Form 24.** Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check the box on line 7d. Also, complete and attach Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*. Download the form from our Web site or to order it, see page 40.

Step 4: Line instructions

The following instructions are for Form 40N or 40P, lines 8–81, if not fully explained on the form.

Amended return. If you are amending your 2005 return, check the amended return box in the upper left hand corner of Form 40N or Form 40P.

Do not fill in cents. You **must** round off cents to the nearest whole dollar. For example, \$99.49 becomes \$99 and \$99.50 becomes \$100.

The forms have two columns for figures. These are to compare the portion of your federal adjusted gross income that Oregon taxes to your total federal adjusted gross income.

Federal column instructions, lines 8–30

The first column is labeled "Federal column." For lines 8–30 of the federal column, fill in the same amounts you reported on your federal return.

Line 30a, "Income after adjustments," must match your 2005 federal adjusted gross income from federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; or Form 1040NR, line 35. If it does not match, please check that you transferred your federal figures correctly. If you need help, please contact us.

Oregon column instructions, lines 8–30

The second column is labeled "Oregon column." Use the Oregon column to list the amounts from the federal column that Oregon taxes.

Nonresidents. Oregon taxes only your income from **Oregon sources**. To compute your Oregon source income, see "What does income from Oregon sources include?" on page 3.

Part-year residents. Oregon taxes your income from **all sources** earned or received while you were an Oregon resident. Oregon also taxes your income from **Oregon sources** while you were a nonresident. To compute your Oregon source income, see "What does income from Oregon sources include?" on page 3.

Full-year residents. Oregon taxes your income from **all sources**. All amounts included in the federal column should also be included in the Oregon column.

8 **Wages, salaries, and other pay for work. Part-year residents**—fill in amounts you earned while an Oregon resident and any amounts you earned working in Oregon while you were a nonresident.

Full-year residents—fill in all income included in the federal column.

Nonresidents—fill in the amount earned while working in Oregon. If that amount differs from the Oregon wages on your W-2 form, you must attach an explanation from your employer to the back of your return. If your Oregon wages are not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \text{Total wages} = \text{Oregon wages}$$

Do not include holidays, vacation days, and sick days as days actually worked. **However, you must** include sick *pay*, holiday *pay*, and vacation *pay* in total wages. See the example on page 3. If Oregon is the only state you worked in, do not use this formula; all of your

earnings are taxable and should be reported in the Oregon column.

Exceptions:

- If you are a nonresident with interstate transportation wages, you may qualify for special treatment under the Amtrak Act. Download the publication *Amtrak Act (Interstate Transportation Wages)* from our Web site or to order it, see page 40.
- Nonresidents who work on Bonneville, The Dalles, John Day, or McNary dams should exclude this income from the Oregon column. Write the name of the dam you work on at the top left corner of the return. Please use **blue or black ink**.
- Nonresidents who work as crew or pilots on a vessel on the Columbia River or Snake River waterway should exclude this income from the Oregon column. Write "Waterway" at the top left corner of the return. Please use **blue or black ink**.
- Nonresident members of the U.S. Armed Forces stationed in Oregon should exclude their military pay from the Oregon column. Military pay of a nonresident is not Oregon source income. Do not report it in the Oregon column on line 8. Write "Military nonresident" at the top left corner of the return. Please use **blue or black ink**.

9 Taxable interest income. Determine the amount of interest income you received while you were a nonresident on funds used for business activity in Oregon. Add any interest included on your federal return that you received during the part of the year you were an Oregon resident.

10 Dividend income. Determine the amount of dividends received from an Oregon business activity source while you were a nonresident. This includes dividends passed through to you from an S corporation or partnership doing business in Oregon. These are dividends your S corporation or partnership received on the stock of another corporation. Add any dividend income included on your federal return that you received during the part of the year you were an Oregon resident.

11 State and local income tax refunds. Fill in the amount reported on your federal return that is:

- A refund from Oregon or any other state or locality for which you claimed a deduction on an Oregon return in a prior year, or
- A refund received during the part of the year you were an Oregon resident.

12 Alimony received. Fill in alimony you received for the part of the year you were an Oregon resident.

13 Business income or loss. For the part of the year you were a nonresident, determine the amount

of income or loss from an Oregon business activity. Add all business income or losses incurred for the part of the year you were a resident of Oregon.

14 Capital gain or loss. For the part of the year you were a nonresident, determine the amount of gain or loss and capital gain distributions from Oregon sources. Add the amount of your capital gains and losses received during the part of the year you were an Oregon resident. Limit losses to \$3,000 (\$1,500 if married filing separately).

15 Other gains or losses. For the part of the year you were a nonresident, determine the amount of gain or loss from Oregon sources. Add the gain received or loss incurred for the part of the year you were an Oregon resident.

16 IRA distributions. Determine the amount of any taxable individual retirement arrangement (IRA) distributions you received while an Oregon resident. Include any amounts you converted from a regular IRA into a Roth IRA while you lived in Oregon. If you lived in another state when you made contributions to your IRA, you may need more information. If so, please contact us.

17 Pensions and annuities. In the Oregon column, report the amount of taxable pensions and annuities (including federal pensions) you received while an Oregon resident. If you are domiciled in Oregon, you must also include any Oregon source pensions you received. This is true even though you may qualify as a nonresident under the tests for special case Oregon resident or Oregon resident living abroad. See page 4.

For example, if you lived in Oregon before you retired **and have not changed your permanent home to another state**, you must report the pension you earned while you worked in Oregon. If you get a federal pension, you may qualify for a subtraction on line 38. See page 21. If you need help, please contact us.

18 Rents, royalties, partnerships, limited liability companies, real estate investment trusts (REITs), estates, trusts, etc., from federal Schedule E. Determine the amount of income you received from Oregon sources during the part of the year you were not a resident. Add the amount received during the part of the year you were an Oregon resident. Partners and S corporation shareholders may need more information. If so, please contact us.

19 Farm income or loss. Determine the amount of income or loss received from an Oregon farm while you were a nonresident. Add to that the amount of farm income or loss received during the part of the year you were an Oregon resident.

20 Unemployment compensation, taxable Social Security, and all other taxable income. Determine the amount of any unemployment compensation and any other taxable income you received during the

part of the year you were an Oregon resident. Add any unemployment compensation or severance pay received because of an Oregon job, and any other Oregon income you received while you were a nonresident. Don't fill in any Social Security, Railroad Retirement Board benefits, or Railroad Retirement Board unemployment benefits in the Oregon column; Oregon doesn't tax this income.

Include all payments received from the Oregon Lottery in the Oregon column. Oregon Lottery includes Powerball tickets you purchased in Oregon. To determine whether you can subtract some or all of this amount on line 38, see "Oregon Lottery winnings" on page 23.

Adjustments to income

22 IRA or self-employed SEP and SIMPLE contributions. Oregon follows the federal definition of earned income and compensation used to calculate your IRA and other retirement plan deductions. Determine the amount you paid during the part of the year you were an Oregon resident. Add the amount calculated for the time you were a nonresident.

- **IRA.** For the part of the year you were a nonresident, determine your deduction using the following formula:

$$\frac{\text{Oregon compensation while a nonresident}}{\text{Total compensation while a nonresident}} \times \text{IRA contributions made while a nonresident} = \text{Nonresident deduction}$$

This deduction cannot be more than the amount of Oregon compensation included in the Oregon column.

- **Self-employed SEP, SIMPLE, and qualified plans.** For the part of the year you were a nonresident, determine your allowable deduction using the following formula:

$$\frac{\text{Oregon earned income while a nonresident}}{\text{Total earned income while a nonresident}} \times \text{Contributions made while a nonresident} = \text{Nonresident deduction}$$

This deduction cannot be more than the amount of earned income included in the Oregon column.

23 Education deductions. The following instructions will help you figure the amounts you can claim on your Oregon return.

- **Educator expenses deduction** from federal Form 1040, line 23; or Form 1040A, line 16. For the part of the year you were a nonresident, determine the amount of qualified educator expenses you paid while working in an Oregon elementary or secondary school. Add the qualified educator expenses you paid during the part of the year you were an Oregon resident. Enter the lesser of the result or the amount

deducted on your federal return, but no more than \$250 (no more than \$500 if you and your spouse are filing jointly and both of you were eligible educators).

- **Student loan interest deduction** from federal Form 1040, line 33; or Form 1040A, line 18.

