



Package B

**Personal Income Tax
Forms and Instructions**

Forms and Instructions

All of these forms and instructions are available on the internet at www.oregon.gov/DOR.

INDIVIDUAL INCOME TAX

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TRANSIT TAX

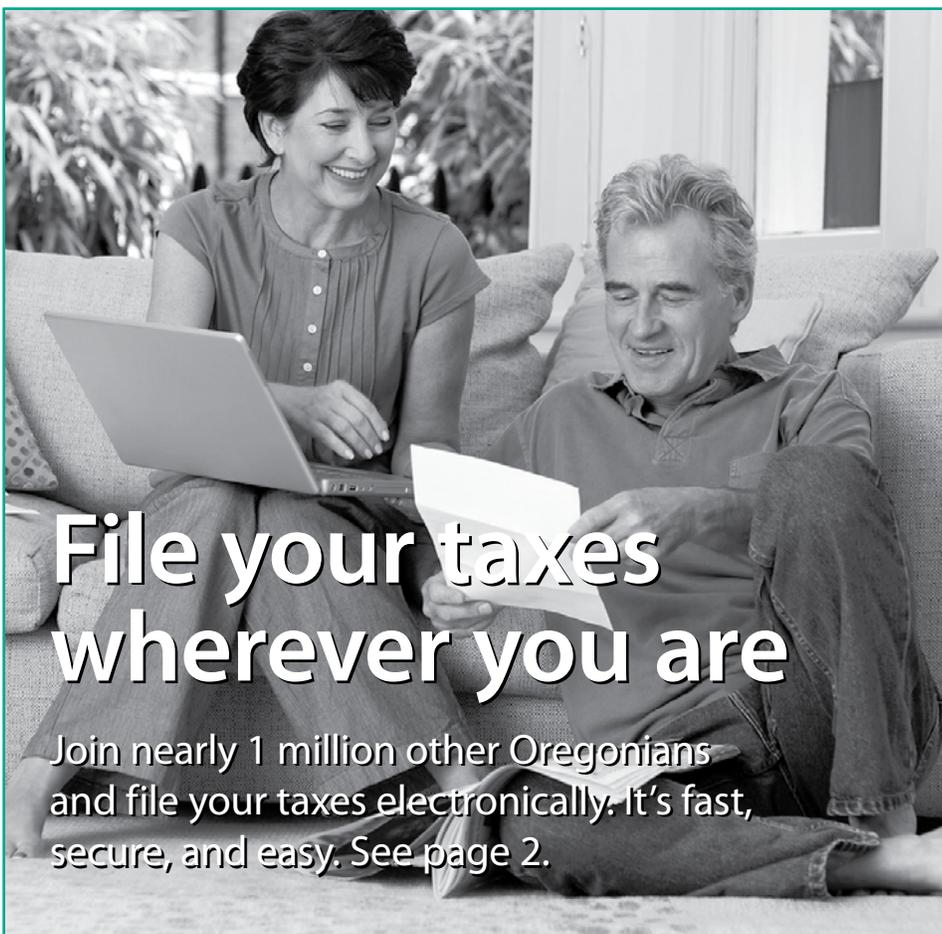
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2007 OREGON INCOME TAX

Full-Year Residents

Forms 40, 40S, Schedule WFC, and instructions



File your taxes wherever you are

Join nearly 1 million other Oregonians and file your taxes electronically. It's fast, secure, and easy. See page 2.



Free File Alliance

See if you qualify for free electronic filing at www.oregon.gov/DOR/1000.

Where's My Refund?

Check the status of your Oregon income tax refund at www.oregonrefund.com.

Get Forms Online

Download additional forms and publications at www.oregon.gov/DOR/PERTAX.



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E-services

Electronic filing—fast, secure, and accurate

E-file is the fastest way to file your return and receive your refund. The speed and accuracy of computers allow electronic returns to be processed faster than paper returns, greatly reducing errors and delays. E-file uses secure technology to ensure the safety of your personal information once it is transmitted to the IRS and the Department of Revenue.

Oregon participates in the IRS Federal/State E-file program. This program allows you to electronically file **both** your federal and Oregon returns at the same time. If you have already filed your federal return, you may still electronically file your Oregon return.

If you haven't tried e-file yet, give it a try. Join more than 950,000 other Oregon taxpayers who electronically file their Oregon returns.

You may be eligible for free e-file

Several tax preparation software providers offer free online electronic tax filing. For free online tax preparation programs, go to our website at www.oregon.gov/DOR/1000.

Direct deposit = faster refunds

If you have a refund, the department can deposit it directly into your bank account. This option is quick and secure. See the instructions on page 37 to direct deposit your refund.

Electronic payments from your checking or savings account

You will be able to pay your current year income taxes or 2008 estimated income taxes directly from your checking or savings account. Go to our website for more information.

Credit card payments

You can also pay your current year income taxes or 2008 estimated income taxes with your Discover, MasterCard, or Visa credit card. See page 13 for more information.

More information about e-filing

Go to our website at www.oregon.gov/DOR/PERTAX. Click on "Publications" and download *Electronic Filing For Oregon*.

Getting started

You can take advantage of e-file in one of three ways:

1. Ask your tax preparer.

If your tax preparer is an authorized IRS e-file provider, your preparer can electronically file your federal and Oregon returns. Many Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) sites set up by the IRS are authorized IRS e-file providers.

2. Off-the-shelf software.

With a computer, internet access, and the right software, you can file your federal and Oregon returns yourself. Ask your local software retailer about software programs offering the IRS's Federal/State E-file program. Make sure the program supports Oregon tax forms. For a list of approved tax software products and vendors, go to our website at www.oregon.gov/DOR/ESERV and click on "Approved software vendors."

3. Internet online service.

Go to the internet and check out the online filing services that offer the IRS's Federal/State E-file program. For links to online tax preparation programs, go to our website at www.oregon.gov/DOR/1001.



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Your return and tax owed are due April 15, 2008.

**If paying with a check or money order, see page 13 or 36
and use the payment voucher, Form 40-V, below.**

See page 13 for other payment options.

Form 40V

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on “Tax Forms”

**These instructions are not a complete statement of laws and
Oregon Department of Revenue rules.
You may need more information. See page 44.**

Do I need to file?

You need to file if your gross income is more than the amount shown below for your filing status and age.

Amounts apply to full-year residents only.

Filing status	Age	If gross income is more than:
Can be claimed on another's return	Any	\$850 *
Single	Under 65	\$4,990
	65 or over	\$6,190
Married, joint return	Both under 65	\$9,995
	One 65 or over	\$10,995
Married, separate return	Both 65 or over	\$11,995
	Under 65	\$4,990
Head of household	65 or over	\$5,990
	Under 65	\$6,240
Qualifying widow(er)	65 or over	\$7,440
	Under 65	\$6,950
	65 or over	\$7,950

In addition, file a return if:

- You are required to file a federal return.
- You had \$1 or more of Oregon income tax withheld from your wages.

* The larger of \$850, or your earned income plus \$300, up to the standard deduction amount for your filing status.

How long will it take to get my refund?

Once the department begins processing returns, your return will be processed in the time frames listed. If you claim the Working Family Credit (WFC) or your return needs additional review for another reason, your return will take longer to process. Return processing time frames:

If you e-file your return	7–12 business days
If you mail your return before April 1	
• With 2-D barcode	2–4 weeks
• Without 2-D barcode	6–8 weeks
If you mail your return on or after April 1	
• With 2-D barcode	4–7 weeks
• Without 2-D barcode	8–11 weeks

To check if your refund has been issued, go to www.oregonrefund.com.

You will need to enter your Social Security number, filing status, and the refund you requested on your return (Form 40S, line 41; or Form 40, line 71).

The system will tell you if we are still processing your return or if we have recently finished processing it and are issuing your refund. Please wait at least the time indicated above before contacting us.

New information

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$5,500 (\$2,750 if married filing separately). See page 11 or 27.

Standard deduction amounts. The standard deduction amounts have changed. See page 30 or the back of Form 40S.

Charitable checkoffs. You can now donate all or part of your refund to the Oregon Historical Society. You may also donate all or part of your refund to 12 charities on your return and two additional charities from our list. See page 13 for more information.

Electronic payments from your checking or savings account. You will be able to pay your 2007 income taxes or 2008 estimated income taxes directly from your checking or savings account. There is no fee for this payment option. Go to our website for more information.

Military active duty pay. The subtraction for military active duty pay earned in Oregon increased to \$6,000

beginning with tax year 2007. There has also been a change to the subtraction for Oregon National Guard and reserve members for tax years 2001 and forward. Oregon National Guard and reserve members seeking a refund have a limited time to amend for prior years. For more information, download the publication *Military Personnel Filing Information* from our website or contact us to order it.

Exemption credit. Your exemption credit is reduced if your federal adjusted gross income is over the threshold for your filing status. Form 40 filers, see page 32 to see if this affects you.

Mobile home owners. Were you required to move out of a mobile home park because the park closed? If so, you may qualify for a credit. This is different from the credit that was available for 2006 and does not require you to move your mobile home. Go to our website to download our publication *Mobile Home Park Closure* and Schedule MPC or contact us to order them.

New biofuel credit. A credit is available for consumers of qualifying biofuels. If you purchase and use B99, E85, solid biofuel (pellets), or heat your home with B20+, you may qualify for a credit. See page 34. For more information, go to our website or contact us.

Did you participate in a REIT or RIC or have to file federal Form 8886? If so, Oregon now has a mandatory reporting requirement for participation in listed or reportable

transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886, you must check the box "You have Form 8886, REIT, or RIC." Retain Form 8886 with your Oregon tax records. Do **not** attach a copy to your Oregon return. You must also check the box if you participated in a real estate investment trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature.

Important reminders

Payment options. You can pay your 2007 income taxes, 2008 estimated income taxes, and any prior year income tax balances due with your credit card. See page 13.

Filing extension. Use Form 40-EXT to get an automatic six-month extension to file your 2007 Oregon return. See page 7.

Direct deposit. The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. For direct deposit, contact your bank to make sure your deposit will be accepted and to get your correct routing and account numbers. The Department of Revenue is not respon-

sible if your bank rejects your deposit. If it does, we will issue a paper check. See page 37.

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.

* *Exception: 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 26.*

Use blue or black ink only. Please use blue or black ballpoint ink for easier reading and faster processing. Equipment used to scan documents and checks cannot read gel ink or certain colors, especially red or purple, and using them will delay the processing of your return.

General information

What income does Oregon tax?

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

Residency

Am I a resident, a nonresident, or a part-year resident?

The following will help you decide.

- **You are a full-year Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
 - You think of Oregon as your permanent home, and
 - Oregon is the center of your financial, social, and family life, and
 - Oregon is the place you intend to return 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 2007 or 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 2007. 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 did not keep a home in Oregon during any part of 2007, and
- You spent less than 31 days in Oregon during 2007.

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

Oregon residents living abroad. Usually you are considered a nonresident if you qualify for the federal earned income exclusion or housing exclusion for United States residents living abroad.

Filing status

Generally, you must use the same filing status for your Oregon and federal returns.

Exceptions for married persons when each spouse has a different residency status:

- **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 will file Form 40, and the part-year resident will file 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 will file Form 40, and the nonresident will file 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 will file Form 40P, and the nonresident will file 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 website, or contact us to order it.

What form do I use?

Use Form 40S if ALL of the following are true:

- You are a full-year Oregon resident, and
- Your income is **only** from wages, unemployment, taxable interest, ordinary dividends, fellowship grants, and taxable scholarships not used to pay for housing, and
- You claim the standard deduction on your return, and
- Your Oregon taxable income is less than \$100,000, and
- You do **not** have pension or annuity income or IRA distributions, and
- You are **not** claiming more than two “Other credits”, and
- You do **not** owe penalty or interest, and
- You did **not** pay estimated tax during the year.

Use Form 40 if BOTH of the following are true:

- You are a full-year Oregon resident, and
- You cannot use Form 40S.

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

- You received Social Security, pension, or annuity income, or

- You used taxable scholarship income for housing expenses and you qualify for the Oregon subtraction, or
- You paid or should have paid estimated tax during the year, or
- You have adjustments to income on your federal tax return, such as alimony or IRA deductions, or
- You have Oregon additions or subtractions other than the federal tax subtraction (the most common ones are listed on the return), or
- You are an Oregon resident in the military, living in Oregon, claiming the subtraction for military active duty pay, or
- You itemize deductions on your Oregon return, or
- You are married filing separately and your spouse is itemizing deductions, or
- You are a nonresident alien, as defined by federal law, who lived in Oregon the entire year, or
- You are claiming more than two “Other credits”, or
- You owe penalty or interest, or
- You want to apply all or part of your refund to your 2008 estimated tax.

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

- You are a part-year resident, or
- You are filing jointly and one of you is a full-year Oregon resident and the other is a part-year resident, or
- You are filing jointly and both of you are part-year Oregon residents, or
- You qualified as an Oregon resident living abroad for part of the year.

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

- You are a nonresident, or
- You are a special-case Oregon resident (see above), or
- You are filing jointly and one (or both) of you is a nonresident, or
- You meet the military personnel nonresident requirements explained below, or
- You qualified as an Oregon resident living abroad for the entire year.

Forms 40P and 40N are included in the *Part-Year Resident and Nonresident* booklet. Download the booklet from our website, or contact us to order it.

Military personnel

Residents stationed in Oregon. If you are an Oregon resident stationed in Oregon, file Form 40. See “Need more information?” on page 7 for information about the military active duty pay subtraction.

Residents stationed outside Oregon. If you meet the requirements for special-case Oregon residents or Oregon residents living abroad on page 5, file Form 40N from the *Part-Year Resident and Nonresident* booklet. File Form 40 if you don’t meet the listed requirements.

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.

Need more information? Download the publication *Military Personnel Filing Information* from our website, or contact us to order it.

Filing for a deceased person

You must file a final personal income tax return for a person who died during the calendar year if a return would normally be required. See "Do I need to file?" on page 4. If a return is filed, please check the "deceased" box on the return. If you're responsible for the decedent's finances, sign the return "as personal representative" and have the spouse sign if a joint return. If there is no personal representative for a joint return, only the surviving spouse needs to sign. For more information, download *Survivor's Information* from our website or contact us to order it.

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

When should I file my return?

The filing deadline for calendar year 2007 is April 15, 2008. If you cannot pay all or any 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?

If you need more time to file, request an automatic six-month extension. Complete an Oregon extension form, Form 40-EXT, if:

- You're making a tax payment to Oregon and you can't file your Oregon return by April 15, 2008, or
- You are filing an extension for Oregon only.

Extensions must be filed by the due date of the return, April 15, 2008.

If you received a federal six-month extension and are expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow the same extension. Be sure to check box 7b on your Oregon return. Don't 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 it from our website, or contact us to order it.

An extension does not mean more time to pay!

You must pay all 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 15, 2008, until the date of your payment. The 2008 interest rate is 9 percent per year. If the tax is not paid within 60 days of the date of our billing notice, the interest rate increases to 13 percent per year. You may also owe a late-payment penalty. If you cannot pay all of the tax you expect to owe, pay what you can. Call us as soon as possible to set up a payment plan to reduce penalties and interest.

Were you stationed in a designated combat zone?

If you were stationed in a designated combat zone and received additional time to file your 2007 federal return and pay your 2007 tax, Oregon allows the same additional time to file and pay. **Write "Combat zone" in blue or black ink at the top left corner of your return.**

Penalties

You will owe a 5 percent late-payment penalty on any 2007 tax not paid by April 15, 2008. See page 36.

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

Exception: For more information about penalty exceptions, go to our website and view *Computing Interest and Penalties on Tax You Owe*.

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 for underpaying your 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.

See the instructions for Form 40, line 51, on page 36.

2008 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2008 Oregon individual income tax return.

Oregon estimated tax laws are not the same as federal estimated tax laws. Use Oregon instructions to determine if you need to make estimated tax payments for 2008.

Do I need to make estimated payments?

In most cases, people who **expect to owe \$1,000 or more** on their 2008 Oregon income tax return after credits and withholding must make estimated payments. You may need to make estimated payments if:

- You are self-employed and do not have Oregon tax withheld from your income.
- You receive 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're a wage earner and expect to owe tax of \$1,000 or more on your 2008 return. You may want to increase the amount your employer withholds from your Oregon wages. Download the publication *Oregon Income Tax Withholding* from our website, or contact us to order it.

When do I pay?

Estimated tax due dates for 2008 taxes are April 15, 2008;* June 16, 2008; September 15, 2008; and January 15, 2009.

If paying with a check or money order, send your payment with Form 40-ESV, *Oregon Estimated Income Tax Payment Voucher*. Download the publication *Estimated Income Tax* from our website, or contact us to order it. If you are paying by credit card or electronic payment from your checking or savings account, see page 13.

* Please send your 2008 estimated tax payment and Oregon Form 40-ESV in a separate envelope from your 2007 Oregon income tax return. This will help us credit your payment more efficiently.

What if I'm self-employed?

If you're self-employed and do business in **Multnomah, Clackamas, or Washington counties**, you may need to file Form TM, *TriMet Self-Employment Tax Return*. If you're self-employed and do business in **Lane County**, you may need to file Form LTD, *Lane Transit District Self-Employment Tax Return*. Go to our website to download the forms, or contact us to order either form.

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 moving. Will my refund check be forwarded to me?

Yes. If you move after you file your return, give us your new address. Download a Change of Address form from our website 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 your federal and state returns, even if you use a tax practitioner or file electronically.
- All original receipts, cancelled 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 **reviewed during processing or 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.

For more information, download the publication *Record-Keeping Requirements* from our website, or contact us to order it.

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

File an amended return. Use Form 40 or Form 40S to change (amend) your full-year resident return. Check the amended return box in the upper left corner of the form. You must also complete and attach the *Oregon Amended Schedule* to your amended return. Download the schedule and instructions from our website or contact us to order it.

Generally, you're allowed three years from the due date of the return to file an amended return to claim a refund. To amend a prior year return, use Form 40 or Form 40S for that year and the *Oregon Amended Schedule*. To order prior year tax booklets or for 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. Include a copy of the audit report with your amended return.

General Instructions for Forms 40S & 40

Step 1: Fill out your federal form.

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

Step 2: Select the appropriate form.

To decide which form to use, see page 6. Not everyone qualifies to file Form 40S (short form).

Form 40 filers. You must attach a copy (front and back) of your federal Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ to your Oregon Form 40. **Do not** attach any federal schedules. We may ask you for copies of schedules or additional information later.

See "What tax records do I need to keep?" on page 8.

Step 3: Fill out the Oregon form.

Fiscal year filers only

Fiscal year filers must use Form 40. Write the ending date of your fiscal year in the space provided. **Write "Fiscal year" in blue or black ink at the top left corner of your return.**

Name and address

Type or clearly print your name, Social Security number, date of birth, complete mailing address, and daytime telephone number on your return. If you are married filing separately, do not fill in your spouse's name and SSN here, enter it on line 3 instead. If the taxpayer died in 2007 or 2008, please 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 issued you an ITIN because you don't have a Social Security number, enter your ITIN wherever your SSN is requested.

If you don't have an ITIN, you need to request one from the IRS. In this case, **write "Applied for" wherever your SSN is requested, or leave blank**, and file your return by April 15, 2008. **Do not** attach your ITIN application (federal Form W-7) to your Oregon tax return. For a copy of Form W-7, go to the IRS website at www.irs.gov, or call the IRS toll-free at 1-800-829-1040. When the IRS issues you an ITIN, send a copy of your ITIN letter to the Oregon Department of Revenue.

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. Use the same filing status you used on your federal return. **Exception:** If you and your spouse don't have the same residency status, you may file separate returns for Oregon as married filing separately even if you filed your federal return as married filing jointly. For more information, see page 6.

If you are **married filing separately**, fill in 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 are filing as **head of household**, fill in the name of a person who qualifies you for head of household filing status next to box 4. Please enter only one name.

Exemptions

6a & **6b** **Yourself and spouse.** Check "Yourself" and other boxes that apply. **If someone else can claim you as a dependent (even if they did not), do not check "Yourself;"** instead 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 2007? If so, you may claim an additional exemption credit. This credit is different from the disabled child credit. You may qualify for and claim 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're 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 eyeglasses, contact lenses, ordinary crutches, or hearing aids. Deafness alone does not qualify.

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 it. Keep the letter with your permanent records in case we request a copy.

If you qualify, check the “severely disabled” exemption box on line 6a. If your spouse qualifies, check the “severely disabled” exemption box on line 6b. You and your spouse may also qualify for the loss of use of limbs credit. See instructions on page 12 or 34.

6c All dependents. Enter the number of your dependents in box 6c. Write their first names on the line. In most cases, you must claim the same dependents claimed on your federal return. If the first names of your dependents do not fit on the line, write the names on a statement instead. Number the statement and attach it to your return. Write “STM” and the statement number on line 6c.

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 2007, and
- Your child was eligible for “early intervention services” or received special education as defined by the State Board of Education of the state where the child attends school (learning disabilities or communication disorders alone do not qualify), and
- Your child was considered to have a disability as of December 31, 2007, under the federal Individuals with Disabilities Education Act. 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.

You must get a statement of eligibility that confirms one of the disabilities listed above and a 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 records. Write your disabled child’s name on line 6d, “Disabled children only.” If the first names of your disabled children do not fit on the line, write the names on a statement instead. Number the statement and attach it to your return. Write “STM” and the statement number on line 6d. Also be sure to include the same child’s name on line 6c for “All dependents.”

7a Age 65 or older, or blind. Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2007. You are entitled to a larger standard deduction on Form 40S, line 10; or Form 40, line 26. If you or your spouse are permanently blind, you may also qualify for the severely disabled exemption credit. For box 6a and 6b instructions, see page 9.

7b Extension. If you filed for an extension, check box 7b. For more information, see page 7.

7c Federal Form 8886, REIT, or RIC. Check box 7c if you filed federal Form 8886, *Reportable Transaction Disclosure Statement* or participated in a real estate investment trust (REIT) or regulated investment company (RIC).

Form 40S 7d Dependent. If someone else, such as your parents, can claim you as a dependent (even if they did not), you can’t claim an exemption for yourself. Check box 7d on Form 40S. Also, **enter -0- in the total box on line 6a** unless you are severely disabled.

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

For Form 40S line instructions, go to page 11.

For Form 40 line instructions, go to page 26.

Form 40S line instructions

The following instructions are for lines not fully explained on the form. For general Form 40S instructions, see page 9.

Amended return. If you are amending your 2007 return, check the box in the upper left corner of Form 40S and attach the *Oregon Amended Schedule*.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$99.49 becomes \$99.00 and \$99.50 becomes \$100.00.

8 **Income.** Fill in your income amounts in the appropriate boxes (8a, 8b, and 8c) and enter the total on line 8.

8a. Wages. Fill in all pay for work. This amount is usually shown on Form W-2. Pay for work includes wages, salaries, tips, and commissions, plus your taxable scholarships and fellowship grants. If you paid for housing with scholarship funds, you must file Form 40 to claim the subtraction.

8b. Unemployment. Fill in all unemployment compensation. This is the amount on federal Form 1040, line 19; Form 1040A, line 13; Form 1040EZ, line 3; or Form 1040NR, line 20. This is also shown on Form 1099-G.

8c. Interest and dividends. Add your total interest and dividends and enter the result on line 8c. Your total interest includes:

- Any interest received or credited to your account that you can withdraw.
- Any interest received on tax refunds.

You can't use Form 40S if:

- You have interest from the U.S. government, such as savings bond interest, or
- You received nontaxable distributions or capital gain distributions.

Use Form 40 instead.

8. Total income. Add the amounts shown in boxes 8a, 8b, and 8c.

9 **2007 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 \$5,500. Don't fill in less than -0- or more than \$5,500 (\$2,750 if married filing separately).

1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 35; Form 1040EZ, line 10; Form 1040NR, line 52; or Form 1040NR-EZ, line 15. 1. _____

2. Enter your tax on qualified retirement plans from Form 1040, line 60; or Form 1040NR, line 55; any 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 \$5,500 (\$2,750 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40S, line 9. 5. _____

Is the IRS figuring your federal tax for you? Do not write an amount on line 9. You will not be able to finish your Oregon return without your federal tax liability. Complete lines 14 through 17 and lines 19 through 23. Attach a copy of your federal Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ to your Oregon return. Write "Calculate federal tax" in blue or black ink at the top left corner of your return. We will use the information on your federal return to determine your federal tax liability, and finish your Oregon return for you. Be sure to attach Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your return. Go to the signature block section on page 37.

Are you amending your 2007 return? See the *Oregon Amended Schedule* instructions to figure your subtraction for federal tax liability.

10 **Standard deduction.** See the back of Form 40S for instructions unless you can be claimed as a dependent on another person's return. If you are a dependent, use the following worksheet to figure your standard deduction unless you are married. If you are a dependent and married, please contact us.

Standard deduction worksheet for single dependents

1. Enter your earned income. (See definition below.) 1. _____
2. Additional \$300. 2. 300
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction. 4. 850
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,825
7. Enter the smaller of line 5 or line 6. 7. _____
8. If you're under age 65, enter -0-. If you're age 65 or older, enter \$1,200. 8. _____
9. If you're 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 40S, line 10; or Form 40, line 26. This is your standard deduction. 10. _____

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

- 12 Oregon taxable income.** Caution: Is this amount \$100,000 or more? If yes, you must use Form 40.

- 13 Tax from tables or rate charts.** Figure the tax on your Oregon taxable income, line 12. See pages 23 through 25. For examples, see page 31.

- 14 Exemption credit.** If your income on Form 40S, line 12 is more than \$100,000 you must file Form 40 instead. You may need to use the exemption credit worksheet on page 32 to determine your allowable exemption credit amount.

- 15 Child and dependent care credit.** You're allowed an Oregon credit **only** if you qualify for the federal child and dependent care credit. You may be able to claim the Oregon credit even if you cannot use all of your federal credit.

Use the following worksheet:

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. Do **not** enter more than \$3,000 for one qualifying child or \$6,000 for two or more qualifying children. 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 the result here and on Form 40S, line 15. 3. _____

Note: Did you pay 2006 child care expenses in 2007? If so, you may be able to use that amount to increase your 2007 Oregon child and dependent care credit. For more information, please contact us.

Carryover. Your total 2007 child and dependent care credit can't be more than your 2007 tax liability for Oregon.

You can carry forward any excess credit over the next five years. If the excess isn't used within five years, it's lost.

- 16 Other credits.** You may qualify for other credits listed here. These are identified by the numeric code shown. Enter the code on line 16a and the amount on line 16b. For example, if you're claiming a \$50 political contribution credit, enter "723" on line 16a and "\$50" on line 16b. If you're claiming more than two "Other credits," use Form 40 instead. Add the amounts on lines 16b and 16d and enter the total on line 16.

- **Child and dependent care carryforward [code 704].** Fill in the amount of unused credit from prior year. See page 34.
- **Elderly or the disabled [code 709].** You get an Oregon credit only if you qualify for the federal credit. See page 33.
- **Income taxes paid to another state [code 733].** You may be eligible for this credit if you paid income tax to another state. See page 33.
- **Loss of use of limbs [code 717].** If you have a permanent and complete loss of the use of two limbs, you may take a \$50 tax credit. See page 34.
- **Political contribution [code 723].** You may qualify for a credit for political contributions. See page 33.
- **Residential energy [code 729].** You may qualify for a credit if you purchased certain energy-efficient items. See page 35.

- 19 Oregon income tax withheld.** Fill in the total Oregon income tax withheld from your wages and other income. That is the amount shown on your Form(s) W-2 in box 17, or on Form 1099. Do not use the FICA (Social Security) tax withheld. Do not use tax withheld from your wages by other states. **Staple a readable copy** of your Form(s) W-2 from each job and any Form(s) 1099 showing Oregon income tax withheld to the lower front of your return.

If you don't have a Form W-2 or 1099, you must provide other proof of any Oregon tax withheld. Proof may include a final paycheck stub or a letter from your employer. If you file before February 1, 2008, we can accept only Form(s) W-2 or 1099 as proof.

If you paid estimated tax for 2007, you must use Form 40.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2008 Oregon wages. Download the publication *Oregon Income Tax Withholding* from our website, or contact us to order it.

- 20 Earned income credit.** You are allowed an Oregon earned income credit **only** if you qualify for the same credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 (\$400 × .05).