For any part of the year you were a nonresident, calculate your deduction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income from all sources while a nonresident}} \times \frac{\text{Student loan interest paid while a nonresident}}{\text{Nonresident deduction}} = \text{Nonresident deduction}$$

Add all interest paid during the part of the year you were an Oregon resident. Enter the smaller of the result or the amount deducted on your federal return.

- **Tuition and fees deduction** from federal Form 1040, line 34; or Form 1040A, line 19.

For any part of the year you were a nonresident, calculate your deduction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \frac{\text{Qualified tuition and fees paid while a nonresident}}{\text{Nonresident deduction}} = \text{Nonresident deduction}$$

Add the amount of qualified education expenses you paid during the part of the year you were an Oregon resident. Enter the smaller of the result or the amount deducted on your federal return, but no more than \$4,000.

Note: If you were not allowed a federal tuition and fees deduction because you claimed the federal credit, do not claim a deduction on line 23. You may be entitled to a subtraction on line 38. See page 23.

Add your educator expenses deduction, student loan interest deduction, and tuition and fees deduction. Enter the total on line 23.

24 Moving expenses. Fill in moving expenses only if:

- You qualified to take them on your federal return, and
- They are connected with gaining employment in Oregon, or
- You paid the qualified moving expenses after moving to Oregon to take a job in another state.

Otherwise, enter -0-.

Example 1: If you moved from California to Washington to take a job in Oregon, fill in your allowable moving expenses in the Oregon column.

Example 2: If you left Oregon to take a job in another state, you cannot deduct your moving expenses.

Example 3: Camille moved from Michigan to Oregon on May 23, 2005, to begin work in Washington. She paid her moving expenses on June 30, 2005. While

the expenses are not related to Oregon employment, Camille can deduct them because they were paid after she became a resident of Oregon.

25 Deduction for self-employment tax. Determine the amount of your self-employment tax on earnings taxed by Oregon using the following formula:

$$\frac{\text{Self-employment earnings taxed by Oregon}}{\text{Total self-employment earnings}} \times \frac{\text{Federal deduction for self-employment tax}}{\text{Federal deduction for self-employment tax}} = \text{Oregon deduction}$$

The Oregon deduction cannot be more than the federal deduction.

26 Self-employed health insurance deduction. Oregon allows a deduction for 100 percent of your health insurance premiums related to your self-employment for the part of the year you were an Oregon resident. Add the health insurance premiums paid by your Oregon business while a nonresident. Your total Oregon deduction cannot be more than your federal deduction.

27 Alimony paid. Determine if the alimony you paid to your former spouse is taxable (for federal purposes). If so, for the part of the year you were not an Oregon resident, figure the Oregon deduction as follows:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \frac{\text{Alimony paid while a nonresident}}{\text{Alimony paid while a nonresident}} = \text{Nonresident deduction}$$

Add to that amount the alimony you paid while you were a resident.

28 Other adjustments to income. In the federal column of line 28, include any of the other adjustments listed below that you claimed on your federal return. In the Oregon column of line 28, enter the amount of other adjustments you are entitled to claim on your Oregon return. Please identify the other adjustment(s) using the numeric code shown in brackets. For example, if for Oregon purposes you are claiming a \$500 health savings account deduction, enter 003 on line 28a and \$500 in the Oregon column of line 28. If you are claiming two adjustments, enter the second numeric code on line 28b and enter the total of both adjustments in the Oregon column of line 28. If you are claiming more than two “other adjustments,” attach a statement to your return that identifies the adjustments.

- Certain business expenses of reservists, performing artists, and fee-basis government officials from federal Form 1040, line 24 [code 002].
- Health savings account deduction from federal Form 1040, line 25 [code 003].
- Penalty on early withdrawal of savings from federal Form 1040, line 30 [code 004].

- Any other adjustment to income reported on federal Form 1040, line 36 [code 005].
- Domestic production activities deduction from federal Form 1040, line 35 [code 006].

Did you claim a domestic production activities deduction on your federal return? If so, you will have an addition on your Oregon return. Oregon does not allow this deduction. See line 33 instructions below.

Additions

Generally, additions are items the federal government does not tax but Oregon does. Additions increase the income taxed by Oregon.

31 Interest and dividends on state and local government bonds outside of Oregon.

Federal column. If you didn’t include this income in your federal income, fill in the amount of interest and dividends you received from state and local governments outside Oregon.

Oregon column. Nonresidents—don’t fill in any amount. **Full-year and part-year residents**—if you didn’t include this income on line 9 or 10 of the Oregon column, fill in the amount of interest and dividends you received from state and local governments outside Oregon while you were an Oregon resident.

32 Federal election on interest and dividends of a minor child. Did you report interest or dividends of your minor child on your federal return? If so, you must add the amount subject to the special federal tax to Oregon income.

Federal column. Fill in the smaller of line 7 or 8 from federal Form 8814. Add to that any interest or dividends your child received from state and local governments outside Oregon.

Oregon column. Nonresidents—don’t fill in any amount. **Full-year and part-year residents**—fill in interest and dividends received while the minor child was an Oregon resident. Include interest and dividends your child received while an Oregon resident from state and local governments other than Oregon.

33 Other additions. You may need to report one or more other additions explained here. Please identify the addition(s) using the numeric code shown in brackets. Enter the numeric code on line 33a and the amount on line 33b. For example, if you are reporting a \$1,000 addition for a depreciation difference for Oregon, enter 101 on line 33a and \$1,000 on line 33b. If you are reporting two additions, enter the second numeric code on line 33c and the amount on line 33d. If you are claiming more than two, attach a statement to your return that identifies the “other additions” and the dollar amounts. Fill in the total amount of “other additions” on line 33.

- **Depreciation difference for Oregon [code 101].** Is your depreciation for Oregon purposes different from your depreciation for federal purposes? If so, you will need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need to complete two depreciation schedules. Download the schedule from our Web site or to order it, see page 40.
- The following additions apply to only a few people and are not explained in this booklet. Make the additions in **both** the federal and Oregon columns. For more information, please contact us.
 - Claim of right income repayments [code 103].
 - Disposition of inherited Oregon farmland or forestland [code 106].
 - Domestic production activities deduction (QPAI) [code 102].
 - Fiduciary adjustments [code 100].
 - Accumulation distribution from a trust.
 - Federal estate tax on income in respect of a decedent.
 - Fiduciary adjustments from Oregon estates and trusts.
 - Individual Development Account [code 113].
 - Lump-sum distributions from a qualified retirement plan [code 115].
 - Non-Oregon source net operating loss [code 116].
 - Non-qualified withdrawal from an Oregon 529 College Savings Network account [code 117].
 - Passive activity losses [code 120].
 - Itemized or business deduction addback for Oregon credits [code 104].
 - Child Care Fund contributions.
 - Long-term care insurance premiums.
 - Oregon Cultural Trust.
 - Unused business credit [code 122].

Subtractions

Generally, subtractions are items the federal government taxes but Oregon does not. Subtractions reduce the income taxed by Oregon.

37 Social Security and tier 1 Railroad Retirement Board benefits. Subtract Social Security and tier 1 Railroad Retirement Board benefits **only** if you included them in the federal column on line 20.

38 Other subtractions. You may qualify for one or more other subtractions explained in this section. Please identify the subtraction(s) using the numeric code shown in brackets. Enter the numeric code on line 38c and the amount on line 38d. For example, if you are claiming a \$2,000 military pay subtraction, enter 319 on line 38c and \$2,000 on line 38d. If you are claiming two subtractions, enter the second numeric code on line 38e and the amount on line 38f. If you are claiming more than two, attach a statement

to your return that identifies the “other subtractions” and the dollar amounts. Fill in the total amount of “other subtractions” on lines 38a and 38b.

- **Claim of right income repayments [code 302].** Were you taxed in a prior year on income that you are repaying, such as unemployment compensation? If so, you may be able to subtract the income you repaid. For more information, please contact us.
- **Depreciation difference for Oregon [code 304].** Is your depreciation for Oregon purposes different from your depreciation for federal purposes? If so, you will need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need two schedules. Download the schedule from our Web site or to order it, see page 40.
- **Federal pension income [code 307].** You may be able to subtract some or all of your pension included in 2005 federal income. This includes benefits paid to the retiree or to the beneficiary. The subtraction amount is based on the number of months of federal service before and after October 1, 1991:
 - **If all your months of federal service were before October 1, 1991,** subtract 100 percent of the taxable amount of federal pension income you reported on your federal return.
 - **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 the taxable federal pension income you reported on your federal return. To determine your percentage, divide your months of service before October 1, 1991, by your total months of service. Once you determine the percentage, it will remain the same year to year.

Example: Delaney began working for the U.S. Forest Service May 27, 1971, and retired January 7, 2005. She worked 244 months before October 1, 1991, and a total of 403 months. Delaney moved to Oregon May 31, 2005. She can subtract 60.5 percent ($244 \div 403$) of her taxable federal pension included in the Oregon column. She will continue to subtract 60.5 percent of her taxable federal pension from Oregon income in future years.

Use the following worksheet to determine your subtraction amount:

Federal column

1. Federal pension included in federal column, Form 40N or Form 40P, line 17. 1. _____
2. Divide months of service before October 1, 1991, by total months of service. Enter the percentage here. 2. _____

Worksheet continued on next page

3. Multiply line 1 by line 2. Enter here and on Form 40N or Form 40P, line 38a. 3. _____

Oregon column

4. Federal pension included in Oregon column, Form 40N or Form 40P, line 17. 4. _____
5. Percentage from line 2 above. 5. _____
6. Multiply line 4 by line 5. Enter here and on Form 40N or Form 40P, line 38b. 6. _____

To avoid processing delays or adjustments, double-check that your pension income is on the correct line and attach your federal return.

• **Interest and dividends from the U.S. government [code 315].**

Federal column. On Form 40N or Form 40P, line 38a, fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest you received through partnerships or grantor trusts.

Examples:

- You may subtract interest from U.S. Series EE and HH bonds and Treasury bills and notes.
- You may 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. Download the publication *Interest and Dividends on U.S. Bonds and Notes* from our Web site or contact us to order it.
- You must reduce U.S. government interest by any interest expense relating to U.S. government obligations you deducted on your federal Schedule A.
- Don't include interest on federal tax refunds in either column.
- If you reported interest or dividends of your minor child on your federal return, you may subtract any U.S. government interest included.

Oregon column. If you included interest and dividends from the U.S. government on lines 9 and 10 of the Oregon column, enter the amount of U.S. government interest on line 38b.

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

• **Local government bond interest [code 317].**

Federal column. The U.S. government taxes certain types of local government bond interest such as private activity bond interest. If you included interest from Oregon bonds on your federal return, subtract it on line 38a.

Oregon column. On line 38b, fill in Oregon local government bond interest if you included it in Oregon income on line 9.

• **Military pay [code 319].** Did you report U.S. military pay in income on line 8? If so, you may qualify for a subtraction.

The Servicemembers Civil Relief Act was signed into federal law on December 19, 2003. According to the act, military pay received by a nonresident, or received by a part-year resident while a nonresident of Oregon, cannot be used to compute Oregon tax. This is retroactive and applies to any tax year with an open statute of limitation.

Federal column. Nonresidents—you may subtract all of your military pay from the wages you reported in the federal column on line 8.

Full-year and part-year residents—you may subtract the following from the wages you reported in the federal column on line 8:

- All military pay received during the part of the year you were a nonresident, and
- All active duty pay earned outside Oregon during the part of the year you were a resident, and
- Up to \$3,000 active duty pay earned in Oregon during the part of the year you were a resident.

If you are a member of the Oregon National Guard, you may be eligible for an additional active duty pay subtraction. See below.

Oregon column. Nonresidents—don't fill in any amount. Military pay of a nonresident is not Oregon source income and should not be reported in the Oregon column on line 8. There is nothing to subtract.

Full-year and part-year residents—you may subtract the following from the wages you reported in the Oregon column on line 8:

- All active duty pay earned outside Oregon during the part of the year you were a resident, and
- Up to \$3,000 active duty pay earned in Oregon during the part of the year you were a resident.

You may be eligible for an additional active duty pay subtraction if you meet **all** of the following conditions:

- You were an Oregon resident during any part of 2001 through 2005, and
- You served as a member of the Oregon National Guard under U.S. Code Title 32, and
- You were called to active duty status under U.S. Code Title 10, and
- You were stationed in Oregon.

If you meet **all** the conditions above, you may subtract all active duty pay you earned while you served under U.S. Code Title 10 in Oregon. You may subtract the amount from both the federal and Oregon columns. This subtraction is available for tax

years starting on or after January 1, 2001. You may amend your prior year tax returns to claim this subtraction. The period to amend your 2001 tax return is extended to July 1, 2006.

Note: Your military pay subtractions cannot be more than your total military pay.

- **Oregon 529 College Savings Network [code 324].** You may subtract contributions you made to an Oregon 529 College Savings Network account in 2005, but not more than \$2,000 (\$1,000 if married filing separately) per return. If you contribute more than \$2,000, you may carry forward the amount of your contribution not subtracted this year over the next four years. Keep a copy of your account statement with your tax records. For more information, visit the network's Web site at www.oregon529network.com. Or, call their tax information line at 503-378-2882.

Federal column and Oregon column. Subtract the qualified contributions you made to an Oregon 529 College Savings Network account from both columns.

- **Oregon Lottery winnings [code 322].** Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket; however, the federal government does. Oregon Lottery includes Powerball tickets you purchased in Oregon, but does not include winnings from tribal gaming centers in Oregon.

Federal column and Oregon column. From the winnings you reported on line 20 you may subtract:

- Oregon Lottery winnings of \$600 or less from each single ticket or play, and
- Oregon Lottery annual payments from tickets purchased prior to 1998.

Example 1: Cheryl had winnings of \$200 playing an Oregon Lottery scratch-off ticket in 2005. This income is included in her federal adjusted gross income. Oregon does not tax Oregon Lottery winnings of \$600 or less per single ticket or play. Cheryl can subtract the \$200 she won on the scratch-off ticket from both columns of her return.

Example 2: David won two prizes in 2005. He won \$1,000 playing Oregon Lottery video poker and \$500 playing an Oregon Lottery Keno game. David must include \$1,500 in his federal income, however, Oregon will not tax the \$500 he won playing Keno. He can subtract \$500 on his Oregon return in both columns because the winnings were from a single game and below the \$600 limit. He cannot subtract any of the \$1,000 he won playing video poker, because the prize was more than \$600 and is fully taxable to Oregon.

Note: Are you claiming gambling losses as an itemized deduction? If so, you may need to reduce your deduction for the losses. See instructions for Form 40N, line 46; or Form 40P, line 47, page 26. If you need help, please contact us.

- **Oregon income tax refund included in federal income [code 325].** This subtraction is for Oregon state income tax refunds only. Do not include other states' refunds or any local or county tax refunds.

Federal column. Fill in your Oregon state income tax refund **only** if you included it on line 11 of the federal column.

Oregon column. Fill in your Oregon state income tax refund **only** if you included it on line 11 of the Oregon column.

- **Railroad Retirement Board benefits [code 330].**

Federal column. Fill in your tier 2, supplemental, windfall, and vested dual Railroad Retirement Board benefits included on line 20 of the federal column. Fill in railroad unemployment benefits included on line 20.

Oregon column. Don't fill in any amount. Oregon does not tax Railroad Retirement Board benefits or Railroad Retirement Board unemployment benefits.

- **Tuition and fees deduction [code 308].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you weren't allowed to deduct tuition and fees because you claimed the federal credit. Because Oregon does not have credits similar to the Hope or lifetime learning credits, you can take the federal tuition and fees deduction on your Oregon return as a subtraction. For 2005, the maximum amount you can claim is the smaller of \$4,000 or your actual expenses.

Federal column. Enter the amount of the federal tuition and fees deduction you would have claimed on your federal return if you hadn't claimed the federal credit. The maximum deduction you can claim is \$4,000.

Oregon column. For the part of the year you were a nonresident, calculate your subtraction using the following formula:

$$\frac{\text{Oregon source income while a nonresident}}{\text{Total income while a nonresident}} \times \frac{\text{Qualified tuition and fees paid while a nonresident}}{\text{Total income while a nonresident}} = \text{Nonresident deduction}$$

Add the amount of qualified education expenses you paid while an Oregon resident. Enter the smaller of the results or the amount you would have deducted on your federal return, but no more than \$4,000.

- **The following subtractions** apply to only a few people and are not explained in this booklet. For more information, go to our Web site or contact us. Make the subtraction in **both** the federal and Oregon columns if you included the related income in both columns.
 - American Indian [code 300].
 - Basis adjustments [code 304].
 - Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes.