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040, line 66a; Form 1040A, line 40a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5 percent (.05). Enter the result here and on Form 40S, line 20. 2. _____

The Oregon earned income credit is refundable. If the credit is more than your tax liability, the difference will be refunded to you.

21 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 who qualifies for the additional exemption credit for a child with a disability). The working family child care credit is refundable. If the credit is more than your tax liability, the difference will be refunded to you. To see if you qualify, go to page 38.

22 Mobile home park closure credit. Enter the amount from Schedule MPC, line 5. Attach Schedule MPC to your return. For more information download the publication from our website, or contact us to order it.

24 Refund. If line 23 is more than line 18, you have a refund. Enter your refund amount on line 24. Go to the next column for information on charitable checkoffs or go to page 14 for line 41 instructions.

25 Tax to pay. If line 18 is more than line 23, you have tax to pay. You may pay **only** with a check, money order, or credit card. If the amount is less than \$2, no payment is required.

Check or money order

- Make your check or money order payable to “Oregon Department of Revenue.”
- Write your daytime telephone number and “2007 Oregon Form 40S” on your check.
- Please use blue or black ballpoint ink. Do not use red or purple ink or gel pens.
- Do not send cash or a postdated check.
- Staple your payment and the Form 40-V payment voucher (below) to your return on top of the Form(s) W-2 and Form(s) 1099.

Credit card or electronic payment from your checking or savings account

You can pay with your Discover, MasterCard, or Visa credit card. Contact the service provider supporting Oregon’s program. The 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 continue or cancel the transaction before entering your credit card information. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

Credit card service provider:

• Official Payments Corporation

Call 1-866-720-1327, or go to their website at www.officialpayments.com.

For additional information on credit card payments and service providers, go to our website, or contact us.

Soon you will be able to make an electronic payment from your checking or savings account for your current-year balance due, 2008 estimated tax payments, or prior year taxes. There is no fee to use this method. This option will only be available through our website.

Payment plan. If you cannot pay in full now, we will work with you to set up a payment plan. For more information, please contact us.

Underpayment of estimated tax. If you owe \$1,000 or more, you may owe interest on underpayment of estimated tax. If so, you must file Form 40. See page 36.

Charitable donations. If you don’t have a refund but want to contribute to a charity listed below, mail your donation to the charity’s address listed on our website. Please do **not** mail your donation to the Department of Revenue.

Charitable checkoffs

You can donate all or part of your refund shown on line 24 to the charities listed below. Donations will reduce your refund. You may donate to any or all of the charities on lines 26–37. You may also donate to two of the charities listed under the instructions for lines 38 and 39. Or, you can mail your donations to the addresses listed on our website.

Form 40S 26 Oregon Nongame Wildlife. Your donation will fund the protection of nongame wildlife and its habitat.
Form 40 56

Form 40S 27 Child Abuse Prevention. Your donation will fund programs through the Children’s Trust Fund to help prevent child abuse and neglect.
Form 40 57

Form 40S 28 Alzheimer’s Disease Research. Your donation will fund research of Alzheimer’s and related dementias.
Form 40 58

Form 40S 29 Stop Domestic and Sexual Violence. Your donation will fund programs through the Oregon Coalition Against Domestic and Sexual Violence.
Form 40 59

Form 40S 30 AIDS/HIV Research, Education, and Services. Your donation will fund AIDS/HIV research, education, and services by the Living With HIV Fund.
Form 40 60

Form 40S 31 **Oregon Military Financial Emergency Assistance.** Your donation will fund hardship grants and loans to Oregon National Guard members and their families.
Form 40 61

Form 40S 32 **Habitat for Humanity.** Your donation will help Habitat for Humanity build simple, decent, and affordable housing for low-income families.
Form 40 62

Form 40S 33 **Oregon Head Start Association.** Your donation will help Head Start provide services to the lowest-income, highest-need children and families.
Form 40 63

Form 40S 34 **American Diabetes Association.** Your donation will help continue diabetes research and advocacy programs in Oregon.
Form 40 64

Form 40S 35 **Oregon Coast Aquarium.** Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.
Form 40 65

Form 40S 36 **SMART.** Your donation will help fund the Start Making A Reader Today early literacy program for Oregon's most vulnerable children.
Form 40 66

Form 40S 37 **SOLV.** Your donation will help fund thousands of projects to clean up and restore beaches, forests, rivers, and neighborhoods across Oregon.
Form 40 67

40S 38 & 39 **Other charity.** You may donate all or part of your refund to **two** of the charities listed below. Enter the charity code on Form 40S, in box 38a or 39a; or on Form 40, in box 68a or 69a. **Enter only one code in each box.** Write the amount you want to donate next to the code on Form 40S, line 38b or 39b; or Form 40, line 68b or 69b. If you want to donate to more than two charities listed below, you can mail your donations directly to the charities at the addresses listed on our website.
40 68 & 69

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

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

Doernbecher Children's Hospital Foundation [code 9]. Your donation will fund a critical expansion of the cancer treatment facilities at Doernbecher.

The Oregon Humane Society [code 10]. Your donation will help save pets' lives through rescue, sheltering, adoption, education, cruelty investigation, and advocacy.

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

The Oregon Veterans' Home [code 12]. Your donation will improve the quality of life for veterans receiving nursing care at the Oregon Veterans' Home.

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

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

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

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

Susan G. Komen for the Cure, Oregon & SW Washington Affiliate [code 17]. Your donation funds critical breast cancer research, education, screening and treatment.

Oregon Historical Society [code 18]. Your donation helps us collect and preserve materials of historical character for studying and understanding Oregon history.

41 **Net refund.** You must reduce your refund by any donations made on lines 26–39. **The department cannot issue a refund if your return is filed more than three years after the due date of the return.**

42 **Direct deposit.** See page 37.

To finish your return, go to the signature block section on page 37.

Form 40S

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

Form 40S

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www.oregon.gov/DOR

and click on "Tax Forms"

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Form 40S

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Form 40

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

Form 40

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and click on "Tax Forms"

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and click on "Tax Forms"

Form 40

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and click on "Tax Forms"

2007 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:	
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J
		Your tax is:				Your tax is:				Your tax is:	
\$ 0		\$ 4,000		\$ 9,000		\$ 14,000					
				4,000 - 4,100	227 203	9,000 - 9,100	615 520	14,000 - 14,100	1,065 870		
				4,100 - 4,200	234 208	9,100 - 9,200	624 527	14,100 - 14,200	1,074 877		
				4,200 - 4,300	241 213	9,200 - 9,300	633 534	14,200 - 14,300	1,083 884		
				4,300 - 4,400	248 218	9,300 - 9,400	642 541	14,300 - 14,400	1,092 892		
				4,400 - 4,500	255 223	9,400 - 9,500	651 548	14,400 - 14,500	1,101 901		
				4,500 - 4,600	262 228	9,500 - 9,600	660 555	14,500 - 14,600	1,110 910		
				4,600 - 4,700	269 233	9,600 - 9,700	669 562	14,600 - 14,700	1,119 919		
				4,700 - 4,800	276 238	9,700 - 9,800	678 569	14,700 - 14,800	1,128 928		
--	20	-	-	4,800 - 4,900	283 243	9,800 - 9,900	687 576	14,800 - 14,900	1,137 937		
20 -	50	2	2	4,900 - 5,000	290 248	9,900 - 10,000	696 583	14,900 - 15,000	1,146 946		
\$ 50		\$ 5,000		\$ 10,000		\$ 15,000					
50 - 100	4 4	5,000 - 5,100	297 253	10,000 - 10,100	705 590	15,000 - 15,100	1,155 955				
100 - 200	8 8	5,100 - 5,200	304 258	10,100 - 10,200	714 597	15,100 - 15,200	1,164 964				
200 - 300	13 13	5,200 - 5,300	311 263	10,200 - 10,300	723 604	15,200 - 15,300	1,173 973				
300 - 400	18 18	5,300 - 5,400	318 268	10,300 - 10,400	732 611	15,300 - 15,400	1,182 982				
400 - 500	23 23	5,400 - 5,500	325 273	10,400 - 10,500	741 618	15,400 - 15,500	1,191 991				
500 - 600	28 28	5,500 - 5,600	332 278	10,500 - 10,600	750 625	15,500 - 15,600	1,200 1,000				
600 - 700	33 33	5,600 - 5,700	339 283	10,600 - 10,700	759 632	15,600 - 15,700	1,209 1,009				
700 - 800	38 38	5,700 - 5,800	346 289	10,700 - 10,800	768 639	15,700 - 15,800	1,218 1,018				
800 - 900	43 43	5,800 - 5,900	353 296	10,800 - 10,900	777 646	15,800 - 15,900	1,227 1,027				
900 - 1,000	48 48	5,900 - 6,000	360 303	10,900 - 11,000	786 653	15,900 - 16,000	1,236 1,036				
\$ 1,000		\$ 6,000		\$ 11,000		\$ 16,000					
1,000 - 1,100	53 53	6,000 - 6,100	367 310	11,000 - 11,100	795 660	16,000 - 16,100	1,245 1,045				
1,100 - 1,200	58 58	6,100 - 6,200	374 317	11,100 - 11,200	804 667	16,100 - 16,200	1,254 1,054				
1,200 - 1,300	63 63	6,200 - 6,300	381 324	11,200 - 11,300	813 674	16,200 - 16,300	1,263 1,063				
1,300 - 1,400	68 68	6,300 - 6,400	388 331	11,300 - 11,400	822 681	16,300 - 16,400	1,272 1,072				
1,400 - 1,500	73 73	6,400 - 6,500	395 338	11,400 - 11,500	831 688	16,400 - 16,500	1,281 1,081				
1,500 - 1,600	78 78	6,500 - 6,600	402 345	11,500 - 11,600	840 695	16,500 - 16,600	1,290 1,090				
1,600 - 1,700	83 83	6,600 - 6,700	409 352	11,600 - 11,700	849 702	16,600 - 16,700	1,299 1,099				
1,700 - 1,800	88 88	6,700 - 6,800	416 359	11,700 - 11,800	858 709	16,700 - 16,800	1,308 1,108				
1,800 - 1,900	93 93	6,800 - 6,900	423 366	11,800 - 11,900	867 716	16,800 - 16,900	1,317 1,117				
1,900 - 2,000	98 98	6,900 - 7,000	430 373	11,900 - 12,000	876 723	16,900 - 17,000	1,326 1,126				
\$ 2,000		\$ 7,000		\$ 12,000		\$ 17,000					
2,000 - 2,100	103 103	7,000 - 7,100	437 380	12,000 - 12,100	885 730	17,000 - 17,100	1,335 1,135				
2,100 - 2,200	108 108	7,100 - 7,200	444 387	12,100 - 12,200	894 737	17,100 - 17,200	1,344 1,144				
2,200 - 2,300	113 113	7,200 - 7,300	453 394	12,200 - 12,300	903 744	17,200 - 17,300	1,353 1,153				
2,300 - 2,400	118 118	7,300 - 7,400	462 401	12,300 - 12,400	912 751	17,300 - 17,400	1,362 1,162				
2,400 - 2,500	123 123	7,400 - 7,500	471 408	12,400 - 12,500	921 758	17,400 - 17,500	1,371 1,171				
2,500 - 2,600	128 128	7,500 - 7,600	480 415	12,500 - 12,600	930 765	17,500 - 17,600	1,380 1,180				
2,600 - 2,700	133 133	7,600 - 7,700	489 422	12,600 - 12,700	939 772	17,600 - 17,700	1,389 1,189				
2,700 - 2,800	138 138	7,700 - 7,800	498 429	12,700 - 12,800	948 779	17,700 - 17,800	1,398 1,198				
2,800 - 2,900	143 143	7,800 - 7,900	507 436	12,800 - 12,900	957 786	17,800 - 17,900	1,407 1,207				
2,900 - 3,000	150 148	7,900 - 8,000	516 443	12,900 - 13,000	966 793	17,900 - 18,000	1,416 1,216				
\$ 3,000		\$ 8,000		\$ 13,000		\$ 18,000					
3,000 - 3,100	157 153	8,000 - 8,100	525 450	13,000 - 13,100	975 800	18,000 - 18,100	1,425 1,225				
3,100 - 3,200	164 158	8,100 - 8,200	534 457	13,100 - 13,200	984 807	18,100 - 18,200	1,434 1,234				
3,200 - 3,300	171 163	8,200 - 8,300	543 464	13,200 - 13,300	993 814	18,200 - 18,300	1,443 1,243				
3,300 - 3,400	178 168	8,300 - 8,400	552 471	13,300 - 13,400	1,002 821	18,300 - 18,400	1,452 1,252				
3,400 - 3,500	185 173	8,400 - 8,500	561 478	13,400 - 13,500	1,011 828	18,400 - 18,500	1,461 1,261				
3,500 - 3,600	192 178	8,500 - 8,600	570 485	13,500 - 13,600	1,020 835	18,500 - 18,600	1,470 1,270				
3,600 - 3,700	199 183	8,600 - 8,700	579 492	13,600 - 13,700	1,029 842	18,600 - 18,700	1,479 1,279				
3,700 - 3,800	206 188	8,700 - 8,800	588 499	13,700 - 13,800	1,038 849	18,700 - 18,800	1,488 1,288				
3,800 - 3,900	213 193	8,800 - 8,900	597 506	13,800 - 13,900	1,047 856	18,800 - 18,900	1,497 1,297				
3,900 - 4,000	220 198	8,900 - 9,000	606 513	13,900 - 14,000	1,056 863	18,900 - 19,000	1,506 1,306				

2007 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:	
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	
\$ 19,000				\$ 24,000				\$ 29,000				\$ 34,000			
19,000 - 19,100	1,515	1,315		24,000 - 24,100	1,965	1,765		29,000 - 29,100	2,415	2,215		34,000 - 34,100	2,865	2,665	
19,100 - 19,200	1,524	1,324		24,100 - 24,200	1,974	1,774		29,100 - 29,200	2,424	2,224		34,100 - 34,200	2,874	2,674	
19,200 - 19,300	1,533	1,333		24,200 - 24,300	1,983	1,783		29,200 - 29,300	2,433	2,233		34,200 - 34,300	2,883	2,683	
19,300 - 19,400	1,542	1,342		24,300 - 24,400	1,992	1,792		29,300 - 29,400	2,442	2,242		34,300 - 34,400	2,892	2,692	
19,400 - 19,500	1,551	1,351		24,400 - 24,500	2,001	1,801		29,400 - 29,500	2,451	2,251		34,400 - 34,500	2,901	2,701	
19,500 - 19,600	1,560	1,360		24,500 - 24,600	2,010	1,810		29,500 - 29,600	2,460	2,260		34,500 - 34,600	2,910	2,710	
19,600 - 19,700	1,569	1,369		24,600 - 24,700	2,019	1,819		29,600 - 29,700	2,469	2,269		34,600 - 34,700	2,919	2,719	
19,700 - 19,800	1,578	1,378		24,700 - 24,800	2,028	1,828		29,700 - 29,800	2,478	2,278		34,700 - 34,800	2,928	2,728	
19,800 - 19,900	1,587	1,387		24,800 - 24,900	2,037	1,837		29,800 - 29,900	2,487	2,287		34,800 - 34,900	2,937	2,737	
19,900 - 20,000	1,596	1,396		24,900 - 25,000	2,046	1,846		29,900 - 30,000	2,496	2,296		34,900 - 35,000	2,946	2,746	
\$ 20,000				\$ 25,000				\$ 30,000				\$ 35,000			
20,000 - 20,100	1,605	1,405		25,000 - 25,100	2,055	1,855		30,000 - 30,100	2,505	2,305		35,000 - 35,100	2,955	2,755	
20,100 - 20,200	1,614	1,414		25,100 - 25,200	2,064	1,864		30,100 - 30,200	2,514	2,314		35,100 - 35,200	2,964	2,764	
20,200 - 20,300	1,623	1,423		25,200 - 25,300	2,073	1,873		30,200 - 30,300	2,523	2,323		35,200 - 35,300	2,973	2,773	
20,300 - 20,400	1,632	1,432		25,300 - 25,400	2,082	1,882		30,300 - 30,400	2,532	2,332		35,300 - 35,400	2,982	2,782	
20,400 - 20,500	1,641	1,441		25,400 - 25,500	2,091	1,891		30,400 - 30,500	2,541	2,341		35,400 - 35,500	2,991	2,791	
20,500 - 20,600	1,650	1,450		25,500 - 25,600	2,100	1,900		30,500 - 30,600	2,550	2,350		35,500 - 35,600	3,000	2,800	
20,600 - 20,700	1,659	1,459		25,600 - 25,700	2,109	1,909		30,600 - 30,700	2,559	2,359		35,600 - 35,700	3,009	2,809	
20,700 - 20,800	1,668	1,468		25,700 - 25,800	2,118	1,918		30,700 - 30,800	2,568	2,368		35,700 - 35,800	3,018	2,818	
20,800 - 20,900	1,677	1,477		25,800 - 25,900	2,127	1,927		30,800 - 30,900	2,577	2,377		35,800 - 35,900	3,027	2,827	
20,900 - 21,000	1,686	1,486		25,900 - 26,000	2,136	1,936		30,900 - 31,000	2,586	2,386		35,900 - 36,000	3,036	2,836	
\$ 21,000				\$ 26,000				\$ 31,000				\$ 36,000			
21,000 - 21,100	1,695	1,495		26,000 - 26,100	2,145	1,945		31,000 - 31,100	2,595	2,395		36,000 - 36,100	3,045	2,845	
21,100 - 21,200	1,704	1,504		26,100 - 26,200	2,154	1,954		31,100 - 31,200	2,604	2,404		36,100 - 36,200	3,054	2,854	
21,200 - 21,300	1,713	1,513		26,200 - 26,300	2,163	1,963		31,200 - 31,300	2,613	2,413		36,200 - 36,300	3,063	2,863	
21,300 - 21,400	1,722	1,522		26,300 - 26,400	2,172	1,972		31,300 - 31,400	2,622	2,422		36,300 - 36,400	3,072	2,872	
21,400 - 21,500	1,731	1,531		26,400 - 26,500	2,181	1,981		31,400 - 31,500	2,631	2,431		36,400 - 36,500	3,081	2,881	
21,500 - 21,600	1,740	1,540		26,500 - 26,600	2,190	1,990		31,500 - 31,600	2,640	2,440		36,500 - 36,600	3,090	2,890	
21,600 - 21,700	1,749	1,549		26,600 - 26,700	2,199	1,999		31,600 - 31,700	2,649	2,449		36,600 - 36,700	3,099	2,899	
21,700 - 21,800	1,758	1,558		26,700 - 26,800	2,208	2,008		31,700 - 31,800	2,658	2,458		36,700 - 36,800	3,108	2,908	
21,800 - 21,900	1,767	1,567		26,800 - 26,900	2,217	2,017		31,800 - 31,900	2,667	2,467		36,800 - 36,900	3,117	2,917	
21,900 - 22,000	1,776	1,576		26,900 - 27,000	2,226	2,026		31,900 - 32,000	2,676	2,476		36,900 - 37,000	3,126	2,926	
\$ 22,000				\$ 27,000				\$ 32,000				\$ 37,000			
22,000 - 22,100	1,785	1,585		27,000 - 27,100	2,235	2,035		32,000 - 32,100	2,685	2,485		37,000 - 37,100	3,135	2,935	
22,100 - 22,200	1,794	1,594		27,100 - 27,200	2,244	2,044		32,100 - 32,200	2,694	2,494		37,100 - 37,200	3,144	2,944	
22,200 - 22,300	1,803	1,603		27,200 - 27,300	2,253	2,053		32,200 - 32,300	2,703	2,503		37,200 - 37,300	3,153	2,953	
22,300 - 22,400	1,812	1,612		27,300 - 27,400	2,262	2,062		32,300 - 32,400	2,712	2,512		37,300 - 37,400	3,162	2,962	
22,400 - 22,500	1,821	1,621		27,400 - 27,500	2,271	2,071		32,400 - 32,500	2,721	2,521		37,400 - 37,500	3,171	2,971	
22,500 - 22,600	1,830	1,630		27,500 - 27,600	2,280	2,080		32,500 - 32,600	2,730	2,530		37,500 - 37,600	3,180	2,980	
22,600 - 22,700	1,839	1,639		27,600 - 27,700	2,289	2,089		32,600 - 32,700	2,739	2,539		37,600 - 37,700	3,189	2,989	
22,700 - 22,800	1,848	1,648		27,700 - 27,800	2,298	2,098		32,700 - 32,800	2,748	2,548		37,700 - 37,800	3,198	2,998	
22,800 - 22,900	1,857	1,657		27,800 - 27,900	2,307	2,107		32,800 - 32,900	2,757	2,557		37,800 - 37,900	3,207	3,007	
22,900 - 23,000	1,866	1,666		27,900 - 28,000	2,316	2,116		32,900 - 33,000	2,766	2,566		37,900 - 38,000	3,216	3,016	
\$ 23,000				\$ 28,000				\$ 33,000				\$ 38,000			
23,000 - 23,100	1,875	1,675		28,000 - 28,100	2,325	2,125		33,000 - 33,100	2,775	2,575		38,000 - 38,100	3,225	3,025	
23,100 - 23,200	1,884	1,684		28,100 - 28,200	2,334	2,134		33,100 - 33,200	2,784	2,584		38,100 - 38,200	3,234	3,034	
23,200 - 23,300	1,893	1,693		28,200 - 28,300	2,343	2,143		33,200 - 33,300	2,793	2,593		38,200 - 38,300	3,243	3,043	
23,300 - 23,400	1,902	1,702		28,300 - 28,400	2,352	2,152		33,300 - 33,400	2,802	2,602		38,300 - 38,400	3,252	3,052	
23,400 - 23,500	1,911	1,711		28,400 - 28,500	2,361	2,161		33,400 - 33,500	2,811	2,611		38,400 - 38,500	3,261	3,061	
23,500 - 23,600	1,920	1,720		28,500 - 28,600	2,370	2,170		33,500 - 33,600	2,820	2,620		38,500 - 38,600	3,270	3,070	
23,600 - 23,700	1,929	1,729		28,600 - 28,700	2,379	2,179		33,600 - 33,700	2,829	2,629		38,600 - 38,700	3,279	3,079	
23,700 - 23,800	1,938	1,738		28,700 - 28,800	2,388	2,188		33,700 - 33,800	2,838	2,638		38,700 - 38,800	3,288	3,088	
23,800 - 23,900	1,947	1,747		28,800 - 28,900	2,397	2,197		33,800 - 33,900	2,847	2,647		38,800 - 38,900	3,297	3,097	
23,900 - 24,000	1,956	1,756		28,900 - 29,000	2,406	2,206		33,900 - 34,000	2,856	2,656		38,900 - 39,000	3,306	3,106	

2007 Tax Tables for Forms 40S & 40

S Use column S if you are:

- Single
- Married filing separately

J Use column J if you are:

- Married filing jointly
- Head of household
- Widow(er) with dependent child

If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:		If income from Form 40S, line 12; or Form 40, line 28 is:		And you use column:	
At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J	At least:	But less than:	S	J
		Your tax is:				Your tax is:				Your tax is:				Your tax is:	

\$ 39,000			\$ 42,000			\$ 45,000			\$ 48,000		
39,000 - 39,100	3,315	3,115	42,000 - 42,100	3,585	3,385	45,000 - 45,100	3,855	3,655	48,000 - 48,100	4,125	3,925
39,100 - 39,200	3,324	3,124	42,100 - 42,200	3,594	3,394	45,100 - 45,200	3,864	3,664	48,100 - 48,200	4,134	3,934
39,200 - 39,300	3,333	3,133	42,200 - 42,300	3,603	3,403	45,200 - 45,300	3,873	3,673	48,200 - 48,300	4,143	3,943
39,300 - 39,400	3,342	3,142	42,300 - 42,400	3,612	3,412	45,300 - 45,400	3,882	3,682	48,300 - 48,400	4,152	3,952
39,400 - 39,500	3,351	3,151	42,400 - 42,500	3,621	3,421	45,400 - 45,500	3,891	3,691	48,400 - 48,500	4,161	3,961
39,500 - 39,600	3,360	3,160	42,500 - 42,600	3,630	3,430	45,500 - 45,600	3,900	3,700	48,500 - 48,600	4,170	3,970
39,600 - 39,700	3,369	3,169	42,600 - 42,700	3,639	3,439	45,600 - 45,700	3,909	3,709	48,600 - 48,700	4,179	3,979
39,700 - 39,800	3,378	3,178	42,700 - 42,800	3,648	3,448	45,700 - 45,800	3,918	3,718	48,700 - 48,800	4,188	3,988
39,800 - 39,900	3,387	3,187	42,800 - 42,900	3,657	3,457	45,800 - 45,900	3,927	3,727	48,800 - 48,900	4,197	3,997
39,900 - 40,000	3,396	3,196	42,900 - 43,000	3,666	3,466	45,900 - 46,000	3,936	3,736	48,900 - 49,000	4,206	4,006

\$ 40,000			\$ 43,000			\$ 46,000			\$ 49,000		
40,000 - 40,100	3,405	3,205	43,000 - 43,100	3,675	3,475	46,000 - 46,100	3,945	3,745	49,000 - 49,100	4,215	4,015
40,100 - 40,200	3,414	3,214	43,100 - 43,200	3,684	3,484	46,100 - 46,200	3,954	3,754	49,100 - 49,200	4,224	4,024
40,200 - 40,300	3,423	3,223	43,200 - 43,300	3,693	3,493	46,200 - 46,300	3,963	3,763	49,200 - 49,300	4,233	4,033
40,300 - 40,400	3,432	3,232	43,300 - 43,400	3,702	3,502	46,300 - 46,400	3,972	3,772	49,300 - 49,400	4,242	4,042
40,400 - 40,500	3,441	3,241	43,400 - 43,500	3,711	3,511	46,400 - 46,500	3,981	3,781	49,400 - 49,500	4,251	4,051
40,500 - 40,600	3,450	3,250	43,500 - 43,600	3,720	3,520	46,500 - 46,600	3,990	3,790	49,500 - 49,600	4,260	4,060
40,600 - 40,700	3,459	3,259	43,600 - 43,700	3,729	3,529	46,600 - 46,700	3,999	3,799	49,600 - 49,700	4,269	4,069
40,700 - 40,800	3,468	3,268	43,700 - 43,800	3,738	3,538	46,700 - 46,800	4,008	3,808	49,700 - 49,800	4,278	4,078
40,800 - 40,900	3,477	3,277	43,800 - 43,900	3,747	3,547	46,800 - 46,900	4,017	3,817	49,800 - 49,900	4,287	4,087
40,900 - 41,000	3,486	3,286	43,900 - 44,000	3,756	3,556	46,900 - 47,000	4,026	3,826	49,900 - 50,001	4,296	4,096

\$ 41,000			\$ 44,000			\$ 47,000		
41,000 - 41,100	3,495	3,295	44,000 - 44,100	3,765	3,565	47,000 - 47,100	4,035	3,835
41,100 - 41,200	3,504	3,304	44,100 - 44,200	3,774	3,574	47,100 - 47,200	4,044	3,844
41,200 - 41,300	3,513	3,313	44,200 - 44,300	3,783	3,583	47,200 - 47,300	4,053	3,853
41,300 - 41,400	3,522	3,322	44,300 - 44,400	3,792	3,592	47,300 - 47,400	4,062	3,862
41,400 - 41,500	3,531	3,331	44,400 - 44,500	3,801	3,601	47,400 - 47,500	4,071	3,871
41,500 - 41,600	3,540	3,340	44,500 - 44,600	3,810	3,610	47,500 - 47,600	4,080	3,880
41,600 - 41,700	3,549	3,349	44,600 - 44,700	3,819	3,619	47,600 - 47,700	4,089	3,889
41,700 - 41,800	3,558	3,358	44,700 - 44,800	3,828	3,628	47,700 - 47,800	4,098	3,898
41,800 - 41,900	3,567	3,367	44,800 - 44,900	3,837	3,637	47,800 - 47,900	4,107	3,907
41,900 - 42,000	3,576	3,376	44,900 - 45,000	3,846	3,646	47,900 - 48,000	4,116	3,916

2007 Tax Rate Charts	
<p>S Chart S: For persons filing Single or Married filing separately</p>	<p>J Chart J: For persons filing Jointly, Head of household, or Qualifying widow(er) with dependent child</p>
<p><i>If your taxable income is:</i> <i>Your tax is:</i> Over \$50,000.....\$4,300 plus 9% of excess over \$50,000</p>	<p><i>If your taxable income is:</i> <i>Your tax is:</i> Over \$50,000.....\$4,100 plus 9% of excess over \$50,000</p>

Form 40 line instructions

The following instructions are for lines not fully explained on the form. For general Form 40 instructions, see page 9.