- Construction worker and logger commuting expenses [code 303].
- Domestic partner benefits [code 305].
- Federal gain previously taxed by Oregon [code 306].
- Federal tax credits [code 308].
- Fiduciary adjustments from Oregon estates and trusts [code 310].
- Film production labor rebate [code 336].
- Hurricane Katrina Housing [code 337].
- Individual Development Account [code 314].
- Land donation to educational institutions [code 316].
- Net operating loss [code 321].
- Passive activity losses [code 326].
- Previously taxed IRA conversions [code 327].
- Public Safety Memorial Fund award [code 329].
- Scholarship awards used for housing expenses [code 333].

40 Oregon percentage. Divide the amount on line 39b by the amount on line 39a. Round the decimal to three places. Write the percentage on line 40. **Don't fill in more than 100 percent or less than -0-.**

	Line 39b	Line 39a	Oregon percentage Line 40
Example 1	\$8,000 ÷	\$30,000	= .266666 Round to .267 (26.7%)
2	(1,000) ÷	15,000	= -0- (0%)
3	20,000 ÷	15,000	= 1.333 Limited to 1.000 (100.0%)

If the amount on line 39b is **greater than** the amount on line 39a, your Oregon percentage is 100 percent. This is true even when line 39a is a negative number.

Deductions and modifications

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

Form 40N 41 **Form 40P 42** **Itemized deductions.** You may claim your total itemized deductions after federal limitations shown on federal Schedule A, line 28. You may claim itemized deductions for Oregon even if you do not have enough deductions to itemize on your federal return.

If you itemize for Oregon only, fill out a federal Schedule A for Oregon purposes only. Use your federal adjusted gross income to figure the Schedule A limitations. Keep Schedule A with your tax records.

Note: If you are married filing separately, you must itemize deductions if your spouse itemizes. Are you filing separate returns for Oregon only? If so, determine your share of itemized deductions by multiplying your total joint deductions by the percentage you figured on page 16. You may separate each spouse's itemized deductions if you can clearly identify your own itemized deductions.

Form 40N 42

Form 40P 43

State income tax or sales tax claimed as an itemized deduction. Fill in the amount of **Oregon** state income tax or any state and local sales tax you claimed as an itemized deduction on federal Schedule A, line 5. Do not include local or county income tax amounts.

Are you claiming a credit for income taxes paid to another state and deducting the other state's taxes on Schedule A? If so, include the other state's 2005 net tax liability or the other state's 2005 tax claimed as an itemized deduction, whichever is less. For line 57 instructions, see page 28.

Did you limit itemized deductions on your federal return because your adjusted gross income (AGI) was more than \$145,950 (\$72,975 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. Download the publication *Itemized Deductions Limit* from our Web site or to order it, see page 40.

Form 40N 44

Form 40P 45

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

Single.....	\$1,770
Married filing jointly.....	3,545
Married filing separately	
If spouse claims standard deduction	1,770
If spouse claims itemized deductions....	-0-
Head of household.....	2,855
Qualifying widow(er).....	3,545

Standard deduction—Age 65 or older, or blind. If you or your spouse are age 65 or older, or blind, you are entitled to a larger standard deduction amount. Use the chart below to determine your larger standard deduction.

- Are you:..... 65 or older? Blind?
If claiming spouse's exemption,
is your spouse: 65 or older? Blind?

2. If your filing status is...	And the number of boxes checked above is...	Then your standard deduction is...
Single	1	\$ 2,970
	2	4,170
Married filing jointly	1	4,545
	2	5,545
	3	6,545
	4	7,545
Married filing separately	1	2,770
	2	3,770
	3	4,770
	4	5,770
Head of household	1	4,055
	2	5,255
Qualifying widow(er)	1	4,545
	2	5,545

Fill in the total standard deduction on Form 40N, line 44; or Form 40P, line 45.

Standard deduction—Dependents. 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 on page 24; or
- \$800.

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

Use the following worksheet to figure your standard deduction:

- | | |
|--|-----------------|
| 1. Enter your earned income. (See definition below.) | 1. _____ |
| 2. Additional \$250. | 2. <u>250</u> |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Minimum standard deduction. | 4. <u>800</u> |
| 5. Enter the larger of line 3 or line 4. | 5. _____ |
| 6. Basic standard deduction for single. | 6. <u>1,770</u> |
| 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. Enter the total here and on Form 40N, line 44; or Form 40P, line 45. This is your standard deduction. | 10. _____ |

Earned income is salaries, wages, tips, professional fees, or other amounts received as pay for work you actually perform, and any part of a scholarship or fellowship grant that you must include in your gross income.

Standard deduction—Nonresident aliens. The standard deduction for nonresident aliens, as defined by federal law is -0-.

Form 40N 45 **Form 40P 46** **2005 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 \$4,500. Don't fill in less than -0- or more than \$4,500 (\$2,250 if married filing separately).

- | | |
|--|----------|
| 1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 36; Form 1040EZ, line 10; or Form 1040NR, line 52. | 1. _____ |
|--|----------|

- | | |
|---|----------|
| 2. Enter your tax on qualified retirement plans, Form 1040, line 60; or Form 1040NR, line 55, the recapture taxes you included on the dotted line of Form 1040, line 63; or Form 1040NR, line 58; and the amount on Form 1040NR, line 53. | 2. _____ |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Enter \$4,500 (\$2,250 if married filing separately). | 4. _____ |
| 5. Enter the smaller of line 3 or line 4 here and on Form 40N, line 45; or Form 40P, line 46. | 5. _____ |

Caution: Don't include any of the following on line 2 above.

- Self-employment tax.
- Social Security and Medicare tax on tips.
- Advance earned income credit payments.
- Household employment taxes.

If you are married filing separately for Oregon only, multiply your joint federal tax liability (after credits) by the percentage calculated on page 16. Each spouse is limited to a maximum subtraction of \$2,250.

Are you amending your 2005 return? If so, see the *Oregon Amended Schedule* instructions for more information on your federal tax subtraction.

Did you pay additional federal tax in 2005 because you were audited or you filed an amended return? If so, read the instructions for Form 40N, line 46; or Form 40P, line 47.

Form 40N 46 **Form 40P 47** **Other deductions and modifications.** Only a few people have other deductions and modifications. These items are multiplied by the Oregon percentage. Please identify the deduction or modification using the numeric code shown in brackets. For example, if you are reporting a foreign tax deduction, enter 603 on Form 40N, line 46a; or Form 40P, line 47a. If you have more than one, enter the second numeric code on Form 40N, line 46b; or Form 40P, line 47b. If you have more than two, attach a statement to your return that identifies the deductions or modifications. Modifications can be either additions or subtractions. Net the total amount of these items and enter that amount on this line. If the net amount is an addition, please clearly bracket it. For example, "[200]."

• **Federal income tax refunds [code 601].** Did you get a federal tax refund in 2005 because you were audited or you amended a prior year return? If so, fill in and clearly bracket the amount on Form 40N, line 46; or Form 40P, line 47, if you subtracted that amount on a prior Oregon return.

- **Federal tax from a prior year [code 602].** Did you pay additional federal tax in 2005 because you were audited or you amended a prior year's return? If so, you may be able to deduct the additional tax. This deduction 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.

Use the following worksheet to figure your deduction for federal tax from a prior year.

1. Enter \$4,500 (\$2,250 if married filing separately). 1. _____
2. Enter your federal tax liability from Form 40N, line 45; or Form 40P, line 46. 2. _____
3. Line 1 minus line 2. If the result is -0-, you cannot deduct your federal tax paid for a prior year. If greater than -0-, enter the result on line 3. 3. _____
4. Enter the amount of federal tax you paid for a prior year. 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40N, line 46; or Form 40P, line 47. 5. _____

- **Foreign tax [code 603].** Did you pay tax to a foreign country in 2005? You may deduct this tax if you:
 - Took a foreign tax credit on your federal return, **or**
 - Didn't take a foreign tax credit **and** didn't itemize deductions on your federal return.

This subtraction is limited to \$3,000 (\$1,500 if married filing separately).

For more information, visit our Web site or contact us.

- **Gambling losses claimed as an itemized deduction [code 604].** Did you have winnings from the Oregon Lottery and claim gambling losses on your federal Schedule A? If so, fill in and clearly bracket on Form 40N, line 46; or Form 40P, line 47, the gambling losses claimed as an itemized deduction that exceed gambling winnings taxed by Oregon.

- **Special Oregon medical deduction [code 606].** Were you or your spouse **age 62 or older** on December 31, 2005? If so, your deduction is the smaller 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.