Amended return. If you are amending your 2007 return, check the box in the upper left corner of Form 40 and attach the *Oregon Amended Schedule*.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$99.49 becomes \$99.00, and \$99.50 becomes \$100.00.

8 Federal adjusted gross income. Enter your federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 35; or Form 1040NR-EZ, line 10. You **must** attach a copy (front and back) of your federal return to your Oregon Form 40. This helps us verify your income and process your return faster.

Additions

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

9 Interest and dividends on state and local government bonds outside of Oregon. You must add to Oregon income any interest and dividends you received from state and local governments **outside** Oregon. You don't pay federal tax on this interest, but you do pay Oregon tax.

Example: Include interest from state of Washington bonds or from San Francisco city bonds. Do not include interest from Oregon government bonds or interest from U.S. territories or possessions (such as Guam, Puerto Rico, or the Virgin Islands).

10 Other additions. You may need to report one or more other additions explained here. Please identify the addition using the numeric code shown. If you have only one "Other addition," enter the code on line 10x and the amount on lines 10y and 10. For example, if you're reporting a \$200 addition for claim of right, enter "103" on line 10x and "\$200" on lines 10y and 10. If you're claiming more than one "Other additions," do not enter a code or amount on line 10x or 10y. Instead, check box 10z and attach Schedule OR-A to your return with the numeric codes and amounts of the additions. Enter the total from Schedule OR-A on line 10.

- **Federal deduction for long-term care insurance premiums [code 104].** Will you claim an Oregon long-term care insurance premiums credit this year? Did you claim a federal deduction on federal Schedule A for the premiums? If so, you must add to Oregon income the amount of premiums that resulted in a

tax benefit on your federal return. Download the publication *Long-Term Care Insurance Premiums Tax Credit* from our website or contact us to order it.

- **Federal election on interest and dividends of a minor child [code 107].** Did you report interest or dividends of your minor child on your federal return? If so, you must add to Oregon income the amount subject to the special federal tax. Fill in the smaller of line 13 or 14 from federal Form 8814. Add to that any interest or dividends your child received from state and local governments outside Oregon.
- **Federal income tax refunds [code 109].** Did you get a federal tax refund in 2007 because you filed an amended federal return for a prior year or were audited? If so, you must add the refund amount that gave you an Oregon tax benefit in a prior year. You received an Oregon tax benefit if the amount of the refund was claimed as part of your federal tax subtraction on your Oregon return for the prior year.
- **Gambling losses claimed as an itemized deduction [code 105].** Did you claim gambling losses as an itemized deduction on your federal Schedule A? If so, you must add the gambling losses claimed as an itemized deduction that are more than the gambling winnings taxed by Oregon. For more information, see Oregon Lottery on page 29.
- **Lump-sum payment from a qualified retirement plan [code 115].** Did you complete federal Form 4972 to figure the tax on a qualified lump-sum distribution using the 20 percent capital gain election and/or the 10-year tax option? If so, part or all of your lump-sum distribution will not be included in your federal adjusted gross income (AGI). The taxable amount of your distribution (federal Form 1099-R, box 2a) that isn't included in your federal AGI is taxable to Oregon. Fill in the excluded amount on line 10 of your Oregon Form 40. Attach a copy of federal Form 1099-R to your Oregon return along with your Form(s) W-2 and other Form(s) 1099. For more information, please contact us.
- The following additions apply to only a few people and are not explained in this booklet. For more information, go to our website or contact us.
 - 529 Oregon College Savings Network plan non-qualified withdrawal [code 117].
 - Basis adjustments [code 101].
 - Depletion in excess of property basis.
 - Depreciation difference for Oregon.
 - Gain or loss on the sale of depreciable property with different basis for Oregon.
 - Passive activity losses.
 - Suspended losses.
 - Business credit, unused [code 122].

- Claim of right income repayments [code 103].
- Disposition of inherited Oregon farmland or forestland [code 106].
- Domestic production activities deduction [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 (IDA) [code 113].
 - Non-qualified withdrawal.
 - Addback for IDA donation credit.
- Itemized or business deduction addback for Oregon credits [code 104].
 - Contributions to: Child Care Fund, Oregon Cultural Trust, Oregon Production Investment Fund, or university venture fund.
 - Income taxes paid to another state.
 - Long-term care insurance premiums.
 - Self-employed long-term care insurance deduction.
- Net operating loss non-Oregon source [code 116].
- Oregon deferral of reinvested capital gain [code 118].
- Partnership or S corporation modifications for Oregon [code 119].
- Schedule A deduction addback for Oregon subtractions [code 105].
 - Gambling losses claimed as itemized deduction.
 - Oregon only Schedule A item.
 - Refund of Oregon only Schedule A items from a prior year.
- Specially taxed income under federal law [code 115].
 - Lump-sum distributions from a qualified retirement plan.
 - Passive foreign investment company income.

Subtractions

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

13 **2007 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. Don't fill in less than -0- or more than \$5,500 (\$2,750 if married filing separately).

1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 35; Form 1040EZ, line 10; Form 1040NR, line 52; or Form 1040NR-EZ, line 15. 1. _____
2. Enter your tax on qualified retirement plans from Form 1040, line 60; or Form 1040NR, line 55; any 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 \$5,500 (\$2,750 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40, line 13. 5. _____

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

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

Are you amending your 2007 return? See the *Oregon Amended Schedule* instructions to figure your subtraction for federal tax liability.

Did you pay additional federal tax in 2007 because you were audited or filed an amended return? If so, see page 28 for line 18 instructions.

The total of your federal tax subtraction (line 13), your federal tax from a prior year (line 18, code 309), and your foreign tax subtraction (line 18, code 311) cannot be more than \$5,500 (\$2,750 if married filing separately). The foreign tax portion of your federal tax subtraction cannot be more than \$3,000 (\$1,500 if married filing separately).

14 **Social Security and tier 1 Railroad Retirement Board benefits income.** Fill in the amount from federal Form 1040, line 20b; or Form 1040A, line 14b. If you have tier 2, windfall/vested dual, or supplemental Railroad Retirement Board benefits, these are subtracted on line 18. For more information, contact us.

15 **Oregon income tax refund included in federal income.** Fill in your Oregon state income tax refund from federal Form 1040, line 10. **Do not include local, county, or other states' tax refunds.**

16 **Interest and dividends from U.S. government.** Fill in interest and dividends from the U.S. government that you included on your federal return. Include U.S. government interest and dividends you received through partnerships or grantor trusts. See line 18 to subtract U.S. government interest in IRA or Keogh distributions. **Do not include interest on federal tax refunds in the subtraction.**

Examples:

- You can subtract interest from U.S. Series EE, I, or HH bonds and Treasury bills or notes.
- You can subtract interest and dividends paid to you by organizations that invest in U.S. government securities. The payer may have given the percentage of interest and dividends from U.S. government securities on your Form 1099. Download the publication *Interest and Dividends on U.S. Bonds and Notes* from our website or contact us to order it.
- If you reported interest or dividends of your minor child on your federal return, you can subtract any U.S. government interest included.
- You must reduce U.S. government interest and dividends by any interest expense relating to U.S. government obligations deducted on your federal Schedule A.

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

17 Federal pension income. You may be able to subtract some or all of your taxable federal pension included in 2007 federal income. This includes benefits paid to the retiree or 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,** subtract a percentage of the taxable federal pension income you reported on your federal return. To determine your percentage, divide the months of service before October 1, 1991, by the total months of service. Round to three places (example: $4576 = 45.8$ percent). Once you've determined the percentage, it will remain the same each year. Write the percentage on line 17a. If you have two federal pensions, write the second percentage on line 17b and enter your total subtraction amount on line 17. Figure the percentage for each pension separately.

Federal pension subtraction formula:

$$\frac{\text{Months of service before 10/1/91}}{\text{Total months of service}} \times \text{Federal pension amount included in federal income} = \text{Oregon subtraction}$$

Example: Ann worked for the U.S. Forest Service from May 27, 1976, until January 7, 2007. She worked a total of 367 months; 184 months were worked before October 1, 1991. In 2007, she received taxable federal

pension income of \$35,000. Using the formula above, her federal pension subtraction is:

$$\frac{184}{367} \times \$35,000 = \$17,535$$

She can subtract 50.1 percent—or \$17,535 ($\$35,000 \times .501$)—of her taxable federal pension. She will continue to subtract 50.1 percent from Oregon income in future years.

18 Other subtractions. You may qualify for one or more other subtractions explained below. Please identify the subtraction using the numeric code shown. If you have only one "Other subtraction," enter the numeric code on line 18x and the amount on lines 18y and 18. For example, if you're claiming a \$100 Oregon Lottery subtraction, enter "322" on line 18x and "\$100" on lines 18y and 18.

If you're claiming more than one "Other subtractions," do not enter a code or amount on line 18x or 18y. Instead, check box 18z and attach Schedule OR-A to your return with the numeric codes and amounts of the subtractions. Enter the total from Schedule OR-A on line 18. Do **not** use this line to subtract federal pension (use line 17 instead). For more information, go to our website or contact us.

- **529 Oregon College Savings Plan [code 324].** You can subtract up to \$2,000 (\$1,000 if married filing separately) of contributions made to a 529 Oregon College Savings Network account in 2007. If you contribute more than \$2,000, you can carry forward the remaining contribution not subtracted over the next four years. Keep a copy of your account statement with your tax records. For more information, go to www.oregon529network.com, or contact us.
- **American Indian [code 300].** Are you an enrolled member of a federally recognized American Indian tribe? You may be able to subtract all or part of your income if **all** of the following are true:
 - You are an enrolled member of a federally recognized American Indian tribe, and
 - Your income was from sources within federally recognized Indian country in Oregon, and
 - You lived in federally recognized Indian country in Oregon when the income was earned.

You must attach a completed copy of your *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe* to your return. Download the schedule from our website or contact us to order it.

- **Domestic partner benefits [code 305].** If your employer provides taxable health insurance or other benefits to you and another person who qualifies as your same-sex domestic partner, you may qualify for a subtraction on the Oregon return. For more information, please contact us.
- **Federal tax from a prior year [code 309].** Did you pay additional federal income tax in 2007 because you

were audited or you amended a prior year's return? If so, you may be able to subtract the additional tax. This subtraction applies only to additional tax you paid because your return was changed. It does not include the tax from the original return or interest or penalties you paid.

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

- | | |
|--|----------|
| 1. Enter \$5,500 (\$2,750 if married filing separately). | 1. _____ |
| 2. Enter your federal tax liability from Form 40, line 13. | 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 in 2007 for a prior year. | 4. _____ |
| 5. Enter the smaller of line 3 or line 4 here and on Form 40, line 18 and identify using code 309. | 5. _____ |

- **Individual Development Account (IDA) [code 314].** Did you deposit money into your IDA or did you report interest income from your IDA on your federal return? If so, you can subtract the amount deposited into your account and the interest income reported on your federal return. For more information, go to www.tnfpf.org and review "IDA initiative," or contact us.

- **Military active duty pay [code 319].** If you included U.S. military active duty pay in your federal taxable income, you may qualify for a subtraction on your Oregon return.

You can subtract all active duty pay earned outside Oregon during the year plus up to \$6,000 active duty pay earned in Oregon. **Note:** Your total subtraction cannot be more than your total taxable active duty pay income.

Guard and reserve annual training is considered active duty. However, weekend drills or training are not considered active duty. If you're in the Guard or Reserves and your Form W-2 does not show a separate amount for active duty, contact your paymaster. Download *Military Personnel Filing Information* from our website, or contact us to order it.

Example: Barry, an Oregon resident, enlisted in the Army in 1999. From January until August 2007, he was stationed at Fort Lewis, Washington. He earned \$24,000 active duty pay there. From August until the end of the year, he served in Oregon as a recruiter. He earned \$12,000 in Oregon. He can subtract the \$24,000 earned outside Oregon and \$6,000 earned in the state, for a total subtraction of \$30,000.

- **Oregon National Guard and reserve active duty pay subtraction [code 319].** The following questions will help determine if you can claim this subtraction.

- Were you a member of the Oregon National Guard or reserves at any time since January 2001?
- Did you serve on active duty in Oregon as a member of the Oregon National Guard or reserves?
- Were you away from home overnight for at least three weeks consecutively?
- Was your time away from home required to perform military service?

If you answered yes to all of these questions, you can subtract all of the Oregon National Guard or reserve active duty pay you earned while you served in Oregon and met all of the above qualifications. This subtraction is available for tax years starting on or after January 1, 2001. To claim this subtraction for tax years 2001–04, amend your prior-year returns before July 1, 2008. See *Oregon Amended Schedule* for time limits for other tax years.

If you're an enrolled member of a federally recognized American Indian tribe and a member of the U.S. Armed Forces who is stationed in Oregon, you may be eligible for an additional subtraction. For more information, please contact us.

- **Oregon Lottery [code 322].** Although Oregon does not tax Oregon Lottery winnings of \$600 or less per ticket, the federal government does. Oregon Lottery includes Powerball tickets you purchased in Oregon.

You can subtract the following winnings included in your federal income from Oregon income:

- Winnings of \$600 or less from each single ticket or play, and
- Annual payments from tickets bought before 1998.

Example 1: Cheryl had winnings of \$200 from an Oregon Lottery scratch-off ticket in 2007. 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.

Example 2: David won two prizes in 2007: \$1,000 from an Oregon Lottery scratch-off ticket and \$500 playing an Oregon Lottery Keno game. David must include this \$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 because the winnings were from a single game and under the \$600 limit. He cannot subtract any of the \$1,000 he won on the scratch-off ticket, because the prize was more than \$600 and is fully taxable to Oregon.

Do **not** subtract any other type of winnings such as winnings from tribal gaming centers. If you have

gambling losses claimed as an itemized deduction, see page 26.

- **Tuition and fees deduction [code 308].** Did you claim a Hope or lifetime learning credit on your federal return? If so, you were not allowed a federal tuition and fees deduction because you claimed the federal credit. Because Oregon does not have credits similar to the Hope or lifetime learning credits, you can subtract the federal tuition and fees deduction on your Oregon return up to the amount you would have been allowed on your federal return. For 2007, the maximum amount you can claim is the lesser of \$4,000 or your actual expenses. If you were not allowed a deduction on your federal return because you are someone else's dependent, you cannot claim this subtraction.
- The following subtractions apply to only a few people and are not explained in this booklet. For more information, go to our website or contact us.
 - Artist's charitable contribution [code 301].
 - Basis adjustments [code 304].
 - Depreciation difference for Oregon.
 - Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes.
 - Passive activity losses.
 - Capital Construction Fund (CCF) [code 339].
 - Claim of right income repayments [code 302].
 - Construction worker and logger commuting expenses [code 303].
 - Federal business credits [code 340].
 - Federal gain previously taxed by Oregon [code 306].
 - Fiduciary adjustments from Oregon estates and trusts [code 310].
 - Film production labor rebate [code 336].
 - Foreign tax [code 311].
 - Interest from local government bond [code 317].
 - IRA conversions or employee retirement plans (previously taxed) [code 327].
 - Land donation to educational institutions [code 316].
 - Mobile home park capital gain [code 338].
 - Mobile home tenant payment [code 344].
 - Mortgage interest credit [code 320].
 - Net operating loss [code 321].
 - Oregon investment advantage [code 342].
 - Partnership or S corporation modifications for Oregon [code 323].
 - Public Safety Memorial Fund award [code 329].
 - Railroad Retirement Board benefits: tier 2, wind-fall/vested dual, supplemental, and railroad unemployment benefits [code 330].
 - Scholarship awards used for housing expenses [code 333].

- TRICARE income, first and second year participation [code 343].
- U.S. government interest in IRA or Keogh distributions [code 331].

Deductions

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

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

Note: If you're married filing separately and one spouse itemizes, both spouses must itemize deductions. If your spouse itemizes, your standard deduction is -0-.

21 Itemized deductions. You can claim your total itemized deductions after federal limitations as shown on federal Schedule A, line 29.

You can claim itemized deductions for Oregon even if you don't have enough deductions to itemize on your federal return. **If you itemize for Oregon only**, fill out a federal Schedule A for Oregon purposes. Be sure to include your state taxes even when itemizing for Oregon only, then subtract your Oregon state income tax on line 24. Use your federal adjusted gross income to figure the Schedule A limitations. Remember to keep Schedule A with your tax records.

22 Special Oregon medical deduction. Were you or your spouse **age 62 or older** on December 31, 2007? If so, enter the amount from federal Schedule A line 1 or line 3, whichever is less. To claim this deduction, you must itemize your deductions for Oregon.

24 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. Don't include local or county **income tax** amounts.

Are you claiming an Oregon 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 2007 net tax liability, or the other state's 2007 tax claimed as an itemized deduction, whichever is less. For the credit instructions, see page 33.

Did you limit itemized deductions on your federal return because your adjusted gross income was more than \$156,400 (\$78,200 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 website or contact us to order it.

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

Single.....	\$1,825
Married filing jointly.....	3,650
Married filing separately	
If spouse claims standard deduction.....	1,825
If spouse claims itemized deductions.....	-0-
Head of household.....	2,940
Qualifying widow(er).....	3,650

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.

1. 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 in step 1 is...	Then your standard deduction is...
Single	1	\$3,025
	2	4,225
Married filing jointly	1	4,650
	2	5,650
	3	6,650
Married filing separately	4	7,650
	1	2,825
	2	3,825
	3	4,825
Head of household	4	5,825
	1	4,140
Qualifying widow(er)	2	5,340
	1	4,650
	2	5,650

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

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 \$300, up to the maximum allowed for your filing status, or
- \$850.

The limit applies even if you qualify but are not claimed as a dependent on another person's return. See the standard deduction instructions for dependents on page 11.

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

27 Total deductions. Enter the larger of line 25 or line 26.

Oregon tax

29 Tax from tax tables or tax rate charts. Figure the tax on your Oregon taxable income, line 28. Go to the tax tables or rate charts on pages 23–25. Fill in

your tax amount on line 29 and check box 29a. Please double-check that the tax you entered is correct.

Example 1: A single Oregon taxpayer has taxable income of \$19,500. The taxpayer will use column S on page 24. The tax is \$1,560.

Example 2: A married couple has Oregon taxable income of \$75,500. They are filing jointly. They will use the married filing jointly rate chart J on page 25. They figure their tax like this:

Oregon taxable income		\$75,500	
Subtract	-	50,000	
		25,500	
Multiply by 9%	×	.09	
		2,295	
Then add	+	4,100	
Their Oregon tax is		\$ 6,395	

Tax from farm income averaging 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 even if you did not use farm income averaging on your federal return.

Use Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*, to calculate tax on your farm income and other Oregon income. Download the form from our website or contact us to order it. Enter the tax amount from Form FIA-40, line 22, on Form 40, line 29. Check box 29b labeled "Form FIA-40." Attach a copy of Form FIA-40 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 in which 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.

Use Worksheet FCG, *Farm Liquidation Long-Term Capital Gain Tax Rate*, to calculate tax on your net farm capital gain and other Oregon income. Download the worksheet from our website or contact us to order it. Enter the tax amount from Worksheet FCG, line 7, on Form 40, line 29. Check box 29c labeled "Worksheet FCG." Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

30 Interest on certain installment sales. Do you have installment sales where you were required to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon. The amount due for Oregon is computed the same as the federal amount. The interest rate is 0.750

percent per month (9 percent per year) for 2007. For more information, please contact us.

Credits—Non-refundable

Most credits cannot be more than your Oregon tax liability. Some credits have a carryforward provision that allows you to use the unused balance in the next year. Use credits that cannot be carried forward first.

33 Exemption credit. Your exemption credit may be reduced if your federal adjusted gross income (Form 40, line 8) is more than the threshold for your filing status.

If the charts below apply to you, follow the instructions in the box. Otherwise, complete the exemption credit worksheet below.

If your filing status is...	and Form 40, line 8 is less than or equal to...
Single	\$156,400
Married filing joint or qualifying widow(er)	\$234,600
Married filing separately	\$117,300
Head of household	\$195,500
...multiply your total exemptions on line 6e by \$165. Enter the result on Form 40, line 33. <i>Do not use the exemption credit worksheet</i>	

If your filing status is...	and Form 40, line 8 is more than...
Single	\$238,900
Married filing joint or qualifying widow(er)	\$317,100
Married filing separately	\$158,550
Head of household	\$278,000
...multiply your total exemptions on line 6e by \$55. Enter the result on Form 40, line 33. <i>Do not use the exemption credit worksheet</i>	

Exemption credit worksheet:

- Enter the amount from Form 40, line 8. 1. _____
- Enter the amount shown below for your filing status. 2. _____
 - Single—\$156,400
 - Married filing jointly or qualifying widow(er)—\$234,600
 - Married filing separately—\$117,300
 - Head of household—\$195,500
- Line 1 minus line 2. 3. _____

- Divide line 3 by \$2,500 (\$1,250 if married filing separately). Round the result to the nearest whole number (for example, increase 0.0004 to 1). 4. _____
- Multiply line 4 by 2% (.02) and enter the result as a decimal. 5. _____
- Multiply the total number of exemptions claimed on line 6e of your Oregon return by \$165 and enter the result here. 6. _____
- Multiply the decimal on line 5 by line 6. 7. _____
- Exemption credit.** Line 6 minus line 7. Enter the result here and on Form 40, line 33. 8. _____

34 Retirement income credit. If you were age 62 or older on December 31, 2007, and receiving retirement income, you may qualify for a retirement income 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).

Retirement income includes payments reported in Oregon taxable income from:

- U.S. government pensions (including military).
- State or local government pensions.
- Employee pensions.
- Individual retirement plans.
- Deferred compensation plans including defined benefit, profit sharing, and 401(k).
- Employee annuity plans.

Use the following worksheet to figure your credit.

- Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1. _____
- Enter any federal pension income subtracted from Oregon income on Form 40, line 17. See page 28. 2. _____
- Net Oregon taxable pension. Line 1 minus line 2. 3. _____
- Enter \$7,500 (\$15,000 if married filing jointly). 4. _____
- Enter both spouses' total 2007 Social Security and tier 1 Railroad Retirement Board benefits. 5. _____
- Line 4 minus line 5, but not less than -0-. 6. _____

- 7. Enter your household income (to determine, see below). 7. _____
- 8. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 8. _____
- 9. Line 7 minus line 8, but not less than -0-. 9. _____
- 10. Line 6 minus line 9, but not less than -0-. 10. _____
- 11. Enter the smaller of line 3 or line 10. 11. _____
- 12. Multiply line 11 by 9 percent (.09). Enter the result here and on Form 40, line 34. 12. _____

What is included in household income? Household income includes all taxable and nontaxable income of each spouse except:

- Social Security and tier 1 Railroad Retirement Board benefits.
- Your state income tax refund.
- Pension income excluded from federal AGI that is a return of your contributions.
- Pensions that are rolled over into an IRA.

Any losses claimed are limited to \$1,000 for each activity. Depreciation is limited to \$5,000.

The credit cannot be more than your tax liability. You cannot carry any amount that is more than your tax liability over to next year. You may claim this credit or the credit for the elderly or the disabled, line 36, but not both.

35 Child and dependent care credit. You're 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.

Use the following worksheet:

- 1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. Do **not** enter more than \$3,000 for one qualifying child or \$6,000 for two or more qualifying children. 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 and on Form 40, line 35. 3. _____

Did you pay 2006 child care expenses in 2007? If so, you may be able to use that amount to increase your 2007 Oregon child and dependent care credit. For more information, please contact us.

Carryforward. Your total 2007 child and dependent care credit can't be more than your 2007 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. See other credits instructions, page 34.

36 Credit for the elderly or the disabled. The Oregon credit is 40 percent of your federal credit. You can claim an Oregon credit **only** if you qualify for the federal credit. Please complete federal Form 1040, Schedule R or federal Form 1040A, Schedule 3, even if you aren't using the federal credit.

Multiply the amount on federal Form 1040, Schedule R, line 20; or Form 1040A, Schedule 3, line 20, by .40 (40 percent).

You can claim this credit or the retirement income credit, line 34, but **not** both.

37 Political contribution credit. Fill in your total political contributions, up to \$100 on a joint return or up to \$50 on all others. Your contribution(s) of money must have been made during 2007 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 website or contact us to order it.

38 Credit for income taxes paid to another state. Did you pay income taxes to another state or U.S. territory on income that is also taxed by Oregon? If so, you may be able to claim this credit.

If you were a full-year Oregon resident and had income taxed by Arizona, California, Indiana, or Virginia, you cannot claim the credit on your Oregon return. However, you can claim the credit on the nonresident return you file with those states. If income is taxed by Oregon and another state not listed here, claim the credit on your Form 40 Oregon resident return, line 38. If you have only one credit for taxes paid to another state, enter the two-letter state abbreviation on Form 40, line 38y and the credit amount on Form 40, line 38.

If you are claiming the credit for more than one state, do not enter a state abbreviation on line 38y. Instead check box 38z and attach Schedule OR-A to your return identifying the states and the credit amount for each

state. Enter the total for all states from Schedule OR-A on Form 40, line 38.

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

Your credit is the smallest of the following:

- The other state's 2007 net tax liability.
- Your Oregon tax liability after all credits, except credits for income taxes paid to other states.
- The amount figured using the following formula:

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

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

Your total MAGI usually equals the sum of lines 8 and 9 minus lines 14–17 of Form 40. Add the amount on Form 40, line 10, only if it's income Oregon taxes but the federal government doesn't. Subtract the amount on Form 40, line 18, only if it's income the federal government taxes but Oregon doesn't.

Caution: You can't claim this credit **and** claim the tax you paid as an itemized deduction. On Form 40, line 24, in addition to the Oregon tax you claim as an itemized deduction, fill in the smaller of the following:

- The other state's 2007 tax claimed as an itemized deduction, or
- The other state's 2007 net tax liability.

If the credit is based on a tax liability 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.

39 Other credits. You may qualify for other non-refundable credits listed on pages 34–35. Please identify the credit using the numeric code. If you have only one "Other credit," enter the numeric code on line 39x and the amount on lines 39y and 39. For example, if you're claiming a \$45 residential energy credit, enter "729" on line 39x and "\$45" on lines 39y and 39. If you're claiming more than one "Other credit," do not enter a code or amount on line 39x or 39y. Instead, check box 39z and attach Schedule OR-A to your return with the numeric codes and amounts of the credits. Enter the total from Schedule OR-A on Form 40, line 39.

- **Biofuel consumer [code 744].** Do you use E85 or B99 fuel blends for your car? Do you heat your home with wood pellets or biodiesel that's at least B20? If so, you may be eligible for this credit. Your credit is 50 cents per

gallon of qualifying fuel blends, up to \$200 per vehicle. For wood pellets, your credit is \$10 per bone dry ton up to \$200 per taxpayer. If heating your home with qualifying biodiesel, your credit is five cents per gallon up to \$200. Contact the department for more information.

- **Child and dependent care carryforward [code 704].** Enter the amount of unused credit from a prior year. The prior year carryforward plus your current year's credit can't be more than your Oregon tax liability, line 41. You can carry forward any excess credit from line 35 over the next five years. If the carryforward isn't used within five years, it's lost.

- **Individual Development Account donation (IDA) [code 715].** If you made a charitable contribution to the Oregon Individual Development Account program during 2007, you may qualify for a credit. The credit is the smaller of \$75,000 or 75 percent of the donation made. It cannot be more than your 2007 Oregon tax liability. You can carry over any excess for the next three years. Any federal benefit due to a federal deduction must be reported as an Oregon addition. For more information, please contact us.

- **IDA withdrawal for home purchase [code 738].** Did you make a qualified withdrawal from your IDA to buy your home? If so, you can take a credit for your qualified withdrawal used to buy your home, up to \$2,000. Contact us for more information.

- **Long-term care insurance premiums [code 716].** You're allowed a long-term care insurance premiums credit if:
 - Your policy was issued in 2000 or later, and
 - You, your parents, or your dependents are the policy beneficiaries, and
 - You paid premiums for 2007.

The credit for single and joint filers is the **smaller** of 15 percent of the premiums paid or \$500. For married filing separate filers, the combined credits on the spouses' returns can't be more than the credit they would have been allowed on a joint return.

Any federal benefit due to a federal deduction for the premiums must be reported as an Oregon addition. See page 26.

Employers paying for long-term care insurance for employees may also claim this credit.

Download the publication *Long-Term Care Insurance Premiums Tax Credit* from our website or contact us.

- **Loss of use of limbs [code 717].** If you have a permanent and complete loss of the use of two limbs, you can take a \$50 tax credit. Your spouse can also claim a \$50 credit if he or she qualifies. You can't claim this credit for a dependent.

Get a disability certification form from your county public health officer the first year you file for the credit. The health officer must sign the form. Keep

the form with your permanent records. Do not attach it to your return.

You also qualify for an additional exemption for severely disabled persons. See page 9.

- **Oregon Cultural Trust [code 722].** If you donate to an Oregon nonprofit cultural organization during the tax year and you donate a matching amount to the Oregon Cultural Trust, you can claim a tax credit.

You can claim a tax credit of up to \$500 per taxpayer (\$1,000 on a joint return) for the amount you contributed to the Oregon Cultural Trust. Any federal benefit due to a federal deduction must be reported as an Oregon addition. For more information, please contact us. For more information about the Oregon Cultural Trust, go to www.culturaltrust.org.

- **Residential energy [code 729].** To qualify, you must purchase an energy efficient appliance or vehicle or install a solar device or ground loop system. Renters may qualify for this credit. For more information, go to the Oregon Department of Energy's website at www.oregon.gov/ENERGY, or call 503-378-4040 (Salem); or 1-800-221-8035 (toll-free from an Oregon prefix).
- The following credits apply to only a few people and are not explained in this booklet. For more information, go to our website or contact us.

- Adoption expenses carryforward [code 700].
- Advanced telecommunications facilities [code 701].
- Biomass production/collection [code 743].
- 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].
- Diesel engine replacement, repower, or retrofit [code 734].
- Electronic commerce zone investment [code 710].
- Employer-provided dependent care assistance [code 707].
- Employer scholarship [code 711].
- Farmworker housing [code 712].
- First Break Program [code 713].
- Fish screening devices [code 714].
- Involuntary move of a mobile home, non-refundable (for mobile homes moved in 2006 only) [code 741].
- 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 Production Investment Fund [code 737].
- Pollution control facilities [code 724].
- Reforestation of underproductive forestlands [code 727].
- Reservation enterprise zone [code 728].
- Riparian land [code 735].

- Rural EMTs [code 742].
- Rural medical practitioners [code 731].
- University venture fund [code 739].
- Water transit vessel [code 740].

Tax payments and refundable credits

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

If you don't have a Form W-2 or 1099, you must provide other proof of your Oregon tax withheld, such as a copy of a final paycheck stub or a letter from your employer. If you file before February 1, 2008, we can accept only Form(s) W-2 or 1099 as proof.

If you have tax to pay this year, you may want to increase the amount your employer withholds from your 2008 wages for Oregon. Download the publication *Oregon Income Tax Withholding* from our website or contact us to order it.

43 Estimated tax payments for 2007. Fill in the total estimated tax payments you made before filing your Oregon return. These payments were due April 17, 2007; June 15, 2007; September 17, 2007; and January 15, 2008. Include any payments you made with your Oregon extension. Also include any refund you applied to your 2007 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.

44 Earned income credit (refundable). You're allowed an Oregon earned income credit **only** if you qualify for the earned income credit on your federal return. Your Oregon credit is 5 percent of your federal credit. For example, if your federal credit is \$400, your Oregon credit is \$20 ($\$400 \times .05$).

Use the following formula to figure your credit:

1. Enter your federal earned income credit from Form 1040, line 66a; Form 1040A, line 40a; or Form 1040EZ, line 8a. 1. _____
2. Multiply the amount on line 1 by 5 percent (.05). Enter the result here and on Form 40, line 44. 2. _____

If the credit is more than your tax liability, the difference will be refunded to you.

45 Working family child care credit (refundable). This credit is available to low-income working families with **qualifying** child care expenses for a

qualifying child under age 13 (or a child who qualifies for the additional exemption credit for a child with a disability). If the credit is more than your tax liability, the difference will be refunded to you. To see if you qualify, go to page 38.

46 Mobile home park closure credit (refundable). Enter the amount from Schedule MPC, line 5. Attach Schedule MPC to your return. For more information download the publication from our website, or contact us to order it.

Penalties and interest

50 Penalty and interest. Your tax is due by April 15, 2008. Your return is also due by April 15, 2008, unless you file for an extension.

Penalty. Include a penalty payment if you:

- Mail your payment after April 15 (even if you have an extension to file).
- 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 the 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. To find out how to avoid a penalty, go to our website and view *Computing Interest on Penalties and Tax You Owe*.

Interest. If you're filing your return or paying your tax after April 15, 2008, include interest on any unpaid tax.

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

The 2008 interest rate is 9 percent per year (0.750 percent per month).

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

$$\text{Tax} \times .000247 \times \text{number of days}$$

If the tax isn't paid within 60 days from the date of our bill, the interest rate increases to 13 percent per year.

Note: Don't calculate interest if you file late and expect a refund. It may delay processing of your refund.

51 Interest on underpayment of estimated tax. For 2007, you'll have an underpayment if you paid less than 90 percent of the tax due on **each** estimated tax payment due date.

Use Form 10, *Underpayment of Oregon Estimated Tax*, to determine if you have an underpayment. Download the form from our website or contact us to order it. If you have an underpayment, you must file Oregon Form 10 with your return.

If you have an underpayment, fill in the amount of interest due from Form 10, line 34 on Form 40, line 51, and check the box. Attach Form 10 to your return. If you meet an exception, enter the exception number on line 51a and do not attach Form 10.

53 Amount you owe. You may pay with a check, money order, or credit card. If the amount is less than \$2, no payment is required.

Check or money order

- Make your check or money order payable to "**Oregon Department of Revenue.**"
- Write your daytime telephone number and "2007 Oregon Form 40" on your check.
- Please use blue or black ballpoint ink. Do not use red or purple ink or gel pens.
- Do not send cash or a postdated check.
- Staple your payment and the Form 40-V payment voucher (page 3) to your return on top of your Form(s) W-2 and 1099.

Credit card or checking or savings account payment options. See page 13.

Payment plan. If you cannot pay in full now, pay what you can. We will help you set up a payment plan for the amount you do not pay with your return. Contact us as soon as possible to reduce penalties and interest.

Special instructions. Do you owe interest on line 51 and have an overpayment on line 48? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 48 from line 51 and enter the result on line 53.

Charitable donations. If you don't have a refund but want to contribute to a charity listed on page 13 or 14, mail your donation to the charity's address listed on our website. Please do not mail your donation to the Department of Revenue.

To finish your return, go to the signature block section on page 37.

54 Refund. You must have a refund on line 54 to use lines 55–72.

55 Estimated tax. If you have a refund, you may apply part or all of it to your 2008 Oregon estimated income tax. Fill in the amount you want to apply. Do not fill in more than the amount on line 54.

Charitable checkoffs

You can donate all or part of your refund to the charities listed on pages 13 and 14. Donations will reduce your refund. You can donate to any or all of the charities on Form 40, lines 56–67. You can also donate to two other charities on Form 40, line 68 or 69, see page 14. Or, you can mail your donations to the addresses listed on our website.

For a description of the charities, go to page 13.

71 Net refund. You must reduce your refund by any amounts applied to 2008 estimated tax (line 55) and donations on lines 56–69. **By law, we cannot issue a refund if you file your return more than three years after the return's due date.**

Direct deposit

Form 40 72 **Form 40S 42** **Direct deposit.** Follow these instructions if you want us to deposit your refund directly into your bank account instead of mailing you a check:

1. **Contact your bank** to make sure your deposit will be accepted and to get your 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, 21 through 32, or 61 through 72.
4. **Enter the number** of the account into which you want your refund deposited. The account number can be up to 17 characters (both numbers and letters). Do not include hyphens, spaces, or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Signature(s). Be sure to sign and date your return. If you're 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 preparing 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 in Salem, 503-378-4034 for licensed tax consultants and licensed tax preparers, or go to www.oregon.gov/OTPB.
- State Board of Accountancy in Salem, 503-378-4181 for public accountants and certified public accountants, or go to www.oregon.gov/BOA.

License number. Tax consultants, enter your license number. Certified public accountants, enter your certificate number. Tax-Aide volunteers, enter your TCE site number.

Before you file

Should I put my return together in a certain order?

Yes. To speed processing, put your Oregon return together as follows:

1. Start with Form 40 or Form 40S.
2. Staple Form(s) W-2 and any Form(s) 1099 showing Oregon tax withheld to the lower front of your Form 40 or Form 40S.
3. Staple your check or money order and completed Form 40-V payment voucher (page 3) on top of Form(s) W-2 and/or 1099. If you're paying by credit card, do **not** use Form 40-V.
4. If applicable, place these items in the following order behind the Oregon form:
 - Schedule OR-A, *Oregon Adjustments for Form 40 Filers* (if needed).
 - *Oregon Amended Schedule* (if amending your return).
 - Copy (front and back) of your federal Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ. If you're amending and you've changed your federal return, attach a copy of your **corrected** federal return instead of the original. Form 40S filers: You do not need to attach your federal return unless the IRS is figuring your federal tax or you're amending your Oregon return.
 - Schedule WFC, *Oregon Working Family Child Care Credit*. See page 41.
 - Form 10, *Underpayment of Oregon Estimated Tax*.
 - Proof required to claim credit for income taxes paid to another state. See page 33.
 - Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*.
 - Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents*.
 - *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*.
 - Schedule MPC, *Mobile Home Park Closure*.
 - Statements for lines that need explanation.
5. Place one staple in the top left corner of your return and attachments.

Do not attach extension requests, or any federal schedules. Keep these with your records. We receive some federal information from the IRS. We may ask 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 refund. By law, we cannot issue a refund if you file your return more than three years after the return's due date.

Can I make payments?

If you can't pay in full now, we will help you set up a payment plan. **File** now and **pay** what you can. Write your daytime telephone number and "2007 Oregon

Form 40" or "2007 Oregon Form 40S" on your check or money order. Make sure you also use the payment voucher, Form 40-V, on page 3. You can also pay by credit card, see page 13. Contact the department **as soon as possible** to set up a payment plan. If you do not contact us, collection activity may begin.

To avoid processing delays, remember to:

Type or clearly print your name, Social Security number, date of birth, complete mailing address, and daytime telephone number on your return.

Double-check your math and other figures. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check your figures. People commonly use the wrong line or column on the tax tables.

Identify amounts on Form 40, lines 10, 18, and 39 as instructed.

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

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

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

Staple a copy of your federal return (front and back **only**) to your Form 40. Do **not** include federal schedules.

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

Mail your return in a stamped envelope. Use a business envelope (4 × 9½ inches) or larger 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

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 \$7,550 of earned income, and
- You had \$2,950 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, and
- You paid qualifying child care expenses to allow you (and your spouse, if married) to work or attend school at least part-time or you or your spouse are exempt from this requirement due to a qualifying disability (see page 39), 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, or eligible foster child who:
 - can be claimed as a dependent on your federal return, or

- could have been claimed as a dependent 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 at the time the care was provided, or
- was a child who qualifies for 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're married filing separately, you must be legally separated or permanently living apart on December 31, 2007, to qualify.

If you qualify, complete Schedule WFC, *Oregon Working Family Child Care Credit*, on page 41. Attach this schedule to your return.

Schedule WFC instructions for residents

You must complete all information on the schedule. Failure to attach or attaching an incomplete schedule may result in delay or denial of your working family child care (WFC) credit. Your refund may take longer to process when claiming this credit.

Reminder: Special case Oregon residents and residents living abroad (including military) file as nonresidents on Form 40N.

Check the boxes

Attending school. Do you qualify for this credit because you (or your spouse) attend school at least part time? If so, check the box next to your name (or your spouse's name).

Form WFC-DP is attached. There are special rules for married taxpayers when one spouse is disabled. Generally, you and your spouse can only claim child care expenses for the WFC credit when both of you are working or attending school at least part time. There is now an exception to this requirement that expenses must be paid for both spouses to work or attend school. If one spouse has a qualifying disability that keeps them from working, attending school, and caring for themselves and the children, the child care expenses may qualify for this credit. Only one spouse can qualify for the exception. The other spouse must still work or attend school part time. The qualifications are not the same as the severely disabled exemption credit. This exception is available beginning with tax year 2007.

To use the exception, the disabled spouse must have a disability that prevents (or severely restricts) them from **all** of the following:

- Working;
- Going to school at least part time;
- Caring for the child(ren); and
- Performing an activity of daily living, including bathing, dressing, feeding, toileting, etc.

To claim the exception, the disabled taxpayer and their physician need to fill out Form WFC-DP stating that you or your spouse has a qualifying disability. Go to our website or contact us to get Form WFC-DP. This form must be attached each year that you (or your spouse) meet the exception. Once Form WFC-DP is filled out, check the box "Form WFC-DP is attached" on Schedule WFC next to your name (or your spouse's name). Remember to attach Form WFC-DP and keep a copy of the form with your tax records and with your doctor. We may contact your physician or request a copy of the form at a later date.

Household size calculation

Sched. WFC **1**–**5**

Generally, 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. Household size can include your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on their tax return. **Don't** include people you're entitled to claim on your tax return who didn't live with you in your home during 2007 or who aren't related to you. For the purposes of this credit, a person cannot be counted in the household size on more than one return. Enter your household size from Schedule WFC, line 5, on Form 40S, line 21a; or Form 40, line 45a.

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 the children 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 child care expenses they paid. However, each needs to calculate their 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). Deb will enter "2" on line 1 of Schedule WFC and "1" on line 2 for a total of "3" on line 5.

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. Rusty will enter "2" on line 1 of Schedule WFC and "1" on line 4 for a total of "1" on line 5.

Example 2: Jay and Rena 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. They will enter "7" on line 1 of Schedule WFC and "2" on line 4 for a total of "5" on line 5.

Qualifying child care expenses paid in 2007

Sched. WFC **6**–**9**

Provider's full name and complete address. Enter the child care provider's information in the space provided on Schedule WFC. If you have

more than three providers, check box 9a and attach a separate sheet with the same information for the additional providers. Be sure to enter the total you paid to all providers on Schedule WFC, line 9.

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

Provider's telephone number. Enter a daytime telephone number for the provider. Important: We need a current telephone number to contact the provider. Without this, the processing of your refund may be delayed.

Child to provider relationship. Identify the relationship of the child to the provider using the relationship codes on page 43. If there is no relationship between the child and the provider, enter "N" for "none."

Amount paid to provider. Qualifying child care expenses are those paid for your qualifying child for the primary purpose for you to work or attend school. If married, both spouses must be working or attending school for the expenses to qualify. Only one spouse must be working or attending school if the other spouse qualifies for the exception due to a disability explained on page 39. You can claim this credit even if you pay your expenses with pre-tax dollars from an employer benefit plan such as a cafeteria plan or flexible spending arrangement. You must pay for the child care during 2007 for the payments to be qualifying child care expenses.

Qualifying child care expenses do **not** include amounts you paid for your child to attend or participate in:

- Public or private school;
- After-school activities;
- Sports;
- Overnight camps; or
- Boarding school.

You cannot claim expenses that are paid by someone else such as a state assistance agency or a family member.

You can claim only the expenses you actually paid during the year.

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 child's kindergarten and child care. Of that total, \$500 is the contract price for child care, and \$250 is for the child's education. Lee can only claim \$500 per

month as qualifying child care. Lee's child attended the academy for four months during the year. The total amount of \$2,000 will be entered on line 6.

Example 5: Cate qualifies for 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). She will enter \$1,800 on line 6 of the schedule (\$150 × 12 months). She will not include the non-qualifying expenses paid by the state.

Example 6: Angie and Zach are married and have three children. Angie works full time and Zach does not work or attend school and is receiving disability for headaches. Zach does not need assistance with any of the activities of daily living. Zach's disability does not qualify for the exception. Angie and Zach cannot claim this credit for their child care expenses because both spouses are not working or attending school and neither qualifies for the disability exception.

Example 7: Mason and Barbara are married and have two children. Mason works full time. Barbara is unable to work because of a brain tumor. Barbara has a home care worker come to their home daily because she is unable to care for herself while Mason is away at work. Mason and Barbara pay \$750 a month for child care and \$800 a month for care for Barbara. Barbara and her doctor completed Form WFC-DP showing that Barbara has a qualifying disability. Mason and Barbara can claim this credit for the \$750 a month they paid for child care. The amount paid for Barbara's care does not qualify for this credit.

Example 8: Jen and George are married and have two children. Jen and George both work full time. Jen's relative, Michelle, lives with them. Jen and George pay Michelle \$500 a month in cash to watch their children while they work. Jen and George do not have proof that they paid Michelle and Michelle is not paying rent to live at their home. Because the payments were made in cash to a relative and there is no proof that they paid Michelle for child care, Jen and George cannot claim this credit.

Example 9: Cassie has two children and works full time. Cassie's aunt and uncle, Hildi and Mike, live in the same town and watch her children while Cassie works. They do not take care of any other children. Cassie pays Mike and Hildi \$400 a month in cash. Cassie does not have further proof other than the receipts written by Hildi that she received \$400 in cash at the beginning of each month. Mike and Hildi do not report this income on their tax return. Cassie cannot claim this credit because she has no proof that she made the payments.

Example 10: Cameron and Sarah are married and have two children. Cameron and Sarah both work full time.

Schedule WFC

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Working Family Child Care Credit—2007 Tables

Table 1, household size = 1		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$20,400	.40
20,401	21,450	.36
21,451	22,450	.32
22,451	23,500	.24
23,501	24,500	.16
24,501	25,550	.08
25,551	---	.00

Table 2, household size = 2		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$27,400	.40
27,401	28,750	.36
28,751	30,100	.32
30,101	31,500	.24
31,501	32,850	.16
32,851	34,250	.08
34,251	---	.00

Table 3, household size = 3		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$34,350	.40
34,351	36,050	.36
36,051	37,750	.32
37,751	39,500	.24
39,501	41,200	.16
41,201	42,950	.08
42,951	---	.00

Table 4, household size = 4		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$41,300	.40
41,301	43,350	.36
43,351	45,450	.32
45,451	47,500	.24
47,501	49,550	.16
49,551	51,650	.08
51,651	---	.00

Table 5, household size = 5		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$48,250	.40
48,251	50,650	.36
50,651	53,100	.32
53,101	55,500	.24
55,501	57,900	.16
57,901	60,350	.08
60,351	---	.00

Table 6, household size = 6		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$55,200	.40
55,201	58,000	.36
58,001	60,750	.32
60,751	63,500	.24
63,501	66,250	.16
66,251	69,050	.08
69,051	---	.00

Table 7, household size = 7		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$62,200	.40
62,201	65,300	.36
65,301	68,400	.32
68,401	71,500	.24
71,501	74,600	.16
74,601	77,750	.08
77,751	---	.00

Table 8, household size = 8*		
If the amount on Schedule WFC, line 15 is:		Enter this decimal amount on Schedule WFC, line 17:
at least:	but not more than:	
---	\$69,150	.40
69,151	72,600	.36
72,601	76,050	.32
76,051	79,500	.24
79,501	82,950	.16
82,951	86,450	.08
86,451	---	.00

* If your household size is more than eight, contact the department for the tables you need.

Cameron’s relative, Hailey, lives nearby and watches their children. Hailey also takes care of other children in her home. Cameron and Sarah pay Hailey \$750 a month by check and receive receipts from Hailey at the time of payment. Hailey claims all child care income on her tax return. Cameron and Sarah can claim this credit because they have proof of payment (cancelled checks).

Example 11: Abby has two children and works full time. Abby’s friend, Tonya, is Abby’s child care provider. Abby pays Tonya \$500 a month in cash. During the processing of her tax return, Abby was asked for proof that she paid Tonya. She did not provide receipts or other proof of payment. Abby’s credit was denied. Abby filed a written objection and provided receipts Tonya filled out after Abby’s credit was denied. Abby cannot claim the credit because the receipts were not provided to her at the time of payment and she has no other proof that she paid Tonya.

Example 12: Candice and Justin are married and have a child. Candice works full time and Justin volunteers 20 hours a week at the local shelter. Candice and Justin pay a daycare center \$400 a month to watch their child. Candice and Justin cannot claim the credit because Justin is not working or going to school and does not have a qualifying disability.

Proof of qualifying child care expenses. You must be able to prove that **you** paid the child care expenses to claim this credit. Acceptable proof **may** include, **but is not** limited to, copies of:

- Cancelled checks or money order stubs,
- Duplicate checks along with bank statements, and/or
- **Signed** receipts from the child care provider received **at the time of payment**. Receipts must include:
 - The child’s full name.
 - Dates of care.
 - Date and amount of child care paid.
 - Name of person or agency paying.
 - Provider’s name, address, and telephone number.
 - Provider’s identification number (SSN/FEIN).
 - The method of payment (check, money order, cash, etc.).

If you have more than one child, be sure the information is separately listed for each child.

Important: We may ask for proof or additional information when your tax return is being processed or at

a later time. If you pay a relative to care for 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 each time you pay for child care.*

Qualifying child information

Sched. WFC 10–14 Enter the full name of each qualifying child, the child’s Social Security number or ITIN, the child’s date of birth, and the child’s relationship to you using the codes shown below.

Enter the portion of 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. If you have more than four qualifying children, check box 14a and attach a separate sheet with the same information for the additional children. Be sure to enter the total qualifying child care expenses you paid for all children on Schedule WFC, line 14.

Example 13: 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 15 You must know your federal adjusted gross income (AGI) to compute this credit. Enter your federal AGI (Oregon Form 40 or 40S, line 8) on Schedule WFC, line 15.

Sched. WFC 16 Enter the total qualifying expenses from Schedule WFC, line 9, on Schedule WFC, line 16. Also enter this amount on Form 40S, line 21b, or Form 40, line 45b.

Sched. WFC 17 Use the table on the back of Schedule WFC (page 42) that matches your household size, line 5.

For example, if your household size is three, use Table 3 to find the percentage you need to apply to your qualifying expenses. Enter that percentage on Schedule WFC, line 17.

Schedule WFC Relationship Codes

Son.....	S
Daughter.....	D
Stepson	SS
Stepdaughter.....	SD
Grandchild.....	GC
Niece	NC
Nephew	NW
Sister/Brother	SB

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

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 website, order by telephone, or mail the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail 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
- Schedule OR-A, *Oregon Adjustments for Form 40 Filers* 150-101-063
- Schedule OR-A-N/P, *Oregon Adjustments for Forms 40N and 40P Filers* 150-101-064
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Oregon Amended Schedule 150-101-061
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* 150-101-160
- Form FIA-40N, 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
- Audits: What To Do if You Are Audited* 150-101-607
- Computing Interest and Penalties on Tax You Owe* 150-800-691
- 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
- Interstate Transportation Wages (Amtrak Act)* 150-101-601
- 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
- Working Family Child Care Credit for Parents* 150-101-462
- 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 _____

Your tax return is due on April 15, 2008

Internet

www.oregon.gov/DOR

Check your refund at www.oregonrefund.com



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

This e-mail address is not secure. Do not send any personal information. General questions only.

Questions?

Write

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 area or outside Oregon 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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

Visit a field office to get forms and assistance. **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

Lake Oswego 6405 SW Rosewood Street, Suite A

Medford 3613 Aviation Way, Suite 102

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

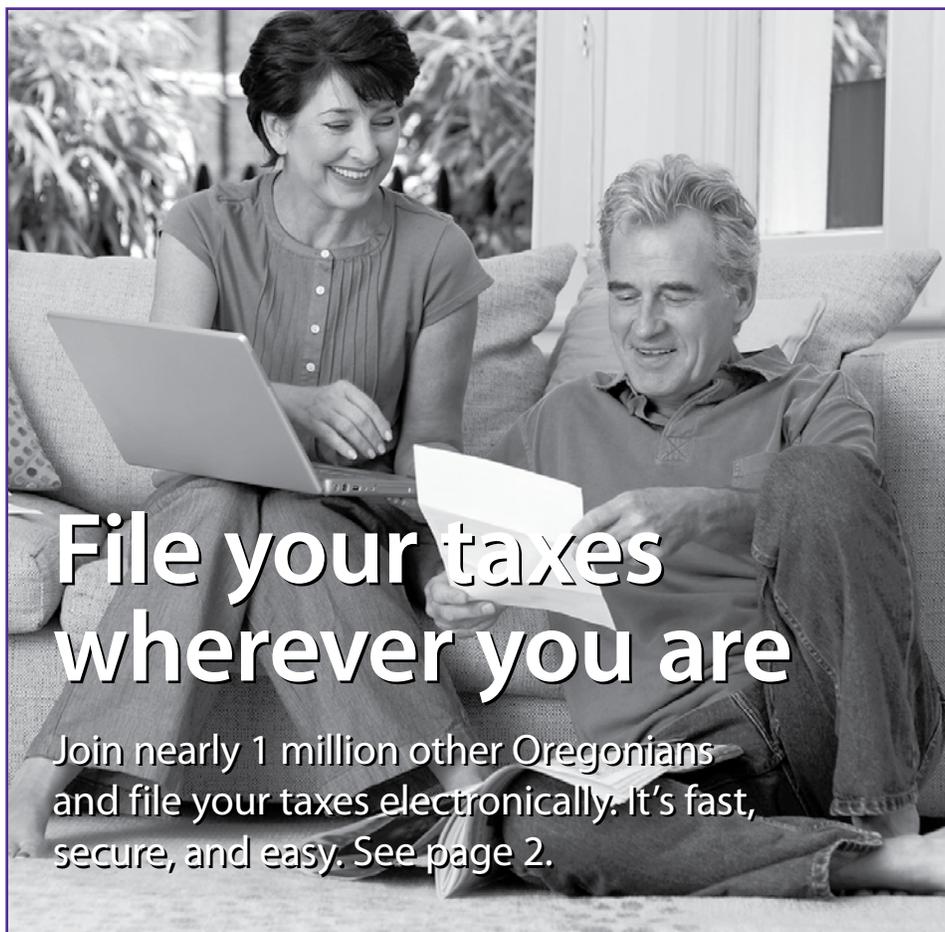




2007 OREGON INCOME TAX

Part-Year Residents and Nonresidents

Forms 40N, 40P, Schedule WFC-N/P, and instructions



**File your taxes
wherever you are**

Join nearly 1 million other Oregonians and file your taxes electronically. It's fast, secure, and easy. See page 2.

freefile
Take the free way.

Free File Alliance

See if you qualify for free electronic filing at www.oregon.gov/DOR/1000.

Where's My Refund?

Check the status of your Oregon income tax refund at www.oregonrefund.com.

Get Forms Online

Download additional forms and publications at www.oregon.gov/DOR/PERTAX.



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

PRSR STD
U.S. POSTAGE
PAID
Oregon Department
of Revenue



E-services

Electronic filing—fast, secure, and accurate

E-file is the fastest way to file your return and receive your refund. The speed and accuracy of computers allow electronic returns to be processed faster than paper returns, greatly reducing errors and delays. E-file uses secure technology to ensure the safety of your personal information once it is transmitted to the IRS and the Department of Revenue.

Oregon participates in the IRS Federal/State E-file program. This program allows you to electronically file **both** your federal and Oregon returns at the same time. If you have already filed your federal return, you may still electronically file your Oregon return.

If you haven't tried e-file yet, give it a try. Join more than 950,000 other Oregon taxpayers who electronically file their Oregon returns.

You may be eligible for free e-file

Several tax preparation software providers offer free online electronic tax filing. For free online tax preparation programs, go to our website at www.oregon.gov/DOR/1000.

Direct deposit = faster refunds

If you have a refund, the department can deposit it directly into your bank account. This option is quick and secure. See the instructions on page 36 to direct deposit your refund.

Electronic payments from your checking or savings account

You will be able to pay your current year income taxes or 2008 estimated income taxes directly from your checking or savings account. Go to our website for more information.

Credit card payments

You can also pay your current year income taxes or 2008 estimated income taxes with your Discover, MasterCard, or Visa credit card. See page 34 for more information.

More information about e-filing

Go to our website at www.oregon.gov/DOR/PERTAX. Click on "Publications" and download *Electronic Filing For Oregon*.