- **Part-year residents only: Artists who make a charitable art donation [code 600].** Download the publication *Artist's Charitable Contribution Subtraction* from our Web site or contact us to order it. Nonresidents, see Form 40N, line 48 instructions.

Form 40N 47 **Allowable deductions and modifications.** Complete the worksheet below to determine the deductions and modifications you are entitled to claim.

1. Enter amount from either Form 40N, line 43; or Form 40N, line 44, whichever is larger. 1. _____
2. Enter amount from Form 40N, line 45. 2. _____
3. Enter amount from Form 40N, line 46. 3. _____
4. Add together amounts from lines 1, 2, and 3 above. Enter result here. 4. _____
5. Enter your Oregon percentage from Form 40N, line 40, here. 5. _____
6. Multiply the amount from line 4 by the amount on line 5 above. Enter result here and on Form 40N, line 47. 6. _____

Form 40N 48 **Deductions and modifications not multiplied by Oregon percentage.**

- **Artists who make a charitable art donation [code 600].** Artists who make a charitable art donation may take a full deduction. Download the publication *Artist's Charitable Contribution Subtraction* from our Web site or contact us to order it.

2005 Tax Rate Charts

S Tax Rate Chart For persons filing

Single or married filing separately

If your taxable income is:	Your tax is:
Not over \$2,650.....	5% of taxable income
Over \$2,650 but not over \$6,650	\$133 plus 7% of the excess over \$2,650
Over \$6,650.....	\$413 plus 9% of the excess over \$6,650

J Tax Rate Chart For persons filing

Jointly, head of household, or qualifying widow(er) with dependent child

If your taxable income is:	Your tax is:
Not over \$5,300.....	5% of taxable income
Over \$5,300 but not over \$13,300	\$265 plus 7% of the excess over \$5,300
Over \$13,300.....	\$825 plus 9% of the excess over \$13,300

Oregon tax

Form
40N **51**

Form
40P **50**

Tax from tax rate charts.

Figure the tax on your taxable income, Form 40N, line 50; or Form 40P, line 49. Go to the tax rate charts on page 26. Fill in your tax amount on Form 40N, line 51; or Form 40P, line 50. Please double-check the tax you figured. **Form 40P filers only**—If you qualify to compute your Oregon tax using the farm income averaging method or the farm asset capital gain method, do not enter an amount on line 50. Please go to Form 40P, line 51 instructions.

Example: A married couple's Oregon taxable income is \$29,500. They are filing jointly. They will use chart J for married filing jointly. They figure their tax like this:

Chart J

Oregon taxable income		\$29,500
Subtract	-	<u>13,300</u>
		16,200
Multiply by 9%	×	<u>.09</u>
		1,458
Then add	+	<u>825</u>
Their Oregon tax is		<u>\$2,283</u>

Form
40N **51**

Form
40P **51**

Tax from farm income averaging method or farm asset capital gain method.

If you qualify, you can compute your Oregon tax using one of the following methods:

Farm income averaging method. You can use the federal farm income averaging method to compute your Oregon tax even if you didn't use farm income averaging on your federal return. Only Oregon source farm income is considered elected farm income.

Use Form FIA-40N, *Oregon Farm Income Averaging for Nonresidents*, or Form FIA-40P, *Oregon Farm Income Averaging for Part-Year Residents*, to calculate your tax on your farm income and your other Oregon income. Download the form from our Web site or to order it, see page 40.

1. Enter the tax amount from Form FIA-40N, line 19; or Form FIA-40P, line 18, on Form 40N or 40P, line 51.
2. Check the box labeled "Form FIA-40N" or "Form FIA-40P."
3. Attach a copy of Form FIA-40N or Form FIA-40P to your return.

Farm asset capital gain method. Did you sell or exchange capital assets primarily used in farming because you were getting out of a farming business? Or, did you sell or exchange a farming partnership, corporation, or other farming entity where you held at least a 10 percent ownership interest? If the sale or

exchange was not to a family member and you were getting out of a farming business completely, you may be eligible for a reduced tax rate on the net capital gain from the proceeds of the sale or exchange.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and your other Oregon income. Download the worksheet from our Web site or contact us to order it.

Nonresidents. Enter the tax amount from Worksheet FCG, line 7, on Form 40N, line 51. **Check the box labeled "Worksheet FCG."** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

Part-year residents. Enter the tax amount from Worksheet FCG, line 8, on Form 40P, line 51. **Check the box labeled "Worksheet FCG."** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

52 Interest on certain installment sales. Did you have installment sales that required you to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same way as for federal. The interest rate for 2005 is 5 percent per year (0.417 percent per month).

Nonresidents. Use only those installment obligations from dispositions of Oregon property while you were a nonresident of Oregon.

Credits

Generally, credits cannot be more than your Oregon tax liability. 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. You must prorate some Oregon credits on your return. This means you need to multiply your total credit by your Oregon percentage, line 40, to figure the amount you can claim on your Oregon return.

55 Earned income credit. You are allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. You must prorate this credit. Your Oregon credit is 5 percent of your federal credit multiplied by your Oregon percentage. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$) multiplied by your Oregon percentage from Form 40N or Form 40P, line 40.

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040, line 66a; Form 1040A, line 41a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5% (.05). Enter the result here. 2. _____

3. Multiply line 2 by the Oregon percentage (Form 40N or Form 40P, line 40). Enter the result here and on Form 40N or Form 40P, line 55. 3. _____

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

56 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. You must prorate this credit. Use the following worksheet to figure your credit for Oregon

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 43; 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 on line 2. Enter here. 3. _____
4. Multiply line 3 by the Oregon percentage from Form 40N or Form 40P, line 40. Enter the result here and on Form 40N or Form 40P, line 56. 4. _____

Did you pay 2004 child care expenses in 2005? If so, multiply your 2004 expenses that you paid in 2005 that are included in the computation of your federal credit by the decimal amount that applies to your 2004 federal taxable income.

Multiply this amount by the Oregon percentage from your 2004 return. Enter the result on Form 40N or Form 40P, line 56. If you need help, please contact us.

Carryforward. Your total 2005 child and dependent care credit can't be more than your 2005 tax liability for Oregon. You can carry forward any excess over the next five years. If the excess isn't used within five years, it's lost. See instructions for "other credits" on page 29.

57 Credit for income taxes paid to another state.

If you paid 2005 income tax to another state or U.S. territory on income also taxed by Oregon, you may claim a credit.

You must claim the credit on your nonresident return or on your part-year resident return for the part of the year you were a nonresident if the income is taxed by both Oregon and one of the following states: Arizona, California, Indiana, or Virginia. See our Web site for links to other states' tax Web sites.

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

If you are a shareholder in an Oregon S corporation that paid taxes to another state, you may qualify for this credit. Download the publication *Credit for Income Taxes Paid to Another State* from our Web site or to order it, see page 40.

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

- The other state's 2005 net tax liability.
- Your Oregon tax liability after all credits, except credits for income taxes paid to other states.
- The amount figured using Formula 1 below.
- The amount figured using Formula 2 below.

Formula 1: Divide your modified adjusted gross income (MAGI) taxed by both states by your total MAGI. Your total MAGI is your income on Form 40P or Form 40N, line 39b. Multiply the result by your Oregon tax after all other credits. The result can't be more than your Oregon tax after credits.

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

Formula 2: Divide your MAGI taxed by both states by your total income on the other state's return. Multiply the result by the other state's tax after all other credits. "Total income" means income before subtracting itemized deductions and exemptions. The result can't be more than the other state's tax after credits.

$$\frac{\text{Your MAGI taxed by both states}}{\text{Your total income on the other state's return}} \times \text{Your other state's tax after all other credits}$$

Enter the credit amount on Form 40N or Form 40P, line 57, and identify the other state on Form 40N or Form 40P, line 57a.

Caution: You can't claim this credit and also benefit from the itemized deduction for the tax paid to the other state. If you claim the tax as an itemized deduction, include the other state's 2005 net tax liability or the other state's 2005 tax claimed as an itemized deduction, whichever is less, on Form 40N, line 42; or Form 40P, line 43.

If the credit for income taxes paid to another state is based on a tax liability that is paid in two different tax years, you may be required to restore the deduction to Oregon income in two different tax years. For more information, please contact us.

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. For more information, please contact us.

58 Other credits. You may qualify for other credits explained below. Please identify the credit(s) using the numeric code shown in brackets. Enter the numeric code on line 58a and enter the amount on line 58b. For example, if you are claiming a \$50 political contribution credit, enter 723 on line 58a and enter \$50 on line 58b. If you are claiming two credits, enter the second numeric code on line 58c and enter the amount on line 58d. If you are claiming more than two, attach a statement to your return that identifies the "other credits" and the dollar amounts. Fill in the total amount of "other credits" on line 58.

• **Child and dependent care credit carry forward [code 704].** Fill in the amount of the carryover on Form 40N or Form 40P, line 58. The amount of prior year carryover plus your current year's credit can't be more than your Oregon tax liability. You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.

• **Elderly or the disabled [code 709].** The Oregon credit is 40 percent of your federal credit. You may claim an Oregon credit only if you qualify for the federal credit. Multiply the amount from federal Form 1040, Schedule R, line 20; or Form 1040A, Schedule 3, line 20, by 40 percent (.40). Then multiply the result by the Oregon percentage on Form 40N or Form 40P, line 40. You may claim this credit or the retirement income credit, but not both.

• **Political contribution [code 723].** Fill in your total political contributions, but not more than \$100 on a joint return or \$50 on all others. You must have contributed money during 2005 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.

Download the publication *Political Contributions Tax Credit* from our Web site or contact us to order it.

• **Retirement income [code 730].** If you were age 62 or older on December 31, 2005, and receiving retirement income, you may qualify for a credit. You qualify for this credit if:

- Your household income is less than \$22,500 (\$45,000 if married filing jointly), **and**
- Your Social Security benefits and/or tier 1 Railroad Retirement Board benefits are less than \$7,500 (\$15,000 if married filing jointly), **and**
- Your household income plus your Social Security and/or tier 1 Railroad Retirement Board benefits is less than \$22,500 (\$45,000 if married filing jointly).

If you think you qualify, contact us for more information.

Miscellaneous credits

• The following credits apply to only a few people. Some are prorated using your Oregon percentage and some are not. For more information, visit our Web site or contact us.

- Adoption expenses [code 700].*
- Advanced telecommunications facilities [code 701].*
- Bone marrow donation program [code 702].
- Business energy [code 703].
- Business tax credits from flow-through entity [code 736].
- Child Care Fund contributions [code 705].
- Claim of right income repayments [code 706].
- Crop donation [code 708].*
- Dependent care assistance by employers [code 707].
- Diesel engine replacement [code 734].*
- Electronic commerce zone investment [code 710].
- Employer scholarship [code 711].*
- Farmworker housing [code 712].*
- Film production development contributions [code 737].
- First Break Program [code 713].*
- Fish screening devices [code 714].*
- Individual Development Account [code 715].
- Long-term care insurance premiums [code 716].*
- Loss of use of limbs [code 717].
- Low-income caregiver credit [code 718].
- Mutually taxed gain on the sale of residential property [code 720].
- On-farm processing machinery and equipment [code 721].*
- Oregon Cultural Trust [code 722].*
- Pollution control facilities [code 724].
- Reforestation of underproductive forestlands [code 727].
- Reservation enterprise zone [code 728].*
- Residential energy [code 729].*
- Riparian land [code 735].*
- Rural medical practitioners [code 731].*

*Prorated credit (multiplied by Oregon percentage).

Tax payments, penalty, and interest

61 Oregon income tax withheld from income. Fill in the total Oregon tax withheld from your wages and other income shown on your Form(s) W-2 or 1099. Don't use the FICA (Social Security) tax withheld from your pay. 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 do not have a Form W-2 or 1099, you must provide other proof of Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2006 wages for Oregon. Download the publication *Oregon Income Tax Withholding: Some Special Cases* from our Web site or contact us to order it.

62 Estimated tax payments for 2005 and payments made with your extension. Fill in the total Oregon estimated tax payments you made before filing your 2005 Oregon return. Include any payments made with your Oregon extension. Also include any refund you applied to your 2005 estimated tax. If the department adjusted your applied refund, be sure to use the adjusted amount. If you need to verify your estimated payment amounts, please contact us.

63 Working family child care credit. This credit is available to low-income working families with **qualifying** child care expenses for a qualifying child under age 13 (or a child for whom you can claim the additional exemption credit for a child with a disability). The working family child care credit is a refundable credit. If this credit is more than your tax, you will receive the difference. To find out if you qualify, see page 35.

67 Penalty and interest for filing or paying late. Your return is due April 17, 2006, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your tax payment after April 17 (even if you have an extension), or
- File your return showing tax to pay after the due date or extension due date.

The late-payment penalty is 5 percent of the unpaid balance of your tax. If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added; that is, you will owe a total 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 17, 2006, and

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

Interest. If you are paying your tax after April 17, 2006, include interest on any unpaid tax. An interest period is each full month starting with the day after the due date. For example, April 18, 2006, through May 17, 2006, is an interest period. The 2006 interest rate is 7 percent per year (0.583 percent per month).

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.

Note: Do not calculate interest if you file late and expect a refund. It may delay processing of your refund.

68 Interest on estimated tax underpayment. For 2005, you will have an underpayment if you paid less than 90 percent of the tax due on each estimated tax payment due date.

You do not have an underpayment if:

- You owe less than \$1,000 tax on your 2005 tax return after credits, including your working family child care credit and Oregon tax withheld, or
- You did not have an underpayment for any 2005 estimated tax period.

Use Form 10, *Underpayment of Oregon Estimated Tax*, to determine if you have an underpayment. If you have an underpayment or you meet an exception, you **must** file Form 10 with your return. Download the form from our Web site or to order it, see page 40.

On Form 40N or 40P, line 68, fill in the amount of interest due from Form 10 and check the box. If you meet an exception, enter the exception number on line 68a. Attach Form 10 to the back of your return.

70 Amount you owe. You may pay your tax with a check, money order, or credit card.

Check or money order

- Make your check or money order payable to "**Oregon Department of Revenue.**"
- Write your daytime telephone number and "2005 Oregon Form 40N" or "2005 Oregon Form 40P" on your check.
- Please use **blue or black** ballpoint ink. Do not use gel ink or the color red.
- **Do not send cash or a postdated check.**
- Staple your payment and the Form 40-V payment voucher (page 31) to your return on top of your Form(s) W-2.

Credit card payment

You now can pay your current-year balance due, make 2006 estimated tax payments, or pay prior year taxes with your Discover, MasterCard, or Visa credit card. This option is available to both electronic and paper filers.



To pay your taxes by credit card, call toll-free or go to the Web site of one of the service providers supporting Oregon's program (listed below).

The service provider **will charge** you a convenience fee based on the amount of your tax payment. The service provider will tell you what the fee is during the transaction. You will have the option to either continue or cancel the transaction before entering your credit card information.

The convenience fee, terms, and conditions may vary between providers. If you accept the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

Choose one of the following service providers:

- **Link2Gov Corporation**
Visit their Web site at www.ortaxpayment.com.
- **Official Payments Corporation**
Call 1-866-720-1327, or visit their Web site at www.officialpayments.com.

For additional information about making credit card payments and the current service provider list, visit our Web site or contact us.

Payment plan. If you cannot pay in full now, we will work with you to set up a payment plan for the amount you do not pay with your return. For more information, please contact us.

Special instructions. Do you owe interest on line 68 and have an overpayment on line 65? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 65 from line 68 and enter the result on line 70.

Charitable donations. If you do not have a refund but want to contribute to a charity listed on lines 73–78, mail your donation to the charity's address shown on pages 31–33. Please do not mail your donation to the Department of Revenue.

To finish your return, go to the signature block section on page 33.

71 Refund. You must have a refund on line 71 to use lines 72–78.

72 Estimated tax. If you have a refund on line 71, you may apply part or all of it to your 2006 estimated tax. Fill in the amount you want to apply. Do not fill in more than the amount on line 71.

Charitable checkoffs

You may choose to donate all or part of your refund to the charities listed here and on pages 32 and 33. Donations will reduce your refund. You may donate to any or all of the charities on lines 73–77. You also may donate to **one** of the charities listed under the instructions for line 78. Or, you can mail your donations to the addresses shown.

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

Oregon Department of Fish and Wildlife
3406 Cherry Avenue NE
Salem OR 97303-4924

Charities continued on page 32

Form 40-V

For Oregon forms, please visit our Web site at

www.oregon.gov/DOR/

and click on "Tax Forms"

74 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 of Oregon
1410 SW Morrison Street, Suite 501
Portland OR 97205

75 Alzheimer's Disease Research. Your donation will fund research of Alzheimer's and related dementias.

Layton Aging and Alzheimer's Disease Center
3181 SW Sam Jackson Park Road CR131
Portland OR 97239

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

OCADSV
380 SE Spokane Street, Suite 100
Portland OR 97202

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

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

78 Other charity. You may donate all or part of your refund to one of the following charities.

Enter the code of the charity on line 78a. **Enter only one code.** Check the box for the amount you want to donate and write it on line 78. Or, you can mail your donations to the addresses shown.