Getting started

You can take advantage of e-file in one of three ways:

1. Ask your tax preparer.

If your tax preparer is an authorized IRS e-file provider, your preparer can electronically file your federal and Oregon returns. Many Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) sites set up by the IRS are authorized IRS e-file providers.

2. Off-the-shelf software.

With a computer, internet access, and the right software, you can file your federal and Oregon returns yourself. Ask your local software retailer about software programs offering the IRS's Federal/State E-file program. Make sure the program supports Oregon tax forms. For a list of approved tax software products and vendors, go to our website at www.oregon.gov/DOR/ESERV and click on "Approved software vendors."

3. Internet online service.

Go to the internet and check out the online filing services that offer the IRS's Federal/State E-file program. For links to online tax preparation programs, go to our website at www.oregon.gov/DOR/1001.



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How long will it take to get my refund?

Once the department begins processing returns, your return will be processed in the time frames listed. If you claim the Working Family Credit (WFC) or your return needs additional review for another reason, your return will take longer to process. Return processing time frames:

If you e-file your return	7–12 business days
If you mail your return before April 1	6–8 weeks
If you mail your return on or after April 1	8–11 weeks

To check if your refund has been issued, go to www.oregonrefund.com.

You will need to enter your Social Security number, filing status, and the refund you requested on your return (Form 40N or 40P, line 89).

The system will tell you if we are still processing your return or if we have recently finished processing it and are issuing your refund. Please wait at least the time indicated above before contacting us.

Your return and tax owed are due April 15, 2008. See page 34 for payment options.

Form 40V

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on “Tax Forms”

These instructions are not a complete statement of laws and Oregon Department of Revenue rules. You may need more information. See page 44.

New information

Federal tax liability subtraction. The federal tax subtraction limit has increased to \$5,500 (\$2,750 if married filing separately). See page 27.

Standard deduction amounts. The standard deduction amounts have changed. See page 27.

Charitable checkoffs. You can now donate all or part of your refund to the Oregon Historical Society. You may also donate all or part of your refund to 12 charities on your return and two additional charities from our list. See page 34 for more information.

Electronic payments from your checking or savings account. You will be able to pay your 2007 income taxes or 2008 estimated income taxes directly from your checking or savings account. There is no fee for this payment option. Go to our website for more information.

Military active duty pay. The subtraction for military active duty pay earned by an Oregon resident in Oregon increased to \$6,000 beginning with tax year 2007. There has also been a change to the subtraction for Oregon National Guard and reserve members for tax years 2001 and forward. Oregon National Guard and reserve members seeking a refund have a limited time to amend for prior years. For more information, download the publication *Military Personnel Filing Information* from our website or contact us to order it.

Exemption credit. Your exemption credit is reduced if your federal adjusted gross income is over the thresh-

old for your filing status. See page 30 to see if this affects you.

Mobile home owners. Were you required to move out of a mobile home park because the park closed? If so, you may qualify for a credit. This is different from the credit that was available for 2006 and does not require you to move your mobile home. Go to our website to download our publication *Mobile Home Park Closure* and Schedule MPC or contact us to order them.

New biofuel credit. A credit is available for consumers of qualifying biofuels. If you purchase and use B99, E85, solid biofuel (pellets), or heat your home with B20+, you may qualify for a credit. For more information, go to our website or contact us.

Did you participate in a REIT or RIC or have to file federal Form 8886? If so, Oregon now has a mandatory reporting requirement for participation in listed or reportable transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886, you must check the box "You have Form 8886, REIT, or RIC." Retain the Form 8886 with your Oregon tax records. Do **not** attach a copy to your Oregon return. You must also check the box if you participated in a real estate investment trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature.

Important reminders

Payment options. You can pay your 2007 income taxes, 2008 estimated income taxes, and any prior year income tax balances due with your credit card. See page 34.

Direct deposit. The Department of Revenue can deposit your refund directly into your account at most banks or other financial institutions. For direct deposit, contact your bank to make sure 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 it does, we will issue a paper check. See page 36.

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.

**Exception: 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'll have an addition on your Oregon return. See page 22.*

Filing extension. Use Form 40-EXT to obtain an automatic six-month extension of time to file your 2007 Oregon return. See page 15.

Blue or black ink only. Please use blue or black ballpoint ink for easier reading and faster processing. Equipment used to scan documents and checks cannot read gel ink or certain colors of ink, especially red or purple; using them will delay the processing of your return.

Form 40N

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

Form 40N

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Form 40N

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Form 40N

For Oregon forms, please visit our website at

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and click on "Tax Forms"

Form 40P

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Form 40P

For Oregon forms, please visit our website at

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and click on "Tax Forms"

Form 40P

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Form 40P

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

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're 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:
Can be claimed on another's return	Any	\$850*
Single	Under 65	\$1,825
	65 or over	\$3,025
Married, joint return	Both under 65	\$3,650
	One 65 or over	\$4,650
	Both 65 or over	\$5,650
Married, separate return <i>If spouse claims standard deduction</i>	Under 65	\$1,825
	65 or over	\$2,825
<i>If spouse itemizes deductions</i>	Any	\$0
Head of household	Under 65	\$2,940
	65 or over	\$4,140
Qualifying widow(er)	Under 65	\$3,650
	65 or over	\$4,650

* The larger of \$850 or your earned income plus \$300, up to your standard deduction amount for your filing status.

What does income from Oregon sources include?

Oregon income includes income shown on your federal return 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:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \frac{\text{Total wages (line 8F)}}{\text{Total wages}} = \frac{\text{Oregon wages (line 8S)}}{\text{Total wages}}$$

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 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 sick pay, and eight days 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 federal column, Form 40N, line 8F is \$50,000 and in the Oregon column, Form 40N, line 8S is \$30,000.

The following are considered other income from Oregon sources:

- Businesses, partnerships, limited liability companies taxed as partnerships, and S corporations 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're 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're taxed on any of your spouse's income. You may need more information from the state where your spouse lives. Go to our website to download the publication *Married Persons Filing Separate Returns* and for links to other states' tax websites.

What income is not included in Oregon sources?

- Interest and dividends. However, if they're from an Oregon business you own, or 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 website or contact us to order it.
- Oregon retirement income received while you were a nonresident unless you were domiciled in Oregon. See "Pensions and annuities" on page 20.
- Waterway or hydroelectric dam compensation, if you're 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're 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're away.

You're 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 2007 or you're a nonresident alien as defined by federal law.

- **You're a nonresident** if your permanent home was outside Oregon all year.
- **You're a part-year resident** if you moved into or out of Oregon during 2007. You're **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're an Oregon resident and you meet **all** the following conditions, you're considered a nonresident for tax purposes:

- You're 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 2007, and
- You spent less than 31 days in Oregon during 2007.

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

Oregon residents living abroad. Usually, you're considered a nonresident if you qualify for the federal earned income exclusion or housing exclusion for United States residents living abroad.

Filing status

Generally, you must use the same filing status for your Oregon and federal returns.

Exceptions for married persons when each spouse has a different Oregon residency status:

- **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 will file Form 40, and the part-year resident will file 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 will file Form 40, and the nonresident will file 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 will file Form 40P, and the nonresident will file 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 website or contact us to order it.

Military personnel

Nonresidents stationed in Oregon. Oregon does not tax your military pay while you're 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 outside Oregon. If you meet the requirements for special-case Oregon residents or Oregon residents living abroad on this page, file Form 40N. File Form 40 from the *Full-Year Resident* tax booklet if you don't meet the listed requirements.

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

Need more information? Download the publication *Military Personnel Filing Information* from our website or contact us to order it.

Filing for a deceased person

You must file a final personal income tax 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 13. If a return is filed, please check the "deceased" box on the return. If you're responsible for the decedent's finances, sign the return "as personal representative" and have the spouse sign if a joint return. If there is no personal representative for a joint return, only the surviving spouse needs to sign. For more information, download *Survivor's Information* from our website or contact us to order it.

Are you filing a return and claiming a refund for someone who is now deceased and there is no court-appointed or certified personal representative? If so, 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 website or contact us to order it.

What form do I use?

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

- You're a nonresident, or
- You're a special case Oregon resident (see "Special case Oregon residents" on page 14), 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're a part-year resident, or
- You are filing jointly and one of you is a part-year resident and the other is a full-year resident, or
- You are filing jointly and both of you 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're a full-year resident, or
- You and your spouse are both full-year residents filing jointly.

Forms 40 and 40S are included in the *Full-Year Resident* booklet. Download the booklet from our website or contact us to order it.

When should I file my return?

The filing deadline for calendar year 2007 is **April 15, 2008**. If you cannot pay all or any 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?

If you need more time to file, you can request an extension. Complete an Oregon extension form, Form 40-EXT, if:

- You're making a tax payment to Oregon and you cannot file your Oregon return by April 15, 2008, or
- You're filing an extension for Oregon only.

Extensions must be filed by the due date of the return, April 15, 2008.

If you received a federal extension and you're expecting an Oregon refund, do not use Form 40-EXT. Oregon will allow you the same extension. Be sure to check box 7b on your Oregon return. 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 website or contact us to order it.

An extension does not mean more time to pay!

You must pay all tax you expect to owe when you file your extension. If you don't pay all the tax due with your extension, you'll owe interest on the unpaid balance after April 15, 2008, until the date of your payment. The 2008 interest rate is 9 percent per year. If the tax is not paid within 60 days of the date of our billing notice, the interest rate increases to 13 percent per year. You may also owe a late-payment penalty.

If you cannot pay all of the tax you expect to owe, pay what you can. Call us as soon as possible to set up a payment plan to reduce penalties and interest.

Were you stationed in a designated combat zone?

If you were stationed in a designated combat zone and received additional time to file your 2007 federal return and pay your 2007 tax, Oregon allows the same additional time to file and pay. **Write "Combat zone" in blue or black ink at the top left corner of your return.**

Penalties

You will owe a 5 percent late-payment penalty on any 2007 tax not paid by April 15, 2008. See page 33.

If you file more than three months after the due date or extension due date, a 20 percent late-filing penalty will be added, so you will owe a total penalty of 25 percent of any unpaid tax.

Exception: For information about penalty exceptions, go to our website and view *Computing Interest and Penalties on Tax You Owe*.

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 Form 40N or Form 40P, line 69 instructions, see page 34.

2008 estimated tax

Estimated tax is the amount of tax you expect to owe after credits and Oregon tax withheld when you file your 2008 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 2008.

Who must make estimated tax payments?

In most cases, people who **expect to owe \$1,000 or more** on their 2008 Oregon income tax return after credits and withholding must make estimated payments. You may need to make estimated payments if:

- You're 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're a wage earner and expect to owe tax of \$1,000 or more on your 2008 return. You may want to increase the amount your employer withholds from your Oregon wages. Download the publication

Oregon Income Tax Withholding from our website or contact us to order it.

When do I pay?

Estimated tax due dates for 2008 taxes are April 15, 2008;* June 16, 2008; September 15, 2008; and January 15, 2009.

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 website or contact us to order it. If making an electronic payment from your checking or savings account or paying by credit card, see page 34.

* Please send your 2008 estimated tax payment and Oregon Form 40-ESV in a separate envelope from your 2007 Oregon income tax return. This will help us credit your payment more efficiently.

What if I'm self-employed?

If you're self-employed and do business in **Multnomah, Clackamas, or Washington counties**, you may need to file Form TM, *TriMet Self-Employment Tax Return*. If you're self-employed and do business in **Lane County**, you may need to file Form LTD, *Lane Transit District Self-Employment Tax Return*. Go to our website to download the forms, or contact us to order either form.

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 moving. Will my refund check be forwarded to me?

Yes. If you move after you file your return, give us your new address. Download a Change of Address form from our website 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, cancelled 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 **reviewed during processing or 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.

For more information, download the publication *Record-Keeping Requirements* from our website or contact us to order it.

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 return. Check the amended return box in the upper left corner of the form. You must also complete and attach the *Oregon Amended Schedule* to your amended return. Download the schedule and instructions from our website or contact us to order it.

Generally, you're 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. Include a copy of the audit report with your amended return.

Instructions for Forms 40N and 40P

Step 1: 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, 1040NR, or 1040NREZ to your Oregon tax return. **Do not attach any federal schedules.** We may ask for copies of schedules or additional information later.

See "What tax records do I need to keep?" on page 16.

Step 2: Select the appropriate form.

To decide whether to use Form 40N or 40P, see page 15.

Step 3: Fill out the Oregon form.

Residency

Enter the dates you were an Oregon resident during 2007. For example, "01/01/2007 to 04/15/2007," or "03/01/2007 to 12/31/2007."

Fiscal year filers only

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

Name and address

Type or clearly print your name, Social Security number, date of birth, complete mailing address, and daytime telephone number on your return. If you are married filing separately do not fill in your spouse's name and SSN here, enter it on line 3 instead. If the taxpayer died in 2007 or 2008, please 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 issued you an ITIN because you don't have a Social Security number, enter your ITIN wherever your SSN is requested.

If you don't have an ITIN, you need to request one from the IRS. In this case, **write "Applied for" wherever your SSN is requested, or leave blank**, and file your return by April 15, 2008. Do **not** attach your ITIN application (federal Form W-7) to your Oregon tax return. For a copy of Form W-7, go to the IRS website at www.irs.gov or call the IRS toll-free at 1-800-829-1040. When the IRS issues you an ITIN, send a copy of your ITIN letter to the Oregon Department of Revenue.

Date of birth. Enter the month, day, and year you were born. For example, "12/23/1976."

Check the boxes

Filing status

1 – **5** Check the box next to your filing status. If you file 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.

Use the **same filing status** you used 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 filing status to use for Oregon, see page 14.

How to file separate returns for Oregon

If you're **married filing separately (MFS)**, fill in 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 using 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 left corner of your return. Attach the following to **both** Oregon returns:

- A federal Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ prepared as if you had filed married filing separately, and
- A copy of the joint Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ 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 website or contact us to order it.

Exemptions

6a & 6b Yourself and spouse. Check "Yourself" and other boxes that apply. **If someone else can claim you as a dependent (even if they did not), do not check "Yourself;"** instead 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 2007? If so, you may claim an additional exemption credit. This credit is different from the exemption credit for a child with a disability. You may claim the severely disabled exemption even if someone else can claim you as a dependent. You're 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 eyeglasses, contact lenses, ordinary crutches, or hearing aids. Deafness alone does not qualify.

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 doesn't 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 records in case we request a copy.

If you qualify, check the "Severely disabled" exemption box on line 6a. If your spouse qualifies, check the "Severely disabled" exemption box on line 6b. 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. Write their first names on the line. In most cases, you must claim the same dependents that are on your federal return. If all first names do not fit on the line, write the names on a statement instead. Number the statement and attach it to your return. Write "STM" and the statement number on line 6c.

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 2007, **and**
- Your child was eligible for "early intervention services," **or** received special education as defined by the state board of education where the child attends school, **and**
- Your child was considered to have a disability as of December 31, 2007 under the federal Individuals with Disabilities Education Act. 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 do **not** qualify.

You must get a statement of eligibility that confirms one of the disabilities listed on the previous page and above and a 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 records. Write your disabled child's name on line 6d, "Disabled children only." If the first names

of your disabled children do not fit on the line, write the names on a statement instead. Number the statement and attach it to your return. Write "STM" and the statement number on line 6d. Also be sure to include the same child's name on line 6c for "All dependents."

7a Age 65 or older, or blind. Check the boxes on line 7a if you or your spouse were age 65 or older or were blind on December 31, 2007. You're entitled to a larger standard deduction on line 44.

If you or your spouse are permanently blind, you may also qualify for the severely disabled exemption credit. For box 6a and 6b instructions, see page 18.

7b Extension. If you filed for an extension, check box 7b. For more information, see page 15.

7c Federal Form 8886, REIT, or RIC. Check box 7c if you filed federal Form 8886, *Reportable Transaction Disclosure Statement* or participated in a real estate investment trust (REIT) or regulated investment company (RIC).

7d Oregon Form 24. Did you file federal Form 8824 because you're 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 website or contact us to order it.

Form 40N and 40P line instructions

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

Amended return. If you're amending your 2007 return, check the box in the upper left corner of Form 40N or Form 40P and attach the *Oregon Amended Schedule*.

Do not fill in cents. You **must** round off cents to the nearest whole dollar. For example, \$99.49 becomes \$99.00 and \$99.50 becomes \$100.00.

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

Federal column (F) instructions, lines 8F–30F

The first column is labeled "Federal column (F)." For lines 8F–30F of the federal column, fill in the same amounts you reported on your federal return. If you have adjustments on your federal return that are not shown on lines 22–27, see page 22 for instructions on filling out lines 28F and 28S.

Line 30F, "Income after adjustments," must match your 2007 federal adjusted gross income from federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 35; or Form 1040NR-EZ, line 10. If it does not match, check that you transferred the figures from your federal return correctly. If you need help, please contact us.

Oregon column (S) instructions, lines 8S–30S

The second column is labeled "Oregon column (S)." Use this 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 13.

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 13.

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.

8S 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 your return and attach a statement explaining your calculations. If your Oregon wages are not stated separately on your W-2, compute your Oregon source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \frac{\text{Total wages}}{\text{(line 8F)}} = \frac{\text{Oregon wages}}{\text{(line 8S)}}$$

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 13. If Oregon is the only state you worked in, do not use this formula; all your earnings are taxable and should be reported in the Oregon

column. If line 8S doesn't match your W-2, attach a statement explaining your calculations.

Exceptions:

- If you're a nonresident with interstate transportation wages, you may qualify for special treatment under the Amtrak Act. Download the publication *Interstate Transportation Wages (Amtrak Act)* from our website or contact us to order it.
- Nonresidents who work on Bonneville, The Dalles, John Day, or McNary dam 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 worker" 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 not enter their military pay in the Oregon column. Military pay of a nonresident is not Oregon source income. Do not report it in the Oregon column on line 8S. Write "Military nonresident" at the top left corner of the return. Please use **blue or black** ink.

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

10S 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.

11S State and local income tax refunds. Enter 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.

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

13S Business income or loss. Determine the amount of income or loss from an Oregon business activity for the part of the year you were a nonresident.

Add all business income or losses incurred during the part of the year you were a resident of Oregon.

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

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

16S 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.

17S Pensions and annuities. Enter the amount of taxable pensions and annuities (including federal pensions) you received while an Oregon resident. Do not include any Railroad Retirement Benefits (RRB-1099-R). If you're 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 residents or Oregon residents living abroad. See page 14.

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 lines 37F and 37S. See page 23. If you need help, please contact us.

18S Rents, royalties, partnerships, limited liability companies, real estate investment trusts (REITs), estates, trusts, etc., from federal Schedule E. Determine the income you received and losses incurred from Oregon sources during the part of the year you were a nonresident. Add the amount received or incurred 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.

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

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

of the year you were an Oregon resident. Add unemployment compensation or severance pay received because of an Oregon job, and any other Oregon source income you received while you were a nonresident. Don't include Social Security, Railroad Retirement Board benefits, or Railroad Retirement Board unemployment benefits; 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 lines 37F and 37S, see page 25.

Adjustments to income

22S 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.** Use the following formula to determine your deduction for the part of the year you were a nonresident:

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

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

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

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

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

23S Education deductions. The following instructions will help you figure the amount 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 smaller 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.

Use the following formula to calculate your deduction for the part of the year you were a nonresident:

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

Add all interest paid during the part of the year you were an Oregon resident. Enter the result or the amount of student loan interest on line 23S, whichever is less.

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

Use the following formula to calculate your deduction for the part of the year you were a nonresident:

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

Add all qualified education expenses you paid during the part of the year you were an Oregon resident. Enter the result or the amount of tuition and fees deduction on line 23S, 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 37. See page 25.

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

24S 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: Sofia moved from California to Washington to take a job **in Oregon**. She may claim her federal moving expenses in **both** the federal and the Oregon columns.

Example 2: David left Oregon to take a job in another state. He **cannot** claim any of his moving expenses in the Oregon column. He may **only** claim them in the federal column.

Example 3: Camille moved from Michigan to Oregon in May 2007, to begin work in Washington. She paid

her moving expenses in June 2007. While the expenses are not related to Oregon employment, Camille can claim them in both columns because they were paid after she became an Oregon resident.

25S Deduction for self-employment tax. Use the following formula to determine the amount of your self-employment tax on earnings taxed by Oregon:

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

The Oregon deduction cannot be more than the federal deduction.

26S Self-employed health insurance deduction. Oregon allows a deduction of 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.

27S Alimony paid. Determine if the alimony you paid to your former spouse is deductible for federal purposes. If so, use the following formula to calculate your Oregon deduction for the part of the year you were a nonresident:

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

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

28F/S Other adjustments to income. On line 28F (federal column), include any of the other adjustments, listed below, that you claimed on your federal return. On line 28S (Oregon column), enter the amount of other adjustments you're entitled to claim for Oregon. Please identify the other adjustment(s) using the numeric code shown. If you have only one "Other adjustment," enter the numeric code on line 28x and the amount on lines 28y and 28F. For example, if you're claiming a \$500 health savings account deduction on your federal return, enter "003" on line 28x and "\$500" on lines 28y and 28F. If you're claiming more than one "Other adjustment," do not enter a code or amount on line 28x or 28y. Instead, check box 28z and attach Schedule OR-A-N/P to your return with the numeric codes and amounts for the **federal** column of the adjustments. Enter the total from Schedule OR-A-N/P on line 28F. Determine the amount for Oregon and enter it on line 28S.

"Other adjustments" claimed on federal return:

- Certain business expenses of reservists, performing artists, and fee-basis government officials from federal Form 1040, line 24 [code 002].

- Domestic production activities deduction from federal Form 1040, line 35 [code 006].

Note: If you claimed a domestic production activities deduction on your federal return, you will have an addition on your Oregon return. Oregon does not allow this deduction. See "Other additions" instructions below.

- 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].

Additions

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

31F/S Interest and dividends on state and local government bonds outside 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 9S or 10S, fill in the amount of interest and dividends you received from state and local governments outside Oregon while you were an Oregon resident.

32F/S 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 to Oregon income the amount subject to the special federal tax.

Federal column. Fill in the smaller of line 13 or 14 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.

33F/S Other additions. You may need to report one or more other additions explained here. Please identify the addition using the numeric code shown. If you have only one "Other addition," enter the numeric code on line 33x and the amount for the **federal** column on lines 33y and 33F. For example, if you're reporting a \$1,000 addition for a depreciation difference for Oregon, enter "101" on line 33x and "\$1,000" on lines 33y and 33F.

If you're claiming more than one "Other addition," do not enter a code or amount on line 33x or 33y. Instead, check box 33z and attach Schedule OR-A-N/P to your return with the numeric codes and amounts for the **federal** column of the additions. Enter the total from Schedule OR-A-N/P on line 33F. Determine the amount for Oregon and enter it on line 33S. For more information, go to our website, or contact us.

- **Depreciation difference for Oregon [code 101].** Is your depreciation for Oregon purposes different from your depreciation for federal purposes? If so, you'll need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need to complete two depreciation schedules. Download the schedule from our website or contact us to order it.
- 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 as appropriate. For more information, please contact us.
 - 529 Oregon College Savings Network plan non-qualified withdrawal [code 117].
 - Basis adjustments [code 101].
 - Gain or loss on the sale of depreciable property with different basis for Oregon.
 - Passive activity losses.
 - Business credit, unused [code 122].
 - Business deduction add back for Oregon credits [code 104].
 - Income taxes paid to another state.
 - Self-employed long-term care insurance deductions.
 - Claim of right income repayments [code 103].
 - Disposition of inherited Oregon farmland or forestland [code 106].
 - Domestic production activities deduction [code 102].
 - Fiduciary adjustments [code 100].
 - Accumulation distribution from a trust.
 - Fiduciary adjustments from Oregon estates and trusts.
 - Individual Development Account [code 113].
 - Net operating loss, non-Oregon source [code 116].
 - Oregon deferral of reinvested capital gain [code 118].
 - Partnership and S corporation modifications for Oregon [code 119].
 - Specially taxed income under federal law [code 115].
 - Lump-sum distributions from a qualified retirement plan.
 - Passive foreign investment income.

Subtractions

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

36F 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 20F.

37F/S Other subtractions. You may qualify for one or more other subtractions explained in this section. Please identify the subtraction using the numeric code shown. If you have only one "Other subtraction," enter the numeric code on line 37x and the amount for the **federal** column on lines 37y and 37F. For example, if you're claiming a \$2,000 military pay subtraction, enter "319" on line 37x and "\$2,000" on lines 37y and 37F.

If you're claiming more than one "Other subtraction," do not enter a code or amount on line 37x or 37y. Instead, check box 37z and attach Schedule OR-A-N/P to your return with the numeric codes and amounts for the **federal** column of the subtractions. Enter the total from Schedule OR-A-N/P on line 37F. Determine the amount for Oregon and enter it on line 37S. For more information, go to our website or contact us.

- **Claim of right income repayments [code 302].** Were you taxed in a prior year on income that you're 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'll need the Oregon Depreciation Schedule. Part-year residents and nonresidents may need two schedules. Download the schedule from our website or contact us to order it.
- **Federal pension income [code 307].** You may be able to subtract some or all of your federal pension included in 2007 federal income. This includes retirement benefits paid to the retiree or 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. Round to three places (example: $.4576 = 45.8$ percent). Once you determine the percentage, it will remain the same year to year. For more than one pension, figure the percentage and subtraction separately for each pension.

Example: Delaney began working for the U.S. Forest Service May 27, 1976, and retired January 7, 2007. She worked a total of 367 months; 184 months were worked before October 1, 1991. Delaney moved to Oregon May 31, 2007. She can subtract 50.1 percent ($184 \div 367$) of her taxable federal pension. She will use this percentage for both her federal column and her Oregon column. She will multiply the percentage by the amount in each column to determine the correct subtraction for each column.

On her Form 40P, line 17F, she has \$14,000 and on line 17S she has \$8,911. Her federal pension subtraction for the federal column is \$7,014 ($\$14,000 \times .501$). Her federal pension subtraction for the Oregon column is \$4,464 ($\$8,911 \times .501$). Since she is only claiming one "Other subtraction," Delaney will enter "307" on line 37x and "\$7,014" on line 37y. Then she will enter "\$7,014" on line 37F and "\$4,464" on line 37S. She will continue to subtract 50.1 percent of her taxable federal pension in future years.

Use the following worksheet to determine your subtraction amount for each column:

Federal column

- | | |
|---|----------|
| 1. Federal pension included in federal column, Form 40N or Form 40P, line 17F. | 1. _____ |
| 2. Divide months of service before October 1, 1991, by total months of service. Enter the percentage here. | 2. _____ |
| 3. Multiply line 1 by line 2. Enter here and on Form 40N or Form 40P, line 37y or Schedule OR-A-N/P. Use code "307" to identify this subtraction and remember to carry the total of all "Other subtractions" to line 37F. | 3. _____ |

Oregon column

- | | |
|---|----------|
| 4. Federal pension included in Oregon column, Form 40N or Form 40P, line 17S. | 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 37S. | 6. _____ |

To avoid processing delays or adjustments, make sure your federal pension income is on the correct line and attach a copy of your federal return.

• Interest and dividends on U.S. bonds and notes [code 315].

Federal column. On Form 40N or Form 40P, line 37F, fill in interest and dividends from the U.S. government that you included on lines 9F and 10F. Add U.S. gov-

ernment interest and dividends you received through partnerships or grantor trusts. Identify this using code "315" in box 37x or on Schedule OR-A-N/P.

Examples:

- You can subtract interest from U.S. Series EE, HH, and I bonds and Treasury bills and notes.
- You can 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 website or contact us to order it.
- You must reduce U.S. government interest and dividends 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 9S and 10S of the Oregon column, enter the amount on line 37S.

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

• Interest from local government bond [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, enter "317" in box 37x and the amount in box 37y or on your Schedule OR-A-N/P. Remember to carry total subtractions from your Schedule OR-A-N/P to line 37F.

Oregon column. On line 37S, enter Oregon local government bond interest if you included it in Oregon income on line 9S.

• Military active duty [code 319]. Did you report U.S. military pay in income on line 8F or 8S? 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 by a part-year resident while a nonresident of Oregon, cannot be used to compute Oregon tax. This is retroactive and you may be able to amend your prior year return. See *Oregon Amended Schedule* for time limits.

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

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

- 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 \$6,000 active duty pay earned in Oregon during the part of the year you were a resident.