Habitat for Humanity of Oregon [code 1]. Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.

Habitat for Humanity of Oregon
3300 NW 185th, #214
Portland OR 97229

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
221 B Street
Springfield OR 97477

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 12th Avenue, Suite 203
Portland OR 97209

SOLV [code 6]. Your donation will help fund thousands of projects to clean up and restore beaches, forests, rivers, and neighborhoods across Oregon.

SOLV
5193 NE Elam Young Parkway, Suite B
Hillsboro OR 97124

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

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

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

The Nature Conservancy
821 SE 14th Avenue
Portland OR 97214

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 Salvation Army—Oregon [code 11]. Your donation to the Salvation Army ensures help for the neediest children and their families throughout Oregon.

The Salvation Army
1785 NE Sandy Boulevard
Portland OR 97232

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

Planned Parenthood of Oregon [code 13]. Your donation will fund family planning services and reproductive health education programs.

Planned Parenthood of Oregon
3231 SE 50th Avenue
Portland OR 97206

Oregon Lions Sight & Hearing Foundation [code 14]. Your donation will fund sight and hearing assistance, and provide diabetes awareness for Oregonians.

Oregon Lions Sight & Hearing Foundation
1410 SW Morrison Street, Suite 760
Portland OR 97205

Shriners Hospitals for Children—Portland [code 15]. Your donation will help provide braces and artificial limbs for Oregon's children.

Shriners Hospitals for Children—Portland
3101 SW Sam Jackson Park Road
Portland OR 97239

Special Olympics Oregon [code 16]. Your donation will help provide life-changing services to thousands of Oregonians with intellectual disabilities.

Special Olympics Oregon
5901 SW Macadam, Suite 100
Portland OR 97239

Susan G. Komen Breast Cancer Foundation, Oregon & SW Washington [code 17]. Your donation funds critical breast cancer research, education, screening, and treatment.

Susan G. Komen Breast Cancer Foundation,
Oregon & SW Washington Affiliate
1400 SW 5th Avenue, Suite 530
Portland OR 97201

80 Net refund. You must **reduce your refund** by any amounts applied to 2006 estimated tax and donations on lines 73–78. **The department cannot issue a refund if your return is filed more than three years after the due date of the return.**

Direct deposit

81 If you want us to deposit your refund directly into your bank account instead of mailing you a check, follow the instructions below.

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, 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, or 61 through 72.

4. **Enter the account number** into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Authorization box. Check the box if you want to authorize the Department of Revenue to contact your preparer about the initial processing of your tax return. Otherwise, leave it blank.

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

Minor child's return. If your child must file a tax return, you may sign the child's name as his or her legal agent. Sign the child's name and then write "By [your signature], parent (or other legal guardian) of minor child."

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 the following 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 (Salem) for licensed tax consultants and licensed tax preparers.
- State Board of Accountancy at 503-378-4181 (Salem) 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 40N or Form 40P.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40N or Form 40P.
3. Staple your check or money order and completed Form 40-V payment voucher (page 31) on top of the Form(s) W-2 and/or 1099. If paying by credit card, do not use Form 40-V.
4. Place a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, or 1040NR behind your Form 40N or Form 40P.

5. If applicable, place these items in the following order behind the federal form:

- Oregon Amended Schedule.
- Schedule WFC-N/P, Oregon Working Family Child Care Credit for Form 40N and Form 40P filers. See page 37.
- Oregon Form 10, Underpayment of Oregon Estimated Tax.
- Proof required to claim credit for income taxes paid to another state. See page 28.
- Oregon Form 24, Like-Kind Exchanges/Involuntary Conversions.
- Form FIA-40N, Oregon Farm Income Averaging for Nonresidents, or Form FIA-40P, Oregon Farm Income Averaging for Part-Year Residents.
- Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe.

6. Staple all pages of your return together in the top left-hand corner.

Be sure the second page of your return is the same form as the first page. *Example:* If you file Form 40N, be sure that “Page 2—2005 Form 40N” is printed at the top of the second page.

Do not attach extension requests, or any federal schedules. 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?

You have three years from the due date of the return to file a claim for a refund. By law, the Department of Revenue cannot issue a refund 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 daytime telephone number, tax year, and “2005 Oregon Form 40N” or “2005 Oregon Form 40P” on your check. Be sure you also use the payment voucher, Form 40-V, on page 31. Call the department as

soon as possible to set up a payment plan. If you do not call, collection activity may begin. See page 40.

To avoid processing delays, remember to:

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 figured. Errors will slow the processing of your return.

If you have tax to pay, read line 70 instructions.

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 your return.

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

Staple Form 40-V, the payment voucher, with your check or money order to the front of your return. If paying by credit card, do not use Form 40-V.

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) and be sure to use enough postage. Please do not use a smaller envelope—it delays processing.

Tax return mailing addresses

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

Schedule WFC Relationship Codes

Son..... S
 Daughter..... D
 Stepson SS
 Stepdaughter..... SD
 Grandchild..... GC
 Niece NC
 Nephew NW
 Brother..... SB
 Sister..... SB
 Legally adopted child..... LA

Eligible foster child.....EF
 Parent..... P
 Grandparent GP
 Aunt A
 Uncle U
 Cousin..... CS
 Sister-in-law SL
 Brother-in-law BL
 None..... N
 Other..... O

Working family child care credit

This refundable credit is available to low-income working families with qualifying child care expenses. To qualify, **all of the following must be true:**

- You had at least \$6,900 of earned income from Oregon sources, and
- You had \$2,700 or less of investment income (such as interest, dividends, and capital gains), and
- Your adjusted gross income was less than the limits for your household size shown on the back of Schedule WFC-N/P, and
- You paid qualifying child care expenses to allow you (and your spouse, if married) to work or attend school, and
- You paid qualifying child care expenses for your qualifying child. A qualifying child is your child, step child, grandchild, step grandchild, brother, sister, stepbrother, stepsister, nephew, niece, step nephew, step niece, eligible foster child, or adopted child who:
 - can be claimed as a dependent on your federal return, or

- could have been claimed on your return except, as the custodial parent, you released the exemption to the child's other parent under a decree of divorce or separate maintenance or written declaration such as federal Form 8332, and
 - was under the age of 13, or
 - was a child for whom you can claim the additional exemption credit for a child with a disability, and
 - did not provide more than one-half of their own support during the year, and
- Your child care provider was not the child's parent or guardian, or your relative or step relative under age 19.

Note: If you are married filing separately, you must be legally separated or permanently living apart on December 31, 2005, to qualify.

If you qualify, complete Schedule WFC-N/P, *Oregon Working Family Child Care Credit for Form 40N and Form 40P filers*, on page 37. Attach this schedule to your return.

Schedule WFC-N/P instructions

You must complete all information on the schedule. An incomplete schedule may result in denial of your working family child care credit.

Household size calculation

Sched. WFC-N/P 1 - 5 Your household size is the number of people you claim as exemptions on your federal tax return who are related to you by blood, marriage, or adoption and live in your home. You can include in your household size your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on his or her tax return. You cannot include people you are entitled to claim on your tax return who did not live with you in your home during 2005. For the purposes of this credit, an individual cannot be counted in household size on more than one return. Enter your household size from Schedule WFC-N/P, line 5, on Form 40N or Form 40P, line 63a.

Example 1: Rusty and Deb are not married and are the parents of two children. They maintain separate households and have joint custody of both children. The children live more than half the year with Deb. Even though they are Deb's qualifying children, she releases the dependent exemption for one child to Rusty. Both Rusty and Deb may claim the credit based on the qualifying child care expenses each paid. How-

ever, they must calculate household size separately. Deb's household size is three (herself, one dependent child whose exemption she claims, and one dependent child whose exemption is released to Rusty). Rusty's household size is one (himself). Although he claims one child on his tax return, the child did not live with him more than one-half of the year and is not included in his household size.

Example 2: Jay and Rena are married and have three qualifying children. They also support Rena's parents who do not live with them. They claim seven exemptions on their tax return. Jay and Rena's household size is five, because only five of them live in their home.