If you're a member of the Oregon National Guard or reserves, you may be eligible for an additional active duty pay subtraction. See "Oregon National Guard and reserve active duty pay" on this page.

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

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

- All active duty pay earned outside Oregon during the part of the year you were a resident, and
- Up to \$6,000 active duty pay earned in Oregon during the part of the year you were a resident.
- Oregon National Guard and reserve active duty pay subtraction.

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

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

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

- **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. You can subtract the following from the winnings you reported on lines 20F and 20S:

- 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 2007. This income is included on lines 20F and 20S. 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 2007—\$1,000 playing Oregon Lottery video poker and \$500 playing an Oregon Lottery Keno game. David must include \$1,500 on lines 20F and 20S, 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. See instructions for Form 40N or Form 40P, line 46, page 28. If you need help, please contact us.

- **Oregon National Guard and reserve active duty pay [code 319].**

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

- You were an Oregon resident at any time since 2001, and
- You served as a member of the Oregon National Guard or reserves, and
- You were called to active duty status and required to be away from home overnight, and
- You were away from home overnight for at least three consecutive weeks and stationed in Oregon.

If you meet **all** the conditions above, you can subtract all of the Oregon National Guard or reserve active duty pay you earned while you met all of the above qualifications. You can subtract the amount from both the federal and Oregon columns. This subtraction is available for tax years starting on or after January 1, 2001. To claim this subtraction for tax years 2001–04, amend your prior-year returns before July 1, 2008. See *Oregon Amended Schedule* for time limits for other tax years.

Note: Your military pay subtractions in each column cannot be more than your total military pay included in that column.

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

Federal column. Enter your tier 2, supplemental, windfall, and vested dual Railroad Retirement Board benefits included on line 17F. Add railroad unemployment benefits from line 20F.

Oregon column. Don't enter 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 a federal tuition and fees deduction 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 up to the amount you would have been allowed on your federal return. For 2007, the maximum amount you can claim is the smaller of \$4,000 or your actual expenses. If you were not allowed a deduction on your federal return, you cannot claim this subtraction.

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 website or contact us. Make the subtraction in **both** the federal and Oregon columns as needed if you included the related income in both columns. If you have only one "Other subtraction," enter the numeric code on line 37x and the amount for the **federal** column on lines 37y and 37F. See page 23 for instructions if you have more than one "Other subtraction." For more information, go to our website or contact us.

- 529 Oregon College Savings plan [code 324].
- American Indian [code 300].
- Basis adjustments [code 304].
 - Gain or loss on the sale of depreciable property with a different basis for Oregon.
 - Passive activity losses.
 - Suspended losses.
- Capital Construction Fund (CCF) [code 339].
- Composite return (Form 40N only) [code 341].
- Construction worker and logger commuting expenses [code 303].
- Domestic partner benefits [code 305].
- Federal business credits [code 340].
- Federal gain previously taxed by Oregon [code 306].
- Fiduciary adjustments from Oregon estates and trusts [code 310].
- Film production labor rebate [code 336].
- Individual Development Account [code 314].
- IRA conversions previously taxed [code 327].
- Land donation to educational institutions [code 316].
- Mobile home park capital gain [code 338].
- Mobile home tenant payment [code 344].
- Net operating loss [code 321].

- Oregon investment advantage [code 342].
- Partnership or S corporation modifications for Oregon [code 323].
- Public Safety Memorial Fund award [code 329].
- Scholarship awards used for housing expenses [code 333].
- TRICARE income, first and second year participation [code 343].
- U.S. government interest in IRA or Keogh distributions [code 331].

39 Oregon percentage. Divide the amount on line 38S by the amount on line 38F. Round the decimal to three places. Write the result as a percentage on line 39. **Don't fill in more than 100 percent or less than -0-.**

Examples

Line 38S	Line 38F	Oregon percentage
\$8,000	\$30,000	.266666 Round to .267 (<u> </u> <u> </u> <u> </u> . <u> </u> <u> </u> <u> </u> %)
(1,000)	15,000	-0- (0%) (<u> </u> <u> </u> <u> </u> . <u> </u> <u> </u> <u> </u> %)
20,000	15,000	1.333 Limited to 1.000 (<u> </u> <u> </u> <u> </u> . <u> </u> <u> </u> <u> </u> %)

If the amount on line 38S is **greater than** the amount on line 38F, your Oregon percentage is 100 percent. This is true even when line 38F is a negative number.

Deductions and modifications

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

If you claim itemized deductions fill in lines 41–43. If you claim the standard deduction fill in line 44 instead. If you claim the special Oregon medical deduction (code 606) on line 46, you must itemize. Include this deduction when deciding whether you should itemize deductions or claim the standard deduction.

Note: If you're married filing separately and one spouse itemizes, both spouses must itemize deductions. 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 18 or you can separate each spouse's itemized deductions if you can clearly identify your own itemized deductions.

41 Itemized deductions. You can claim your total itemized deductions after federal limitations shown on federal Schedule A, line 29. You can claim itemized deductions for Oregon even if you don't have enough deductions to itemize on your federal return.

If you itemize for Oregon only, fill out a federal Schedule A for Oregon purposes. Be sure to include your state taxes even when itemizing for Oregon only, then subtract your Oregon state income tax on line 42. Use your federal adjusted gross income to figure the Schedule A limitations. Remember to keep Schedule A with your tax records.

42 State income tax claimed as an itemized deduction. Write the amount of Oregon state income tax or other state 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 2007 net tax liability or the other state's 2007 tax claimed as an itemized deduction, whichever is less. For instructions on Form 40N or Form 40P, line 55, see page 31.

Did you limit itemized deductions on your federal return because your adjusted gross income (AGI) was more than \$156,400 (\$78,200 if married filing separately)? If so, you may need to complete a worksheet to figure the correct amount of Oregon income tax to subtract from itemized deductions. Download the publication *Itemized Deductions Limit* from our website or contact us to order it.

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

Single.....	\$1,825
Married filing jointly.....	3,650
Married filing separately	
If spouse claims standard deduction.....	1,825
If spouse claims itemized deductions.....	-0-
Head of household.....	2,940
Qualifying widow(er).....	3,650

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

1. 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 in step 1 is...	Then your standard deduction is...
Single	1	\$3,025
	2	4,225
Married filing jointly	1	4,650
	2	5,650
	3	6,650
	4	7,650
Married filing separately	1	2,825
	2	3,825
	3	4,825
	4	5,825
Head of household	1	4,140
	2	5,340
Qualifying widow(er)	1	4,650
	2	5,650

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

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 \$300, up to the maximum allowed for your filing status as shown on this page; or
- \$850.

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

Use the following worksheet to figure your standard deduction unless you are married. If you are a dependent and married, please contact us.

Standard deduction worksheet for single dependents:

1. Enter your earned income. (See definition below.) 1. _____
2. Additional \$300. 2. 300
3. Add lines 1 and 2. 3. _____
4. Minimum standard deduction. 4. 850
5. Enter the larger of line 3 or line 4. 5. _____
6. Basic standard deduction for single. 6. 1,825
7. Enter the smaller of line 5 or line 6. 7. _____
8. If you're under age 65, enter -0-. If you're age 65 or older, enter \$1,200. 8. _____
9. If you're not blind, enter -0-. If you're blind, enter \$1,200. 9. _____
10. Add lines 7, 8, and 9. Enter the total here and on Form 40N or Form 40P, line 44. 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-.

45 2007 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. Don't fill in less than -0- or more than \$5,500 (\$2,750 if married filing separately).

1. Enter your federal tax liability from Form 1040, line 57; Form 1040A, line 35; Form 1040EZ, line 10; Form 1040NR, line 52; or Form 1040NR-EZ, line 15. 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 \$5,500 (\$2,750 if married filing separately). 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40N or Form 40P, line 45. 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.

Your federal tax liability on line 45 plus your federal tax from a prior year (code 602) and foreign tax (code 603) on line 46 cannot exceed \$5,500 (\$2,750 if married filing separately).

If you're married filing separately for Oregon only, multiply your joint federal tax liability (after credits) by the percentage calculated on page 18. Each spouse is limited to a maximum subtraction of \$2,750.

Are you amending your 2007 return? See the *Oregon Amended Schedule* instructions to figure your subtraction for federal tax liability.

Did you pay additional federal tax in 2007 because you were audited or filed an amended return? If so, read the instructions for Form 40N or Form 40P, line 46.

46 Other deductions and modifications. Only a few people have other deductions and modifications. Identify the deduction or modification using the numeric code. If you have only one "Other deduction or modification," enter the numeric code on line 46x and the amount on lines 46y and 46. For example, if you're reporting a foreign tax deduction, enter "603" on line 46x and the amount on lines 46y and 46. If you have more than one, check box 46z and attach Schedule OR-A-N/P to your return with the numeric codes and amounts of the deductions or modifications. Modifications can be either additions or subtractions. Enter the total amount of these items from Schedule OR-A-N/P on line 46. If the net amount is an addition, please clearly place a minus sign in front of it. For example, "- 200."

- **Artists who make a charitable art donation (Form 40P filers only) [code 600].** Download the publication *Artist's Charitable Contribution Subtraction* from our website or contact us to order it. **Form 40N filers**, see Form 40N, line 48 instructions on page 29.

- **Federal estate tax on income in respect of a decedent [code 605].** If you claimed a deduction for federal estate tax, you may have a modification. For more information, please contact us.

- **Federal income tax refunds [code 601].** Did you get a federal tax refund in 2007 because you were audited or amended a prior year return? If so and you subtracted that amount on a prior Oregon return, fill in and clearly place a minus sign in front of this addition on line 46 or Schedule OR-A-N/P.

- **Federal tax from a prior year [code 602].** Did you pay additional federal tax in 2007 because you were audited or 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 \$5,500 (\$2,750 if married filing separately). 1. _____
2. Enter your federal tax liability from Form 40N or Form 40P, line 45. 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 in 2007 for a prior year. 4. _____
5. Enter the smaller of line 3 or line 4 here and on Form 40N or Form 40P, line 46. 5. _____

- **Foreign tax [code 603].** Did you pay tax to a foreign country in 2007? 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, go to our website 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 place a minus sign in front of the addition for the gambling losses claimed as an itemized deduction that exceed gambling winnings taxed by Oregon.

- **Itemized deduction add back for Oregon credits [code 608].** Did you itemize and claim a credit for contributions to: Child Care Fund, Oregon Cultur-

al Trust, Oregon Production Investment Fund, or a university venture fund? Did you itemize and claim a credit for long-term care insurance premiums? If you answered yes to either question, you may have to reduce your itemized deductions. If so, remember to clearly place a minus sign in front of this addition on line 46 or Schedule OR-A-N/P. Contact us for more information.

- **Mortgage interest credit [code 607].** If you claimed the mortgage interest credit on your federal return and you are itemizing deductions on your Oregon return, you may have a deduction. For more information, please contact us.
- **Special Oregon medical deduction [code 606].** Were you or your spouse **age 62 or older** on December 31, 2007? If so, enter the amount from federal Schedule A, line 1 or line 3, whichever is less. To claim this deduction, you must itemize your deductions for Oregon.

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

- | | |
|--|----------|
| 1. If itemizing, enter amount from Form 40N, line 43. Otherwise enter the amount from Form 40N, line 44. | 1. _____ |
| Note: If claiming the special Oregon medical deduction (code 606) on line 46, enter the amount from line 43, even if it is less than the amount on line 44. | |
| 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 39, here. | 5. _____ |
| 6. Multiply the amount from line 4 by the percentage on line 5. 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 website or contact us to order it.

Oregon tax

Form 40N 51 **Form 40P 49** **Tax from tax rate charts.** Figure the tax on your taxable income, Form 40N, line 50; or Form 40P, line 48.

If you use the farm income averaging method or the farm asset capital gain method, see below. If not, go to the tax rate charts below. Enter your tax amount on Form 40N, line 51 and check box 51a; or Form 40P, line 49 and check the box. Please double-check that the tax you entered is correct.

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	- 14,300
	15,200
Multiply by 9%	× .09
	1,368
Then add	+ 887
Their Oregon tax is	<u>2,255</u>

Form 40N 51 **Form 40P 50** **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.

2007 Tax Rate Charts																	
<p style="text-align: center; font-size: 2em; font-weight: bold; margin: 0;">S</p> <p style="text-align: center; font-weight: bold; margin: 0;">Tax Rate Chart</p> <p style="text-align: center; margin: 0;">For persons filing</p> <p style="text-align: center; font-weight: bold; margin: 0;">Single or married filing separately</p> <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 30%;">If your taxable income is:</td> <td>Your tax is:</td> </tr> <tr> <td>Not over \$2,850.....</td> <td>5% of taxable income</td> </tr> <tr> <td>Over \$2,850 butnot over \$7,150</td> <td>\$143 plus 7% of the excess over \$2,850</td> </tr> <tr> <td>Over \$7,150.....</td> <td>\$444 plus 9% of the excess over \$7,150</td> </tr> </table>	If your taxable income is:	Your tax is:	Not over \$2,850.....	5% of taxable income	Over \$2,850 butnot over \$7,150	\$143 plus 7% of the excess over \$2,850	Over \$7,150.....	\$444 plus 9% of the excess over \$7,150	<p style="text-align: center; font-size: 2em; font-weight: bold; margin: 0;">J</p> <p style="text-align: center; font-weight: bold; margin: 0;">Tax Rate Chart</p> <p style="text-align: center; margin: 0;">For persons filing</p> <p style="text-align: center; font-weight: bold; margin: 0;">Jointly, head of household, or qualifying widow(er) with dependent child</p> <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 30%;">If your taxable income is:</td> <td>Your tax is:</td> </tr> <tr> <td>Not over \$5,700.....</td> <td>5% of taxable income</td> </tr> <tr> <td>Over \$5,700 butnot over \$14,300</td> <td>\$285 plus 7% of the excess over \$5,700</td> </tr> <tr> <td>Over \$14,300.....</td> <td>\$887 plus 9% of the excess over \$14,300</td> </tr> </table>	If your taxable income is:	Your tax is:	Not over \$5,700.....	5% of taxable income	Over \$5,700 butnot over \$14,300	\$285 plus 7% of the excess over \$5,700	Over \$14,300.....	\$887 plus 9% of the excess over \$14,300
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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 website or contact us to order it.

1. Form 40N: Enter the tax amount from Form FIA-40N, line 19, on Form 40N, line 51, and check box 51b.

Form 40P: Enter the tax amount from Form FIA-40P, line 18, on Form 40P, line 50, and check box 50a.

2. 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 website or contact us to order it.

Nonresidents. Enter the tax amount from Worksheet FCG, line 7, on Form 40N, line 51. **Check box 51c 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 50. **Check box 50b labeled "Worksheet FCG."** Do not attach a copy of Worksheet FCG to your return. Keep a copy with your records.

Note: Form 40P filers using Form FIA-40P or Worksheet FCG do not enter an amount on Form 40P, line 49.

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 2007 is 9 percent per year (0.750 percent per month).

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

Credits—Non-refundable

Non-refundable 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 as shown with an asterisk (*). This means

you need to multiply your total credit by your Oregon percentage, line 39, to figure the amount you can claim on your Oregon return.

Form 40N 54

Form 40P 53

Exemption credit.* Your exemption credit may be reduced if your federal adjusted gross income (Form 40N or 40P, line 30F) is more than the threshold for your filing status.

If the charts below apply to you, follow the instructions in the box. Otherwise, complete the exemption credit worksheet below.

If your filing status is...	and Form 40N or 40P, line 30F is less than or equal to...
Single	\$156,400
Married filing joint or qualifying widow(er)	\$234,600
Married filing separately	\$117,300
Head of household	\$195,500
...multiply your total exemptions on line 6e by \$165. Then multiply by your Oregon percentage from line 39. Enter the result on Form 40N, line 54 or 40P, line 53.	
<i>Do not use the exemption credit worksheet</i>	

If your filing status is...	and Form 40N or 40P, line 30F is more than...
Single	\$238,900
Married filing joint or qualifying widow(er)	\$317,100
Married filing separately	\$158,550
Head of household	\$278,000
...multiply your total exemptions on line 6e by \$55. Then multiply by your Oregon percentage from line 39. Enter the result on Form 40N, line 54 or 40P, line 53.	
<i>Do not use the exemption credit worksheet</i>	

Exemption credit worksheet:

- Enter the amount from Form 40N or 40P, line 30F. 1. _____
- Enter the amount shown below for your filing status. 2. _____
 - Single—\$156,400
 - Married filing jointly or qualifying widow(er)—\$234,600
 - Married filing separately—\$117,300
 - Head of household—\$195,500
- Line 1 minus line 2. 3. _____
- Divide line 3 by \$2,500 (\$1,250 if married filing separately). Round the result to the nearest whole number (for example, increase 0.0004 to 1). 4. _____
- Multiply line 4 by 2% (.02) and enter the result as a decimal. 5. _____

- 6. Multiply the total number of exemptions claimed on line 6e of your Oregon return by \$165 and enter the result here. 6. _____
- 7. Multiply the decimal on line 5 by line 6. 7. _____
- 8. Line 6 minus line 7. 8. _____
- 9. Enter your Oregon percentage from Form 40N or 40P, line 39. 9. _____
- 10. **Exemption credit.** Multiply line 8 by the percentage on line 9. Enter the result here and on Form 40N, line 54, or Form 40P, line 53. 10. _____



Child and dependent care credit (Form 40P filers only)* You're 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. Do **not** enter more than \$3,000 for one qualifying child or \$6,000 for two or more qualifying children. 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 39. **Form 40P filers:** Enter the result here and on Form 40P, line 54. **Form 40N filers:** Enter the result here and on Form 40N, line 56 and identify with code 745. 4. _____

Did you pay 2006 child care expenses in 2007? If so, multiply your 2006 expenses paid in 2007 that are included in the computation of your federal credit by the decimal amount that applies to your 2006 federal taxable income.

Multiply this amount by the Oregon percentage from your 2006 return. Enter the result on Form 40N, line 56

(code 745) or Form 40P, line 54. If you need help, please contact us.

Carryforward. Your total 2007 child and dependent care credit can't be more than your 2007 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 on page 32.

55 Credit for income taxes paid to another state.

If you paid 2007 income tax to another state or U.S. territory on income also taxed by Oregon, you may be able to claim a credit.

You must claim the credit on your nonresident return or 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 website for links to other states' tax websites.

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're 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 website or contact us to order it.

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

- Your other state's 2007 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, which is your income on Form 40P or Form 40N, line 38S. 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.

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

If you have only one credit for income taxes paid to another state, enter the two-letter state abbreviation on Form 40N or Form 40P, line 55y, and the credit amount on Form 40N or Form 40P, line 55. If you're claiming more than one credit for income taxes paid to another state, do

not enter a state abbreviation on line 55y. Instead check box 55z and attach Schedule OR-A-N/P to your return identifying the states and the credit amounts for each state. Enter the total for all states from Schedule OR-A-N/P on Form 40N or Form 40P, line 55.

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 2007 net tax liability or the 2007 tax claimed as an itemized deduction, whichever is less, on Form 40N or Form 40P, line 42.

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 to use this credit even if Oregon and another state tax the same income in different years. For more information, please contact us.

56 Other credits. You may qualify for other non-refundable credits. Please identify the credit using the numeric code. If you have only one "Other credit," enter the numeric code on Form 40N or Form 40P, line 56x and the amount on Form 40N or Form 40P, lines 56y and 56. For example, if you're a nonresident claiming a \$50 political contribution credit, enter "723" on Form 40N, line 56x and enter "\$50" on Form 40N, lines 56y and 56. If you're claiming more than one "Other credit," do not enter a code or amount on line 56x or 56y. Instead, check box 56z and attach Schedule OR-A-N/P to your return with the numeric codes and the dollar amounts of the credits. Enter the total amount of "Other credits" from Schedule OR-A-N/P on Form 40N or Form 40P, line 56.

- **Child and dependent care (Form 40N filers only) [code 745].*** Read the information and fill out the worksheet for Form 40P, line 54 on page 31. If this is your only other credit, enter code 745 on Form 40N, line 56x and the amount from the worksheet on Form 40N, line 56y. Otherwise enter the code and amount on Schedule OR-A-N/P. Form 40P filers, enter your child and dependent care credit on Form 40P, line 54.
- **Child and dependent care carryforward [code 704].** Enter the amount of unused credit from a prior year on Form 40N or Form 40P, line 56 or Schedule OR-A-N/P. The prior year carryforward plus your current year's credit can't be more than your Oregon tax liability. You can carry forward this unused credit for five years from the year the credit was claimed. If the carryforward 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 can 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 39. You can claim this credit or the retirement income credit, but **not** both.

- **Political contribution [code 723].** Fill in your total political contributions, up to \$100 on a joint return or up to \$50 on all others. You must have contributed money during 2007 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 website or contact us to order it.
- **Retirement income [code 730].** If you were age 62 or older on December 31, 2007, 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.

- The following credits apply to only a few people. For more information, go to our website or contact us.
 - Adoption expenses carryforward [code 700].*
 - Advanced telecommunications facilities [code 701].*
 - Biofuel consumer [code 744].*
 - Biomass production/collection [code 743].*
 - 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].*
 - Diesel engine replacement, repower, or retrofit [code 734].*
 - Electronic commerce zone investment [code 710].
 - Employer-provided dependent care assistance [code 707].
 - Employer scholarship [code 711].*
 - Farmworker housing [code 712].*
 - First Break Program [code 713].*
 - Fish screening devices [code 714].*
 - Individual Development Account (IDA) donation [code 715].
 - IDA withdrawal for home purchase [code 738].

- Involuntary move of a mobile home, Schedule MH—non-refundable (2006 moves only) [code 741].
- 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].*
- Oregon Production Investment Fund [code 737].
- 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 EMTs [code 742].*
- Rural medical practitioners [code 731].*
- University venture fund [code 739].*
- Water transit vessel [code 740].*

*Prorated credit (multiplied by Oregon percentage).

Tax payments and refundable credits

59 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(s) 1099 showing Oregon income tax withheld to the lower front of your return.

If you don't have a Form W-2 or 1099, you must provide other proof of Oregon tax withheld. Proof may include a copy of 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 2008 wages for Oregon. Download the publication *Oregon Income Tax Withholding* from our website or contact us to order it.

60 Estimated tax payments for 2007 and payments made with your extension. Fill in the total Oregon estimated tax payments you made before filing your 2007 Oregon return. Include any payments made with your Oregon extension. Also include any refund you applied to your 2007 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.

61 Nonresidents—Tax withheld from pass-through entity. If you are an owner in a pass-through entity and you did not join in the filing of a composite return reporting the related flow-through

income, enter the amount of tax withheld by the pass-through entity on your behalf.

62 Earned income credit (refundable). You're 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 \$2,500, your Oregon credit is \$125 ($\$2,500 \times .05$) multiplied by your Oregon percentage from Form 40N or Form 40P, line 39.

Use the following formula to compute your credit:

1. Enter your federal earned income credit from Form 1040, line 66a; Form 1040A, line 40a; 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 39). Enter the result here and on Form 40N or Form 40P, line 62. 3. _____

The Oregon earned income credit is refundable. If the credit is more than your tax liability, the difference will be refunded to you.

63 Working family child care credit (refundable). This credit is available to low-income working families with **qualifying** child care expenses for a qualifying child under age 13 (or a child who qualifies for the additional exemption credit for a child with a disability). The working family child care credit is refundable. If the credit is more than your tax liability, the difference will be refunded to you. To see if you qualify, go to page 38. Attach Schedule WFC-N/P to your return.

64 Mobile home park closure credit (refundable). Enter the amount from Schedule MPC, line 5. Attach Schedule MPC to your return. For more information download the publication from our website, or contact us to order it.

Penalties and interest

68 Penalty and interest for filing or paying late. Your tax is due April 15, 2008. Your return is also due April 15, 2008, unless you file for an extension by that date.

Penalty. Include a penalty payment if you:

- Mail your tax payment after April 15 (even if you have an extension to file), 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 unpaid tax. To find out how to avoid penalty, go to our website and view *Computing Interest and Penalties on Tax You Owe*.

Interest. If you're paying your tax after April 15, 2008, include interest on any unpaid tax. An interest period is each full month starting with the day after the due date. For example, April 16, 2008, through May 15, 2008, is a full month interest period. The 2008 interest rate is 9 percent per year (0.750 percent per month).

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

$$\text{Tax} \times .000247 \times \text{number of days}$$

If the tax is not paid within 60 days of our bill, the interest rate increases to 13 percent per year.

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

69 Interest on underpayment of estimated tax. For 2007, you'll have an underpayment if you paid less than 90 percent of the tax due on **each** estimated tax payment due date.

Use Form 10, *Underpayment of Oregon Estimated Tax*, to determine if you have an underpayment. Download the form from our website or contact us to order it. If you have an underpayment, you **must** file Form 10 with your return. Check the box and enter the amount of interest due from Form 10, line 34 on Form 40N or Form 40P, line 69.

If you meet an exception, simply enter the exception number on Form 40N or Form 40P, line 69a and do not attach Form 10.

71 Amount you owe. You can pay your tax with a check, money order, or credit card. If the amount is less than \$2, no payment is required.

Check or money order

- Make your check or money order payable to "**Oregon Department of Revenue.**"
- Write your daytime telephone number and "2007 Oregon Form 40N" or "2007 Oregon Form 40P" on your check.
- Please use **blue or black** ballpoint ink. Do not use gel ink or the colors red or purple.
- **Do not send cash or a postdated check.**
- Staple your payment and the Form 40-V payment voucher (see page 3) to your return on top of your Form(s) W-2 and 1099.

Credit card or electronic payment from your checking or savings account

You can also pay with your Discover, MasterCard, or Visa credit card. Contact the service provider supporting

Oregon's program. The 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 continue or cancel the transaction before entering your credit card information. If you complete the credit card transaction, you will receive a confirmation number. **Please keep this confirmation number as proof of payment.**

Credit card service provider:

- **Official Payments Corporation**
Call toll-free 1-866-720-1327, or go to www.officialpayments.com.

For additional information on credit card payments and service providers, go to our website or contact us.

Soon you will be able to make an electronic payment from your checking or savings account for your current-year balance due, 2008 estimated tax payments, or prior year taxes. There is no fee to use this method. This option will only be available through our website.

Payment plan. If you cannot pay in full now, pay what you can. We will work with you to set up a payment plan for the amount you do not pay with your return. Contact us as soon as possible to reduce penalties and interest.

Special instructions. Do you owe interest on Form 40N or Form 40P, line 69 and have an overpayment on Form 40N or Form 40P, line 66? If the interest you owe is more than your overpayment, you have an amount due. Subtract line 66 from line 69 and enter the result on line 71.

Charitable donations. If you don't have a refund but want to contribute to a charity listed on Form 40N or 40P, mail your donation to the charity's address shown on pages 35 and 36. Please do not mail your donation to the Department of Revenue.

To finish your return, go to the signature block section on page 36.

72 Refund. You must have a refund on Form 40N or Form 40P, line 72 to apply money to next year's estimated tax or to donate all or part of your refund to the charities listed.

73 Estimated tax. If you have a refund on Form 40N or Form 40P, line 72, you may apply part or all of it to your 2008 estimated income tax. Fill in the amount you want to apply. Do not fill in more than the amount on Form 40N or Form 40P, line 72.

Charitable checkoffs

You may donate all or part of your refund shown on line 72 to the charities listed on pages 35 and 36. Donations will reduce your refund. You can donate to any or all of the charities on lines 74–85. You can also donate to **two** of the charities listed under the instructions for lines 86

and 87. Or, you can mail your donations directly to the addresses shown.

74 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

75 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

76 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

77 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

78 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

79 Oregon Military Emergency Financial Assistance. Your donation will fund hardship grants and loans to Oregon National Guard members and their families.

Oregon Military Department
PO Box 14350
Salem OR 97309-5047

80 Habitat for Humanity of Oregon. 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

81 Oregon Head Start Association. 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

82 American Diabetes Association. Your donation will help continue diabetes research and advocacy programs in Oregon.

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

83 Oregon Coast Aquarium. Your donation will help fund educational programs, conservation efforts, and animal rehabilitation.

Oregon Coast Aquarium
2820 SE Ferry Slip Road
Newport OR 97365

84 SMART. 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

85 SOLV. 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

86 & 87 Other charity. You may donate all or part of your refund to **two** of the following charities.

Enter the charity code on Form 40N or Form 40P, line 86a or 87a. **Enter only one code in each box.** Write the amount you want to donate next to the code on Form 40N or Form 40P, line 86b or 87b. If you want to donate to more than two of the charities listed below, you can mail your donations directly to the charities at the addresses shown.

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 for the Cure, Oregon & SW Washington Affiliate [code 17]. Your donation funds 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

Oregon Historical Society [code 18]. Your donation helps us collect and preserve materials of historical character for studying and understanding Oregon history.

Oregon Historical Society
1200 SW Park Avenue
Portland OR 97205

89 Net refund. You must **reduce your refund** by any amounts applied to 2008 estimated tax and charitable checkoff donations. **The department cannot issue a refund if your return is filed more than three years after the due date of the return.**

Direct deposit

90 Follow these instructions if you want us to deposit your refund directly into your bank account instead of mailing you a check.

1. **Contact your bank** to make sure your deposit will be accepted and to get your correct routing and account numbers.
2. **Check the appropriate box, either** checking or savings, but not both.
3. **Enter your nine-digit routing number.** The routing number must begin with 01 through 12, 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). Do not include hyphens, spaces, or special symbols. Enter the number left to right and leave any unused boxes blank.

Signature block

Signature(s). Be sure to sign and date your return. If you're 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, 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, or go to www.oregon.gov/OTPB.
- State Board of Accountancy at 503-378-4181 (Salem) for public accountants and certified public accountants, or go to www.oregon.gov/BOA.

License number. Licensed tax consultants, enter your license number. Certified public accountants, enter your certificate number. Tax-Aide volunteers, 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 3) on top of the Form(s) W-2 and/or 1099. If paying by credit card, do not use Form 40-V.
4. If applicable, place these items in the following order behind the Oregon form:
 - Schedule OR-A-N/P, *Oregon Adjustments for Form 40N and 40P Filers* (if needed).
 - *Oregon Amended Schedule* (if amending your return).
 - Copy (front and back) of your federal Form 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ. If you're amending and you've changed your federal return, attach a copy of your **corrected** federal return instead of the original.
 - Schedule WFC-N/P, *Oregon Working Family Child Care Credit for Form 40N and Form 40P filers*. See page 41.
 - Oregon Form 10, *Underpayment of Oregon Estimated Tax*.
 - Proof required to claim credit for income taxes paid to another state. See page 31.
 - 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*.
 - Schedule MPC, *Mobile Home Park Closure*.
 - Statements for lines that need explanation.
5. Place one staple in the top left corner of your return and attachments

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—2007 Form 40N" is printed at the top of the second page.

Do not attach extension requests, or any federal schedules. Keep these with your records. 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 and "2007 Oregon Form 40N" or "2007 Oregon Form 40P" on your check. Make sure you also use the payment voucher, Form 40-V, on page 3. You can also pay by credit card, see page 34. Contact the department **as soon as possible** to set up a payment plan. If you do not contact us, collection activity may begin.

To avoid processing delays, remember to:

Type or clearly print your name, Social Security number, date of birth, complete mailing address, and daytime telephone number on your return.

Double-check your math calculations and other figures, including your Social Security number. The most common mistakes are math errors and the amount claimed for the federal tax subtraction. Please double-check the tax you figured. Errors will delay processing.

If you have tax to pay, read Form 40N or Form 40P, line 71 instructions on page 34.

Identify other additions, other subtractions, and other credits as instructed.

Verify your bank account information if you're 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 lower front of your return.

Staple a copy of your federal return (front and back only) to your Oregon return. Do **not** include federal schedules.

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) or larger and 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

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 \$7,550 of earned income from Oregon sources, and
- You had \$2,950 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 at least part time or you or your spouse is exempt from this requirement due to a qualifying disability (see below), 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, or eligible foster 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 at the time the care was provided, 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're married filing separately, you must be legally separated or permanently living apart on December 31, 2007, 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 41. Attach this schedule to your return.

Example: Carl and Carrie moved from Arizona with their child in October 2007. They paid for child care and they both worked in both Arizona and Oregon. Carl and Carrie's wages after moving to Oregon are \$6,000. They have no other Oregon income. Carl and Carrie do not qualify for the Working Family Credit because their earned income from Oregon did not meet the minimum of \$7,550.

Schedule WFC-N/P instructions for nonresidents and part-year residents

You must complete all information on the schedule. An incomplete schedule may result in delay or denial of your working family child care (WFC) credit. Your refund may take longer to process when claiming this credit.

Check the boxes

Attending school. Do you qualify for this credit because you (or your spouse) attend school at least part time? If so, check the box next to your (or your spouse's) name.

Form WFC-DP is attached. There are special rules for married taxpayers when one spouse is disabled. Generally, you and your spouse can only claim child care expenses for the WFC credit when both of you are working or attending school at least part time. There is now an exception to this requirement that expenses must be paid for both spouses to work or attend school. If one spouse has a qualifying disability that keeps them from working, attending school, and caring for

themselves and the children, the child care expenses may qualify for this credit. Only one spouse can qualify for the exception. The other spouse must still work or attend school at least part time. The qualifications are not the same as the severely disabled exemption credit. This exception is available beginning with tax year 2007.

To use this exception, the disabled spouse must have a disability that prevents (or severely restricts) them from **all** of the following:

- Working;
- Going to school at least part time;
- Caring for the child(ren); and
- Performing an activity of daily living. Activities of daily living include bathing, dressing, feeding, toileting, etc.

To claim this exception, the disabled taxpayer and their physician need to fill out Form WFC-DP stating that you or your spouse has a qualifying disability. Go to our website or contact us to get Form WFC-DP.

This form must be attached each year that you (or your spouse) meet that exception. Once Form WFC-DP is filled out, check the box "Form WFC-DP is attached" on Schedule WFC-N/P next to your name (or your spouse's name). Remember to attach Form WFC-DP and keep a copy the form with your tax records and with your physician. We may request a copy of the form at a later date.

Household size calculation

Sched.
WFC-N/P **1** - **5**

Generally, 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. Household size can include your child of whom you have primary custody, even if you allowed the child's other parent to claim the exemption on their tax return. **Don't** include people you're entitled to claim on your tax return who didn't live with you in your home during 2007 or who aren't related to you. For the purposes of this credit, a person cannot be counted in the 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 can claim the credit based on the qualifying child care expenses each paid. However, each needs to calculate their 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). Deb will enter "2" on line 1 of Schedule WFC-N/P and "1" on line 2 for a total of "3" on line 5.

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. Rusty will enter "2" on line 1 of Schedule WFC-N/P and "1" on line 4 for a total of "1" on line 5.

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. They will enter "7" on line 1 of Schedule WFC-N/P and "2" on line 4 for a total of "5" on line 5.

Qualifying child care expenses paid in 2007

Sched.
WFC-N/P **6** - **9**

Provider's full name and complete address. Enter the child care provider's information in the space provided on Schedule WFC-N/P. If you have more than three providers, check box 9a and attach a separate sheet with the same information for the additional providers. Be sure to enter the total you paid to all providers on Schedule WFC, line 9.

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

Provider's telephone number. Enter a daytime telephone number for the provider. Important: We need a current telephone number to contact the provider. Without this information, the processing of your refund may be delayed.

Child to provider relationship. Identify the relationship of the child to the provider using the relationship codes on page 43. If there is no relationship between the child and the provider, enter "N" for none.

Amount paid to provider. Qualifying child care expenses are those paid for your qualifying child for the primary purpose for you to work or attend school. If married, both spouses must be working or attending school for the expenses to qualify. Only one spouse must be working or attending school if the other spouse qualifies for the exception due to a disability explained on page 38. 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 2007 for the payments to be qualifying child care expenses.

Qualifying child care expenses do **not** include amounts you paid for your child to attend or participate in:

- Public or private school;
- After-school activities;
- Sports;
- Overnight camps; or
- Boarding school.

You **cannot** claim expenses that are paid by someone else, such as a state assistance agency or another family member. You can claim only the expenses **you** actually paid during the year.

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. His employer reports the \$4,000 of dependent care benefits in box 10 of his W-2. Jeff also paid \$1,000 with after-tax dol-

lars. He can 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. Lee's child attended the academy for four months during the year, so the amount he'll enter on line 6 is \$2,000.

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, the state pays \$450, and Cate has a co-pay of \$150. She can only claim the amount she actually paid (\$150 per month). Cate's amount for line 6 will be \$1,800 for the entire year. She will not include non-qualifying expenses paid by the state.

Example 6: Angie and Zach are married and have three children. Angie works full time and Zach does not work or attend school and is receiving disability for headaches. Zach does not need assistance with any of the activities of daily living. Zach's disability does not qualify for the exception. Angie and Zach cannot claim this credit for their child care expenses because both spouses are not working or attending school and neither qualifies for the disability exception.

Example 7: Mason and Barbara are married and have two children. Mason works full time. Barbara is unable to work because of a brain tumor. Barbara has a home care worker come to their home daily because she is unable to care for herself while Mason is away at work. Mason and Barbara pay \$750 a month for child care and \$800 a month for care for Barbara. Barbara and her doctor completed Form WFC-DP showing that Barbara has a qualifying disability. Mason and Barbara can claim this credit for the \$750 a month they paid for child care. The amount paid for Barbara's care does not qualify for this credit.

Example 8: Jen and George are married and have two children. Jen and George both work full time. Jen's relative, Michelle, lives with them. Jen and George pay Michelle \$500 a month in cash to watch their children while they work. Jen and George do not have proof that they paid Michelle and Michelle is not paying rent to live at their home. Because the payments were made in cash to a relative and there is no proof that they paid Michelle for child care, Jen and George cannot claim this credit.

Example 9: Cassie has two children and works full time. Cassie's aunt and uncle, Hildi and Mike, live in the same town and watch her children while Cassie works. They do not take care of any other children. Cassie pays Mike and Hildi \$400 a month in cash. Cassie does not have further proof other than the receipts written by Hildi that she received \$400 in cash

at the beginning of each month. Mike and Hildi do not report this income on their tax return. Cassie cannot claim this credit because she has no proof that she made the payments.

Example 10: Cameron and Sarah are married and have two children. Cameron and Sarah both work full time. Cameron's relative, Hailey, lives nearby and watches their children. Hailey also takes care of other children in her home. Cameron and Sarah pay Hailey \$750 a month by check and receive receipts from Hailey at the time of payment. Hailey claims all child care income on her tax return. Cameron and Sarah can claim this credit because they have proof of payment (cancelled checks).

Example 11: Abby has two children and works full time. Abby's friend, Tonya, is Abby's child care provider. Abby pays Tonya \$500 a month in cash. During the processing of her tax return, Abby was asked for proof that she paid Tonya. She did not provide receipts or other proof of payment. Abby's credit was denied. Abby filed a written objection and provided receipts Tonya filled out after Abby's credit was denied. Abby cannot claim the credit because the receipts were not provided to her at the time of payment and she has no other proof that she paid Tonya.

Example 12: Candice and Justin are married and have a child. Candice works full time and Justin volunteers 20 hours a week at the local shelter. Candice and Justin pay a daycare center \$400 a month to watch their child. Candice and Justin cannot claim the credit because Justin is not working or going to school and does not have a qualifying disability.

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

- Cancelled checks, or
- Money order stubs, or
- Duplicate checks along with bank statements, and
- **Signed** receipts from the child care provider, received **at the time of payment**. Receipts must include:
 - The child's full name.
 - Dates of care.
 - Date and amount of child care paid.
 - Name of person or agency paying.
 - Provider's name, address, and telephone number.
 - Provider's identification number (SSN/FEIN).
 - The method of payment (check, money order, cash, etc.).

If you have more than one child, be sure the information is separately listed for each child.

Important: We may ask for proof or additional information when your tax return is being processed or at a later time. If you pay a relative to watch your children,

Schedule WFC-N/P

For Oregon forms, please visit our website at

www.oregon.gov/DOR

and click on "Tax Forms"

Working Family Child Care Credit—2007 Tables

Table 1, household size = 1		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$20,400	.40
20,401	21,450	.36
21,451	22,450	.32
22,451	23,500	.24
23,501	24,500	.16
24,501	25,550	.08
25,551	---	.00

Table 2, household size = 2		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$27,400	.40
27,401	28,750	.36
28,751	30,100	.32
30,101	31,500	.24
31,501	32,850	.16
32,851	34,250	.08
34,251	---	.00

Table 3, household size = 3		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
-	\$34,350	.40
34,351	36,050	.36
36,051	37,750	.32
37,751	39,500	.24
39,501	41,200	.16
41,201	42,950	.08
42,951	---	.00

Table 4, household size = 4		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$41,300	.40
41,301	43,350	.36
43,351	45,450	.32
45,451	47,500	.24
47,501	49,550	.16
49,551	51,650	.08
51,651	---	.00

Table 5, household size = 5		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$48,250	.40
48,251	50,650	.36
50,651	53,100	.32
53,101	55,500	.24
55,501	57,900	.16
57,901	60,350	.08
60,351	---	.00

Table 6, household size = 6		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$55,200	.40
55,201	58,000	.36
58,001	60,750	.32
60,751	63,500	.24
63,501	66,250	.16
66,251	69,050	.08
69,051	---	.00

Table 7, household size = 7		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$62,200	.40
62,201	65,300	.36
65,301	68,400	.32
68,401	71,500	.24
71,501	74,600	.16
74,601	77,750	.08
77,751	---	.00

Table 8, household size = 8*		
If the amount on Schedule WFC-N/P, line 17 is:		Enter this decimal amount on Schedule
at least:	but not more than:	WFC-N/P, line 19:
---	\$69,150	.40
69,151	72,600	.36
72,601	76,050	.32
76,051	79,500	.24
79,501	82,950	.16
82,951	86,450	.08
86,451	---	.00

* If your household size is more than eight, contact the department for the tables you need.

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 each time you pay for child care.*

Qualifying child information

Sched. WFC-N/P 10 - 14 Enter the full name of each qualifying child, the child’s Social Security number or ITIN, the child’s date of birth, and the child’s relationship to you using the codes below.

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. If you have more than four qualifying children, check box 14a and attach a separate sheet with the same information for the additional children. Be sure to enter the total qualifying child care expenses you paid for all children on Schedule WFC, line 14.

Example 13: 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 30F) or your Oregon AGI (Form 40N or Form 40P, line 30S) 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. Also enter this amount on Form 40N or Form 40P, line 63b.

Sched. WFC-N/P 19 Use the table on the back of Schedule WFC-N/P (page 42) that matches your household size, line 5.

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 Relationship Codes

Son.....	S	Eligible foster child.....	EF
Daughter.....	D	Aunt	A
Stepson	SS	Uncle	U
Stepdaughter.....	SD	Cousin.....	CS
Grandchild.....	GC	Sister-in-law	SL
Niece	NC	Brother-in-law.....	BL
Nephew	NW	Other relative.....	O
Sister/Brother	SB	None.....	N

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 website, order by telephone, or mail the form below.



Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail 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
- Schedule OR-A, *Oregon Adjustments for Form 40 Filers* 150-101-063
- Schedule OR-A-N/P, *Oregon Adjustments for Forms 40N and 40P Filers* 150-101-064
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Oregon Amended Schedule 150-101-061
- Form 90R, *Elderly Rental Assistance* 150-545-002
- Form FIA-40, *Oregon Farm Income Averaging for Full-Year Residents* 150-101-160
- Form FIA-40N, 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
- Audits: What To Do if You Are Audited* 150-101-607
- Computing Interest and Penalties on Tax You Owe* 150-800-691
- 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
- Interstate Transportation Wages (Amtrak Act)* 150-101-601
- 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
- Working Family Child Care Credit for Parents* 150-101-462
- 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 _____

Your tax return is due on April 15, 2008

Internet

www.oregon.gov/DOR

Check your refund at www.oregonrefund.com



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

This e-mail address is not secure. Do not send any personal information. General questions only.

Questions?

Write

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 area or outside Oregon 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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

Visit a field office to get forms and assistance. **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

Lake Oswego 6405 SW Rosewood Street, Suite A

Medford 3613 Aviation Way, Suite 102

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





Instructions for Oregon Amended Schedule For Amending Oregon Individual Income Tax Returns

How do I amend my Oregon return?

You will need the following items:

- The tax form and instruction booklet for the year that you are amending. This will usually be the same form type as your original return, unless:
 - You filed Form 40S, but no longer can use that form. Use Form 40 instead; or
 - You filed the incorrect form for your residency status. Use the correct form type to amend.
- The Oregon Amended Schedule and these instructions.
 - You will attach the Oregon Amended Schedule to your amended (corrected) return.
- A copy of the Oregon tax return that you originally filed for the year being amended.
- A copy of any previous amended returns you filed.
- A copy of all notices from us, another state, or the Internal Revenue Service for the tax year being amended.
 - If we corrected your return on our notice, use the figures from our notice when amending your return.

Follow these steps to amend your return:

1. **Read** through these instructions before filling out your form.
2. **Check** the amended box at the top of your amended Form 40S, 40, 40N, or 40P using blue or black ink. For tax years 2004 and earlier write “amended” at the top of your amended return.
3. **If** we sent you a notice adjusting your return, use those figures when making your other corrections.
4. **Fill out** your entire income tax form (Form 40S, 40, 40N, or 40P) using the correct information.
5. **Remember** that charitable checkoffs cannot be used on amended returns.
6. **After** completing your amended (corrected) return, complete the amended schedule. The amended schedule will figure your additional refund or tax to pay on your amended return.
7. **Attach** your amended schedule to your amended return. See “Finishing the amended return and schedule” at the end of the instructions.

I need to amend my Form 90R, Elderly Rental Assistance (ERA). Do I use this schedule?

No. Do not use this schedule to amend Form 90R. To file an amended ERA claim, use Oregon Form 90R. You should:

- Request an ERA booklet for the year you are amending. To order a booklet, go to our website or contact us.

- Write “amended” in blue or black ink at the top of Form 90R.
- Fill out Form 90R using the correct information.
- Attach an explanation of your changes.

How long do I have to file for a refund?

In most cases, you must file for a refund within three years from the due date of your original return, or the date you filed your original return, whichever is later. If the three-year filing period has expired, you may still file for a refund if:

- You paid tax within the past two years for the tax year you are amending. Your refund is generally limited to the tax you paid in that two-year period.
- You had a net operating loss carryback. Your claim must be filed within three years from the due date of the return for the tax year when the loss occurred. The due date includes extensions.
- The Internal Revenue Service (IRS) or another state adjusted your return or assessed tax for failure to file a return. You must file a copy of the audit report, return, or assessment and your Oregon amended return and schedule within two years after the federal or other state correction was made.

How long will it take to process my amended return?

Processing time for amended returns varies. **It may take six months or longer to process your amended return.**

When should I file and pay if I owe additional tax?

File your amended return and schedule as soon as you know that a change needs to be made. Interest is figured from the day after the due date of the original return up to the date the tax is paid. Pay any tax and interest due as soon as possible to avoid additional interest. There may also be a penalty.

I was audited by the IRS (or another state). Do I need to amend my Oregon return?

Yes, if an IRS or another state audit changed your Oregon taxable income. If these adjustments did not change your Oregon taxable income, there is no need to amend. If you amend, attach a copy of the audit report to your amended Oregon return.

How do I amend for a Net operating loss (NOL)?

Generally, if you carry a NOL back for federal purposes, you also must carry the Oregon NOL back for Oregon purposes. There is an exception if you were not required to file an Oregon return for all years to which the federal NOL deduction is applied. If you elect to carry forward the federal NOL, then you must also carry forward the Oregon NOL.

An Oregon NOL is defined the same as a federal NOL. However, you may have an Oregon NOL without having a federal NOL. Your Oregon NOL is computed under the

federal methods. The only modification is for amounts that Oregon is prohibited from taxing, such as interest from U.S. Series EE, HH, or I bonds (U.S. government interest).

Generally an NOL for a full-year resident is the same as the federal NOL. Nonresidents are allowed an Oregon NOL if it is generated from Oregon sources.

If you are amending for an NOL, be sure to check the “amending due to an NOL” box on the amended schedule and show the year of the NOL and the NOL calculations.

Do I change my federal tax liability on my amended return?

Usually not, but follow these special instructions for federal tax liability:

- Did we correct the federal tax subtraction on your original return? If so, use the corrected amount from our notice.
- Did you pay more than the limit? Refer to the instructions in the income tax booklet for the year you received the refund for the limit amount.
- Did you amend your federal return before the due date (not including extensions) of the original return? If so, the federal tax on your amended federal return is the amount you will use for your amended Oregon return. There will be no addition or subtraction in a later year.
- Did you pay **additional** federal tax because you were audited or filed an amended return after the due date of the original return? If so, claim the additional federal tax as a subtraction on your Oregon return in the year you paid the additional tax.
- Did you get a **refund** of federal tax because you were audited or filed an amended return after the due date of the original return? If so, show the federal tax refund as an addition on your Oregon return in the year you received the refund, but only if you received a tax benefit. See the federal refund worksheet below.

Example 1: You received a notice from the Oregon Department of Revenue in May and are filling out an amended return in July. The notice stated that your federal tax liability subtraction was reduced from \$3,500 to \$3,000. You will use the corrected federal tax liability, \$3,000, on your amended return.

Example 2: You paid additional federal tax in 2007 for an audit adjustment on your 2006 federal tax return. Amend your 2006 Oregon tax return for the audit adjustments, but **do not** change the 2006 federal tax. You can subtract the additional 2006 federal tax liability you paid in 2007 on your 2007 return up to the limit. See instructions in the 2007 income tax booklet for limits.

Example 3: You received a federal tax refund in 2007 for amending your 2006 income tax return. You may need to report the refund as an addition on your 2007 return. If you already filed your 2007 return, you may need to amend it.

Federal refund worksheet

Use this worksheet to determine the tax benefit received and the amount to include in Oregon income in the year you received the refund.

1. Enter the federal tax liability on your original federal return. 1. _____
2. Enter the federal tax subtraction limit for the year you are amending. 2. _____
3. Line 1 minus line 2. (Enter -0- if line 2 is greater than line 1.) 3. _____
4. Enter the refund of the prior year’s federal tax. 4. _____
5. If line 3 is greater than line 4, no adjustment is needed on your Oregon amended return. If line 4 is greater than line 3, enter line 4 minus line 3 here and on your Form 40 as an addition and identify with code 109; or on your Form 40N or Form 40P as an other deduction or modification and identify with code 601. 5. _____

Line instructions for the amended schedule

Instructions are for lines not fully explained on the form.

Write the tax year that you are amending on the Oregon Amended Schedule.

Do not fill in cents. You must round off cents to the nearest dollar. For example, \$24.49 becomes \$24.00 and \$24.50 becomes \$25.00.

Tax

101. Net income tax as amended. This is your amended tax after nonrefundable credits from your amended return (do not include refundable tax credits, see line 103). If your credits are more than your tax, enter -0-.

Payments and refundable credits

102. Oregon income tax withheld as amended. If you are correcting the amount of state tax withheld, you must attach a copy of any additional or corrected Form W-2 or 1099. If this hasn’t changed, enter the amount from your previous return.

103. Refundable tax credits as amended. If you are amending for tax year 2002 or earlier enter “-0-” on line 103 and go to line 104. Otherwise, enter the appropriate amounts from your amended return on lines 103a, 103b, and 103c. Then add lines 103a, 103b, and 103c and enter the total on line 103.

103a. Earned income credit (EIC) as amended. Tax years 2005 and earlier, enter “0” and go to line 103b. Tax years 2006 and later, enter your corrected Oregon earned income credit from your amended return. If your federal EIC hasn’t changed, your Oregon EIC will be the same as on your previous return.

103b. Working family child care credit (WFC) as amended. Tax years 2002 and earlier, enter “0” and go to line 104. Tax years 2003 and later, enter your corrected working family

child care credit from your amended return. Attach your amended Schedule WFC or WFC-N/P. If this credit hasn't changed, it will be the same as on your previous return.

103c. Mobile home park closure or involuntary move of a mobile home credit as amended.

- Tax years 2005 and earlier, enter "0."
- Tax year 2006, enter your corrected refundable involuntary move of a mobile home credit from your amended return and attach your amended Schedule MH.
- Tax years 2007 and later, enter your corrected mobile home park closure credit from your amended return and attach your amended Schedule MPC.

If your credit hasn't changed, it will be the same as shown on your previous return.

104. Estimated tax payments. Fill in the amount of estimated tax payments credited to your original return. **Nonresidents:** If you are an owner of a pass-through entity and did not join in filing a composite return, also include the Oregon income tax withheld for you by the pass-through entity.

105. Amount of net income tax paid with original return and later. Fill in the amount of all **income tax** actually paid on your original Oregon return. Include payments made later or for any additional tax adjustments to your return.

Don't include payments for:

- Penalty and interest, or
- Interest on the underpayment of estimated tax.

Example 4: When Amy filled out her original return for tax year 2006, Form 40, line 49 showed tax to pay of \$200. Since the original due date had passed, she entered a 5% late payment penalty of \$10 on Form 40, line 50. Her total amount owed on Form 40, line 53 was \$210. She sent a payment of \$210 with her return. Her return was adjusted in processing to correct a math error. Her tax was increased by \$150. Additional penalty and interest of \$12 was added as well. She was sent a notice explaining the adjustment, showing the corrected line entries on her original return. It also included a request to pay the additional \$162 (tax, penalty, and interest), which she paid right away to avoid additional interest. She paid a total of \$372 (\$350 tax + \$15 penalty + \$7 interest).

Later Amy amends her 2006 return and she will enter \$350 on line 105 of her Oregon Amended Schedule. She will only include the tax payments. She will not include any of the interest and penalties she paid. **NOTE:** She will also use the corrected line entries from our notice when filling out her amended return.

107. Income tax refunds received from original return and later. Fill in the amount of **any** refund you received (or expect to receive) from your original Oregon return and any amended returns previously filed for the same year. Include refunds received from the working family child care credit or other refundable credit or a previous adjustment. Do not include interest received. Do not reduce your refund by:

- Amounts you contributed to charitable funds claimed on the return, **or**

- Amounts you applied to the next year's estimated tax, **or**
- Amounts we offset to pay money owed to the Department of Revenue or another agency.

Any refund due from your original return may be mailed separately. By law, the Oregon Department of Revenue cannot issue refunds or apply amounts less than \$1.

Note: Do not include any amounts received as a kicker refund.

Example 5: Scott filed his 2007 tax return, claiming a refund of \$5,400 on Form 40, line 54. He asked for \$200 to be applied as an estimated payment for tax year 2008 on line 55. He also requested that \$200 be donated to various charities on lines 56 through 69. His net refund on line 71 was \$5,000. When his return was processed, it took longer than expected, so he received interest on his refund. Scott also owed money for parking tickets and the court had filed the paperwork to offset his tax refund to pay for the tickets and court fees. His refund was reduced by \$1,000 to pay off the balance owed. He received \$4,020 from the department as shown:

Refund	\$5,400
Less payments applied to next tax year	- 200
Less charitable checkoff donations	- 200
Net refund per return	<u>5,000</u>
Plus interest received	+ 20
Subtotal	<u>5,020</u>
Less amount paid for Scott's debts	- 1,000
Scott's check from the department	<u>\$4,020</u>

When Scott amends his 2007 tax return he will enter \$5,400 on line 107 of his Oregon Amended Schedule. His refund will not include applied payments, charitable donations, interest received, or amounts offset to pay debts.

Refund or balance due

Note: Charitable checkoffs cannot be used on amended returns. If you would like to donate to any of the charities, their addresses are available on our website.

110. Amount of line 109 you want applied to another year's estimated tax. If your refund on line 109 is \$1 or more, you may apply part or all of it to your Oregon estimated tax account. Fill in the tax year and the amount you want to apply.

111. Net refund. You must reduce your refund by any amounts applied to your estimated tax on line 110. If you would like your refund direct deposited, enter your account information on Form 40S, 40, 40N, or 40P. **Note:** Interest on underpayment of estimated tax for a prior year is not refundable. Do not include it as part of your refund.

113. Interest on additional tax to pay. Do you need to pay additional tax with your amended return? If so, **you must include interest with your payment.** To avoid paying an additional 5 percent penalty, you must pay the tax and interest in full with your amended return, or within 30 days after you receive a billing notice from the department.

Interest on income tax is figured from the day after the due date of your original return up to the date your payment is received.

An interest period is each full month starting with the day after the due date of the original return. Generally, the due date for income tax returns is April 15.