Qualifying child care expenses paid in 2005

Sched. WFC-N/P 6 - 9 **Provider's full name, address, and phone number.** Enter the child care provider's information in the space provided on Schedule WFC-N/P. If you have more providers during the year than there is space for on the form, please attach a separate sheet with the required information.

Provider's SSN/FEIN/ITIN. You must include your provider's Social Security number, federal employer identification number (FEIN), or individual taxpayer identification number (ITIN).

Child/provider relationship. Identify the relationship of the provider to the child using the relationship codes on page 34. If there is no relationship between the provider and the child, enter “N” for none.

Amount paid to provider. Qualifying child care expenses are those paid for your qualifying child primarily so that you (and your spouse, if married) can work or attend school. You can pay your expenses with pre-tax dollars from an employer benefit plan, such as a cafeteria plan or flexible spending arrangement, and still qualify to claim this credit. You must pay for the child care during 2005 for the payments to be qualifying child care expenses.

Qualifying child care expenses do not include amounts you paid for your child to attend a public or private school, or for activities such as gymnastics or soccer. You cannot claim expenses that are paid by someone else such as a state assistance agency. You can claim only the expenses you actually paid.

Example 3: Jeff works for a company that offers dependent care benefits. He contributes \$4,000 pre-tax each year to a flexible spending arrangement (FSA) plan. Jeff’s employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff also paid \$1,000 with after-tax dollars. Jeff may claim the working family child care credit based on \$5,000 in qualifying child care expenses.

Example 4: Lee has a five-year-old qualifying child who attends a local academy. He pays \$750 per month for his son’s kindergarten and child care. Of that total, \$500 is the contract price for child care, and \$250 for the child’s education. Lee can only claim \$500 per month as qualifying child care.

Example 5: Cate receives state assistance to pay her child care expenses. The child care provider charges Cate \$600 per month to care for her two qualifying children. Of the \$600 per month, the state pays \$450, and Cate has a co-pay of \$150. Cate can only claim the amount she actually paid (\$150 per month).

Proof of qualifying child care expenses. To claim this credit, you must prove that you paid the child care expenses. Acceptable proof includes, but is not limited to, copies of:

- Canceled checks or money order stubs, or
- Duplicate checks along with bank statements, and/or

- Signed receipts from the child care provider.

The department can ask for proof while processing your tax return or any time later. If you pay a relative to watch your children, you may be asked to provide additional information that shows you actually paid qualifying child care expenses. *Be sure to ask for a signed receipt from your child care provider when you pay for the care.*

Qualifying child information

Sched. WFC-N/P 10 – 14

Enter the full name of each qualifying child, the child’s Social Security number, date of birth, and his or her relationship to you using the codes on page 34.

Enter the portion of the expenses you listed in the child care provider section that apply to each child. The amounts shown on line 9 and line 14 should always be the same.

Example 6: Bill paid two child care providers \$5,000 during the year for his two qualifying children, Joe and Lane. Of the \$5,000 he paid, \$3,000 was for Joe’s care and \$2,000 was for Lane’s care. He will enter those amounts next to each child’s information.

Computation of credit

Sched. WFC-N/P 15 – 17

You must know your federal and Oregon adjusted gross income (AGI) to compute this credit. Enter the larger of your federal AGI (Form 40N or Form 40P, line 30a) or your Oregon AGI (Form 40N or Form 40P, line 30b) on Schedule WFC-N/P, line 17.

Sched. WFC-N/P 18

Enter the total qualifying expenses from Schedule WFC-N/P, line 9, on Schedule WFC-N/P, line 18, and Form 40N or Form 40P, line 63b.

Sched. WFC-N/P 19

Use the table on the back of Schedule WFC-N/P (page 38) that matches your household size.

For example, if your household size is three, use Table 3 to find the percentage you should apply to your qualifying expenses. Enter that percentage on Schedule WFC-N/P, line 19.

Schedule WFC-N/P

For Oregon forms, please visit our Web site at
www.oregon.gov/DOR/
and click on "Tax Forms"

Working Family Child Care Credit—2005 Tables

Table 1, household size = 1		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$19,150	.40
\$19,150	20,100	.36
20,100	21,050	.32
21,050	22,000	.24
22,000	22,950	.16
22,950	23,950	.08
23,950	—	.00

Table 2, household size = 2		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$25,650	.40
\$25,650	26,950	.36
26,950	28,250	.32
28,250	29,500	.24
29,500	30,800	.16
30,800	32,100	.08
32,100	—	.00

Table 3, household size = 3		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$32,200	.40
\$32,200	33,800	.36
33,800	35,400	.32
35,400	37,000	.24
37,000	38,600	.16
38,600	40,250	.08
40,250	—	.00

Table 4, household size = 4		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$38,700	.40
\$38,700	40,650	.36
40,650	42,550	.32
42,550	44,500	.24
44,500	46,450	.16
46,450	48,400	.08
48,400	—	.00

Table 5, household size = 5		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$45,200	.40
\$45,200	47,500	.36
47,500	49,750	.32
49,750	52,000	.24
52,000	54,250	.16
54,250	56,550	.08
56,550	—	.00

Table 6, household size = 6		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$51,750	.40
\$51,750	54,350	.36
54,350	56,900	.32
56,900	59,500	.24
59,500	62,100	.16
62,100	64,700	.08
64,700	—	.00

Table 7, household size = 7		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$58,250	.40
\$58,250	61,150	.36
61,150	64,100	.32
64,100	67,000	.24
67,000	69,900	.16
69,900	72,850	.08
72,850	—	.00

Table 8, household size = 8*		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule WFC-N/P, line 19:
at least:	but less than:	
—	\$64,800	.40
\$64,800	68,000	.36
68,000	71,250	.32
71,250	74,500	.24
74,500	77,750	.16
77,750	81,000	.08
81,000	—	.00

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

Schedule WFC-N/P

For Oregon forms, please visit our Web site at
www.oregon.gov/DOR/
and click on "Tax Forms"

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

- Forms 40S & 40, *Full-Year Resident* 150-101-043
- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Estimated Income Tax Payment Instructions and Vouchers*..... 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax*..... 150-101-031
- Oregon Amended Schedule 150-101-061
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Oregon Depreciation Schedule* 150-101-025
- Form 24, *Oregon Like-Kind Exchanges/ Involuntary Conversions* 150-800-734
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*..... 150-101-160
- Form FIA-40N, FIA-40P, and Schedule Z, *Oregon Farm Income Averaging for Nonresidents and Part-Year Residents*..... 150-101-161

Publications

- 2-D Barcode Filing for Oregon* 150-101-631
- Amtrak Act (Interstate Transportation Wages)* 150-101-601
- Audits: What To Do if You Are Audited* 150-101-607
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon* 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interest on Tax You Owe: Computation* 150-800-691
- Itemized Deductions Limit* 150-101-611
- Married Persons Filing Separate Returns* 150-101-656
- Military Personnel Filing Information* 150-101-657
- Record-Keeping Requirements* 150-101-608
- Retirement Income* 150-101-673
- Your Rights as an Oregon Taxpayer* 150-800-406
- List of other printed information:
Form and Publication Order 150-800-390

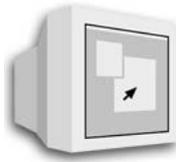
**Send to: Forms, Oregon Department of Revenue
PO Box 14999, Salem OR 97309-0990**

Please print

Name _____
Address _____
City _____
State _____ ZIP Code _____

Internet

www.oregon.gov/DOR



- Download forms and publications
- Get up-to-date tax information
- E-mail: questions.dor@state.or.us

This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.

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 from an Oregon prefix..... **1-800-356-4222**

Call one of the numbers above to:

- Check on the status of your 2005 personal income tax refund (beginning February 1).
- Order tax forms.
- Hear recorded tax information.



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 3–April 17, Monday–Friday 7:00 a.m.–8:00 p.m.
Saturday, April 15 9:00 a.m.–4:00 p.m.
Wait times may vary.

Asistencia en español:

Salem 503-945-8618
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Field offices

Get forms and assistance at these offices. **Do not send your return to these addresses.**

Bend 951 SW Simpson Avenue, Suite 100

Eugene 1600 Valley River Drive, Suite 310

Gresham 1550 NW Eastman Parkway, Suite 220

Medford 24 W 6th Street

Newport 119 NE 4th Street, Suite 4

North Bend 3030 Broadway

Pendleton 700 SE Emigrant, Suite 310

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