Interest rates on tax you owe
Percentage Rates

Interest Period	Annual	Monthly	Daily
January 16, 1995 to January 15, 1999	10%	.8333% (.008333)	.0274% (.000274)
January 16, 1999 to January 15, 2001	9%	.7500% (.007500)	.0247% (.000247)
January 16, 2001 to February 15, 2002	10%	.8333% (.008333)	.0274% (.000274)
February 16, 2002 to February 15, 2003	8%	.6667% (.006667)	.0219% (.000219)
February 16, 2003 to January 15, 2004	7%	.5833% (.005833)	.0192% (.000192)
January 16, 2004 to January 15, 2005	6%	.5000% (.005000)	.0164% (.000164)
January 16, 2005 to January 15, 2006	5%	.4167% (.004167)	.0137% (.000137)
January 16, 2006 to January 16, 2007	7%	.5833% (.005833)	.0192% (.000192)
January 17, 2007 to January 15, 2009	9%	.7500% (.007500)	.0247% (.000247)

Example 6: Dianna files an amended return for tax year 2004 on March 24, 2008. She pays additional tax of \$500 with her amended return. The following shows how she figures her interest:

Apr 16, 2005–Jan 15, 2006	= 9 mos.	x .004167	x \$500	= 18.75
Jan 16, 2006–Jan 15, 2007	= 12 mos.	x .005833	x \$500	= 35.00
Jan 16, 2007–Mar 15, 2008	= 14 mos.	x .007500	x \$500	= 52.50
Mar 15, 2008–Mar 24, 2008	= 9 days	x .000247	x \$500	= 1.11
Total interest due and entered on line 113				<u>\$107.36</u>

Explanation of changes

Identify and provide a complete explanation of all amended items. Indicate the line number from the Form 40S, 40, 40N, or 40P for each change. If your filing status changed (for example, from single to head of household), explain why. Attach additional pages if you need more room to explain your changes.

Tax information authorization

Fill out this section only if you would like to designate someone to be able to receive and give your tax information during the processing of this amended return. This will only be used during the processing of this amended return and does not revoke any previous tax information authorizations.

Finishing the amended return and schedule

If you owe tax and choose to pay by check or money order, make it payable to the **Oregon Department of Revenue**. Include your daytime telephone number and the tax year that you are amending on the check or money order.

Should I put my amended return together in a special order?

Yes. To speed processing, put your Oregon amended return together as follows:

- Amended (corrected) Form 40S, 40, 40N, or 40P.
- Staple Forms W-2 or 1099 to the front of your amended return if you are correcting income or Oregon withholding.
- Staple your check or money order and Form 40-V on top of your W-2 and 1099 forms if you owe tax. If you're paying by credit card, do **not** use Form 40-V. For Form 40-V or to learn how to pay by credit card, go to our website or contact us.
- If applicable, place these items in the following order behind your Oregon amended return:
 - Schedule OR-A or Schedule OR-A-N/P if needed for tax year 2007 or later.
 - Oregon Amended Schedule.
 - A copy of your corrected federal return (1040EZ, 1040A, 1040, 1040NR-EZ, or 1040NR) and/or other state's amended return. If you did not change your federal return, do not attach it unless your original return was Form 40S.
 - A copy of your federal and/or other state's audit report if you amended your return due to an audit.
 - Schedule WFC or WFC-N/P if you are correcting your working family credit.
 - Form FIA-40, FIA-40N, or FIA-40P.
 - Other forms or schedules as required.
- Place one staple in the top-left corner of your amended return and attachments.

Note: Do **not** attach a copy of your original Oregon return.

Where do I send my amended tax return?

If not electronically filing your amended return, mail it to the appropriate address.

Refund or no-tax-due returns without 2-D barcode:
REFUND
PO Box 14700
Salem OR 97309-0930

Mail tax-to-pay returns without 2-D barcode to:
Oregon Department of Revenue
PO Box 14555
Salem OR 97309-0940

Mail refund or no-tax-due returns with 2-D barcode to:
REFUND
PO Box 14710
Salem OR 97309-0460

Mail tax-to-pay returns with 2-D barcode to:
Oregon Department of Revenue
PO Box 14720
Salem OR 97309-0463

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:
Salem 503-378-4988
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.

OREGON AMENDED SCHEDULE

for Amending Individual Income Tax Returns

TAX YEAR _____

Check if amending to change from married filing separate to married filing joint.

Check if amending due to a net operating loss (NOL).

Last name	First name and initial	Social Security number (SSN) - -
Spouse's last name, if different and joint return	Spouse's first name and initial, if joint return	Spouse's SSN if joint return - -

Please read instructions

Round to the nearest dollar

101 Net income tax as amended	● 101		.00
102 Oregon income tax withheld as amended	● 102		.00
103 Refundable tax credits as amended (see instructions on page 2)			
Earned income credit as amended (tax years 2006 and later only)	103a		.00
Working family child care credit as amended (tax years 2003 and later only)	103b		.00
Mobile home park closure credit (tax year 2007 or later) or involuntary move of a mobile home credit (tax year 2006 only) as amended	103c		.00
Total refundable tax credits as amended (add lines 103a, 103b, and 103c).....	● 103		.00
104 Estimated tax payments.....	● 104		.00
105 Amount of net income tax paid with original return and later (do not include penalty or interest)...	● 105		.00
106 Total payments (add lines 102–105).....	● 106		.00
107 Income tax refunds received from original return and later (do not include interest or kicker; see instructions).....	● 107		.00
108 Net payments (line 106 minus line 107)	● 108		.00
109 Refund. If line 108 is more than line 101, you over paid. Line 108 minus line 101.....	● 109		.00
110 Amount of refund on line 109 you want applied to your 200 __ estimated tax.....	● 110		.00
111 NET REFUND. Line 109 minus line 110	● 111		.00
112 Additional tax to pay. If line 101 is more than line 108, you have tax to pay. Line 101 minus line 108.....	● 112		.00
113 Interest on additional tax to pay (see instructions on page 3)	113		.00
114 AMOUNT YOU OWE. Add lines 112 and 113. Pay in full with this return.....	114		.00

Explanation of adjustments made— Include line number(s) and show the computations in detail. Additional space is available on the back if needed. Attach schedules, if applicable.

Fill out this section **ONLY** if you want someone else to be able to discuss the amended return with the department during processing.

Tax information authorization: I authorize the department to disclose my confidential tax information for the processing of this amended return to the designee listed.

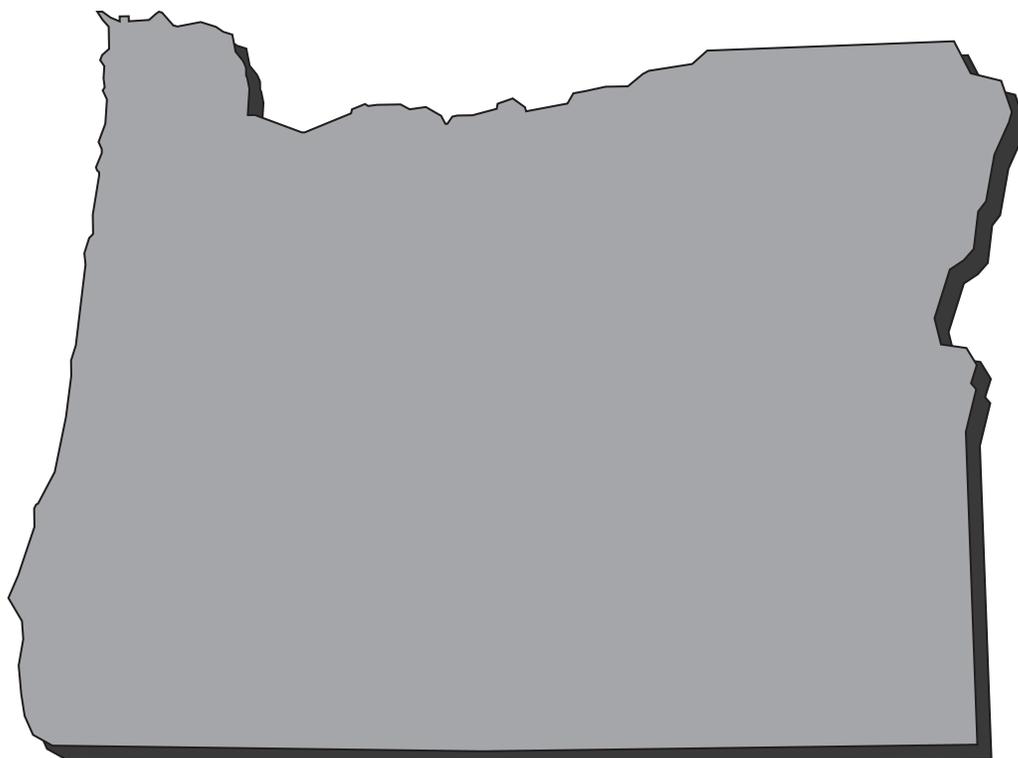
Designee name	Designee's telephone number
Your signature X	Spouse's signature (if joint filing) X

Amended returns may take six months or longer to process.

— Attach this schedule to your Oregon amended return —

OREGON

Application for Settlement Offer



955 Center Street NE
Salem OR 97301-2555
www.oregon.gov/DOR

General Information

Settlement offer policy statement

We will accept a settlement offer when the amount you owe cannot be collected in full and the amount you offer reflects collection potential. Your offer will be accepted or rejected based on our evaluation of your ability to pay and the costs of collection. The goal of a settlement offer is to achieve a settlement that is best for you and the department. Acceptance of an offer is intended to give you a fresh start. However, if you violate the terms of the offer, collection action can resume on the full amount you owe.

Introduction

Some taxpayers owe more taxes than they can ever pay. If you are in this situation, you can ask us to settle your tax debt for a lesser amount.

How do I file a settlement offer application?

Forms can be obtained by calling us or visiting any of our field offices. See page 5 for telephone numbers and addresses. To file an application, complete the entire form and return it to the address listed on the form. If you have been working with a department agent, your completed form should be sent to that agent.

Under what conditions will the department accept my offer?

The following conditions must be met:

- Your tax debt must be final. We may not act on liabilities that are at any stage of the appeals process.
- You must be able to show that you cannot dispose of assets or borrow against them to pay your tax debt.
- Your financial statement must show that you do not have enough monthly income to fully pay your tax debt.
- You must be in compliance with Oregon tax return filing requirements for all tax years and all tax programs.
- An amount equal to 5 percent of the total offer must be sent with the application. This nonrefundable payment must be in bankable funds (money order, cashier's check or cash). Cash payments should never be sent through the mail. In the event your offer is not approved, this payment will be applied to the amount you owe the department.

If you do not meet all of the above conditions, you do not qualify for a settlement offer. However, ORS 305.155 may allow the department to consider canceling all or part

of your liability if, due to **exceptional circumstances**, requiring full payment would cause an economic hardship.

How is my inability to pay in full determined?

We will look at property you own; past, present, and future earning potential; amounts you owe; your present life style; your ability to borrow; and any other factors that might be helpful in making a decision.

What happens after I file my application?

- If your **application is complete**, we usually will act on it within 30 days after receiving it. Incomplete and/or inaccurate applications can cause **delays or denial** of your offer.
- If collection action is already in progress, it will continue. This includes, but is not limited to, wage attachments, levies, and property seizures.
- You will receive a decision in writing.

What happens if my settlement offer is accepted?

- If we accept your settlement offer, the amount usually must be paid in full within 10 days. Payment must be in bankable funds (money orders, cashier's checks or cash).
- If you are unable to pay the entire amount within 10 days, you can ask for a payment plan. These plans are limited to six equal monthly payments. All payments must be made in bankable funds.
- When the full amount has been paid, we will issue satisfactions of all outstanding delinquent tax warrants.

What happens if my settlement offer is rejected?

- If we reject your settlement offer, we will tell you why in writing. We usually will mail you a letter within 30 days from the day we receive your application.
- There is no formal appeal process. However, you may file another application if you have additional information for us to consider.

After I have paid the settlement, am I done with this matter forever?

Most people are. However, if you fail to meet the terms and conditions of the agreement, we may resume collection action on the balance of your account.

Frequently Asked Questions

Do I need an accountant or an attorney to help me with the form?

You should be able to complete the form on your own. If you do need help, your assigned agent can answer your questions. However, if you choose to do so, you can ask for help from a tax representative.

Do I need to send any funds with my application?

Yes. Five percent of the offer amount must be sent with your application. This payment must be in the form of bankable funds (money order, cashier's check or cash). Cash should never be sent through the mail. Your payment will be applied to the amount you owe. This payment is not refundable. Please use the payment coupon found on page 5.

Who will review my application?

Your agent will review your application to see that it is complete and accurate. A review panel of department staff will approve or deny your offer.

Will collection activity stop during the process?

No. Collection action will continue until your offer is accepted.

If I have questions, who should I call?

You can call the revenue agent assigned to your case.

Is any other paperwork required other than the application form?

Yes, as indicated on the form itself. In certain cases, other documents may be required to help clarify entries on the form.

What if, after an offer is approved, my financial condition changes?

The terms of the offer will not be altered. However, if the change in your financial status is due to information you omitted or misstated on your application, you may be in default.

I know that I must file all returns for the next three years. I know that I also must stay current with any tax amounts I owe during this time. What if I file all my returns on time but I owe tax for one of the filing periods? Can I make payments on the amount due?

Any such tax amounts due must be paid in full within 90 days.

If my application is denied, can I submit another offer?

Yes. You may file another application, but we are unlikely to review a second application more favorably than the first unless your financial condition has worsened, or you are increasing the amount of your offer.

Can prior payments be part of my offer?

No. Prior payments will be credited toward what you owe. They will not be included as part of your offer. However, the 5 percent payment you send with your application is part of the total offer.

How long will it take to get a decision?

If your application is complete, we usually will act on it within 30 days from the day the application is received by the review panel.

When the process is complete, will liens recorded against my property be released?

Yes. When your application has been approved and the offer has been paid, your liens will be released.

Are there any expenses that may not be allowed in determining my disposable income?

Yes. We typically do not allow you to claim the following as necessary living expenses: tuition for public or private college expenses, voluntary retirement contributions, payments on unsecured debts such as credit card bills, cable television charges, and other similar expenses.

Settlement Offer Check List

The following information must be included with your settlement offer. If you fail to enclose any of this information, processing of your offer will be delayed.

- All liabilities that are to be included in your offer must be listed (see page 14 for more information).
- All taxpayers who are making this settlement offer must sign. You must sign the *Financial Statement* on page 13, the *Taxpayer Declaration* on page 14, and if needed, the *Tax Information Authorization and Power of Attorney for Representation* form on page 15.
- Five percent of the settlement offer amount must be included when you submit your offer. This 5 percent payment must be in **bankable funds** (money order or cashier's check).

Verification of all income sources

You must enclose the following for all taxpayers who are making this offer as verification of income.

- Complete bank statements for the last three months for all checking and savings accounts.
- Pay stubs for the last three months.
- Documentation of other income sources, including but not limited to Social Security, disability, child support, and alimony.

Verification of all expenses

You must enclose the following as verification of expenses for all taxpayers who are making this offer. We will accept the following: copies of cancelled checks

(both front **and** back), court documents and/or billing statements showing the payment has been made.

- Estimated and delinquent tax payments made to the IRS for the last three months.
- Out of pocket insurance costs and/or medical payments for the last three months.
- Court ordered payments for the last three months.
- Daycare expenses for the last three months.
- Other expenses for the last three months. Do not include unsecured debt.

Self-employed or business owners

If you are self-employed or are a business owner, the following information must also be enclosed with your offer.

- A profit/loss statement from your business showing all activity for the current year.
- Bank statements for the last three months for all business checking and savings accounts.
- A general ledger showing business expenses actually paid for the current year.
- Loan statements that are claimed as business expenses.

Additional information

We may request further documentation before approving your offer.

Collection action will continue until your settlement offer has been accepted.



FINANCIAL STATEMENT

DEPARTMENT USE ONLY	
Date Received	
Revenue Agent	

• Complete all sections, except shaded areas. • Write "N/A" (not applicable) in those areas that do not apply.

SECTION 1. PERSONAL INFORMATION

Your First Name	MI	Last Name	Your Social Security Number	Your Date of Birth
			- -	

Other Names or Aliases Ever Used

Spouse's First Name	MI	Last Name	Spouse's Social Security Number	Spouse's Date of Birth
			- -	

Spouse's Other Names or Aliases Ever Used

Your Drivers License Number	State	Spouse's Drivers License Number	State
-----------------------------	-------	---------------------------------	-------

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Dependent's Name (living with you)	Date of Birth	Social Security Number	Relationship
		- -	

Your Current Address—Physical Site	City	State	ZIP Code	Telephone Number
				()

Your Mailing Address (if different from above)	City	State	ZIP Code
--	------	-------	----------

Previous Address (if at current address less than 2 years)	City	State	ZIP Code	Telephone Number
				()

Name of Your Tax Representative (CPA, attorney, enrolled agent)	FAX Number	Telephone Number
	()	()

Address of Your Tax Representative	City	State	ZIP Code
------------------------------------	------	-------	----------

SECTION 2. EMPLOYMENT INFORMATION

Your Employer or Business Name	Business Telephone Number
	()

Address	City	State	ZIP Code
---------	------	-------	----------

How long employed: ___ Year(s) ___ Month(s) Occupation: _____ Wage Earner Sole Proprietor Partner

Paid: Weekly Bi-weekly Monthly Semi-monthly Number of allowances claimed on Form W-4: _____

Spouse's Employer or Business Name	Business Telephone Number
	()

Address	City	State	ZIP Code
---------	------	-------	----------

How long employed: ___ Year(s) ___ Month(s) Occupation: _____ Wage Earner Sole Proprietor Partner

Paid: Weekly Bi-weekly Monthly Semi-monthly Number of allowances claimed on Form W-4: _____

SECTION 2. (continued) EMPLOYMENT INFORMATION

If self-employed: Responsible Owner(s), Partner(s), Officer(s), Major shareholder(s), etc. Identify the major responsibilities of each by circling the codes that apply. 1 = Files Returns; 2 = Pays Taxes; 3 = Prefers Creditors; 4 = Hires/Fires

Name and Title	Effective Date	Home Address	Home Telephone No.	Social Security No.	Responsibility code
					1 2 3 4
					1 2 3 4
					1 2 3 4

SECTION 3. GENERAL FINANCIAL INFORMATION (Personal and Business)

Bank Accounts. Include IRA and retirement plans certificates of deposit, etc. For all accounts, attach copies of your last three bank statements. Attach additional pages as needed.

Name of Institution	Address	Type	Date Opened	Account Number	Balance

TOTAL. Enter this amount on line 2, Section 4 (Asset and Liability Analysis) \$

Vehicles. Attach additional pages as needed.

Year, Make, Model, Licence Number	Lender/Lien Holder	Current Market Value	Current Payoff	Available Equity (can not be less than -0-)

TOTAL. Enter this amount on line 3, Section 4 (Asset and Liability Analysis) \$

Encumbered Personal Property. Include water craft, RVs, air craft, business equipment and/or machinery. Attach additional pages as needed.

Year, Make, Model, Licence Number	Lender/Lien Holder	Current Market Value	Current Payoff	Available Equity

TOTAL. Enter this amount on line 4, Section 4 (Asset and Liability Analysis) \$

Life Insurance. Attach additional pages as needed.

Name of Insurance Company	Agent's Name and Telephone Number	Policy Number	Type	Face Amount	Loan/Cash surrender Value

TOTAL. Enter this amount on line 5, Section 4 (Asset and Liability Analysis) \$

Securities. Include stocks, bonds, mutual funds, money market funds, securities, etc. Attach additional pages as needed.

Type	Where Located	Owner of Record	Quantity or Denomination	Current Value

TOTAL. Enter this amount on line 6, Section 4 (Asset and Liability Analysis) \$

SECTION 3. (continued) GENERAL FINANCIAL INFORMATION – Personal and Business

Other Financial Information. Please provide the following information relating to your financial conditions. If you check “Yes” in any box, provide dates, an explanation, and documentation. Attach additional pages as needed.

Court Proceedings No Yes _____

Repossessions No Yes _____

Anticipated Increase in Income..... No Yes _____

Bankruptcies/Receiverships..... No Yes _____

Recent Transfer of Assets No Yes _____

Beneficiary to Trust, Estate, Profit Sharing, etc. No Yes _____

Last Oregon Income Tax Return Filed..... Year: _____

Total Number of Exemptions Claimed..... _____

Adjusted Gross Income From Return..... \$ _____

List any vehicles, equipment, or property sold, given away, or repossessed during the past three years. Attach additional pages as needed.

Year, Make, Model of Vehicle, or Property Address	Who Took Possession	Value

SECTION 4. ASSETS AND LIABILITY ANALYSIS

Immediate Assets.

1. Cash	
2. Bank Accounts / Balance (from Section 3)	
3. Vehicles / Available Equity (from Section 3)	
4. Encumbered Personal Property (from Section 3)	
5. Loan / Cash Surrender Value for Life Insurance (from Section 3)	
6. Securities (from Section 3)	
7. Safe Deposit Box Value of Contents from Section 3)	
8. Notes	
9. Accounts Receivable	
10. Judgements / Settlements Receivable	
11. Interest in Trusts	
12. Interest in Estates	
13. Partnership Interests	
14. Other Assts: Major Machinery / Equipment	
15. Other Assets: Business Inventory	
16. Other Assets: Collectibles / Guns / Jewelry / Coins / Gold / Silver, etc.	
17. Other Assets:	
18. Other Assets:	
19. Total	Immediate Assets \$

SECTION 4. (continued) ASSETS AND LIABILITY ANALYSIS

Real Property. (from Section 3)

Address or Location	Current Market Value	Mortgage Payoff Amount	Equity
20. A:			
21. B:			
22. C:			
23. Total			Equity \$
24. Total Assets – Sum of Immediate and Equity (Section 4, line 19 plus Section 4, line 23)			\$

Current Liabilities. Include judgements, notes, and other charge accounts. Do **not** include vehicle or home loans.

25. Lines of Credit (amount owed) (from Section 3)	
26. Taxes Owed to IRS (provide a copy of recent notices)	
27. Other Liabilities:	
28. Other Liabilities:	
29. Other Liabilities:	
30. Other Liabilities:	
31. Total Liabilities	\$

SECTION 5. MONTHLY INCOME AND EXPENSE ANALYSIS

Income. Attach copies of all income sources that contribute to household expenses.

	Gross	Net	Department Use Only
32. Wages / Salaries / tips (yours)			
33. Pension (yours)			
34. Overtime / Bonuses / Commissions (yours)			
35. Wages / Salaries / tips (spouse's)			
36. Pension (spouse's)			
37. Overtime / Bonuses / Commissions (spouse's)			
38. Business Income (yours)			
39. Business Income (spouse's)			
40. Rental Income			
41. Interest / Dividends / Royalties (average monthly)			
42. Payments from Trusts / Partnerships / Entities			
43. Child Support			
44. Alimony			
45. Unemployment			
46. Disability			
47. Seller Carried Contracts / Sales			
48. Other Income:			
49. Other Income:			
50. Other Income:			
51. Total Income		\$	

SECTION 5. (continued) MONTHLY INCOME AND EXPENSE ANALYSIS

Personal Expenses (actually paid). (May be limited by federal standards.)

	Amount	Department Use Only
52. Rent / Mortgage If Renting—Name, Address, and Telephone Number of Landlord _____		
53. Real Estate Taxes (Is this included in your mortgage payment? <input type="checkbox"/> No <input type="checkbox"/> Yes)		
54. Home Owners/Renters Insurance: () Association Fees: ()		
55. Utilities: Electric: () Phone: () Gas / Oil: () Water: () Garbage: () Sewer: ()		Subtotal: 52-55
56. Food/Clothing/Other Items: No. of People: () Their Ages: ()		
57. Auto Payments/Lease		
58. Auto Insurance		
59. Auto Maintenance / Fuel		Subtotal: 57-59
60. Life / Health Insurance (if not deducted from your paycheck)		
61. Medical Payments (not covered by insurance)		
62. Estimated Tax Payments (if not deducted from your paycheck)		
63. Court Ordered Payments (alimony, child support, restitution, not deducted from your paycheck)		
64. Garnishments (if not deducted from your paycheck)		
65. Delinquent Tax Payments (other than Oregon state taxes)		
66. Work Related Child Care Expenses		
67. Other Expenses (do not include unsecured debt)		
68. Total Personal Expenses	\$	

Business Expenses (actually paid).

	Amount	Department Use Only
69. Materials Purchased		
70. Supplies		
71. Installment Payments		
72. Monthly Payments		
73. Rent		
74. Insurance		
75. Utilities: Electric: () Phone: () Gas / Oil: () Water: () Garbage: () Sewer: ()		
76. Net Wages and Salaries		
77. Current Taxes (payroll / business)		
78. Other: Specify: (do not include unsecured debt)		
79. Total Business Expenses	\$	

80. Net Disposable Income (line 51 minus line 68)..... \$

SECTION 6. SETTLEMENT OFFER FORMULA WORKSHEET

Include copies of proof of income.

1. Disposable income (from Section 5, line 80). (Can not be less than -0-)	1	
2. Disposable income portion of offer. Multiply line 1 by 36	2	
3. Equity in assets (from Section 4, line 24). (Can not be less than -0-)	3	
4. Equity portion of offer. Multiply line 3 by 75% (.75)	4	
5. Total settlement offer amount. Add lines 2 and 4	5	
6. Nonrefundable payment to be submitted with application. Multiply line 5 by 5% (0.05)	6	

How will the remainder of this settlement offer be paid?

Within 10 days In equal monthly installments not to exceed six months. Day of the month the installment payment will be due: _____

Is the sum offered in this settlement offer borrowed money?

Yes No

If yes, please give the name and address of lender and list of collateral, if any, pledged to secure the loan

Is the lender a member of your household or immediate family?

Yes No

SECTION 7. ADDITIONAL INFORMATION

Please provide any additional information not already included. Attach additional pages as needed.

SECTION 8. AUTHORIZATION TO DISCLOSE

Under penalties of perjury, I declare that this statement of assets, liabilities, and other information is true, correct, and complete. I (we) authorize the Oregon Department of Revenue to verify any information on this financial statement.

Your Signature	Date	Spouse's Signature	Date
X		X	

Name and Address of Nearest Relative

Relationship	Telephone Number
	()

Return your completed form to: **OREGON DEPARTMENT OF REVENUE**
PO BOX 14725
SALEM OR 97309-5018

Terms and Conditions

By making this offer, I understand and agree to the following conditions:

1. I voluntarily submit all payments made on this offer.
2. The Oregon Department of Revenue will apply payments made under the terms of this offer in the best interest of the state. This is in accordance with ORS 305.155 and OAR 150-305.155.
3. I agree to forego any right to appeal under the provisions of ORS 305.280(3).
4. I will file all returns and pay all required taxes for 3 years from the date the offered amount is paid in full. If I do not, the entire unpaid balance may be subject to collection. I agree to pay any liabilities arising during the 3-year period in full within 90 days.
5. Revenue will keep all payments, refunds and credits made, received or applied to my tax debt prior to approval of this offer. If I have a pay plan in effect I must continue to make the payments as agreed while this offer is pending. I understand that collection action will continue. Any payments will be applied to the amount I owe. They will not be considered part of this offer.
6. Revenue cannot collect more than the full amount of this offer.
7. Tax liens will be released when the payment terms of the agreement have been satisfied.
8. I understand that Revenue employees may contact third parties for verification purposes, and I authorize such contacts to be made.
9. If I fail to meet any of the terms and conditions of the offer Revenue may disregard the settlement offer. Collection action will be taken to collect the entire balance due, including additional interest that may have accrued on the liability.

Description of Tax Liabilities

Tax Type	Social Security Number or Business Identification Number	Years/Quarters
<input type="checkbox"/> Personal Income Tax		
<input type="checkbox"/> Business Tax		
<input type="checkbox"/> Other (specify): _____		

Taxpayer Declaration

I have read and agree to the above terms and conditions. Under penalties of perjury, I declare that I have examined this offer, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	➔	Your signature	Date
	➔	Spouse's signature (if applying jointly, BOTH must sign even if only one had income)	Date

Application Checklist

- | | |
|---|---|
| <input type="checkbox"/> Is your financial statement complete and did you (and your spouse) sign and date it? | <input type="checkbox"/> Did you include your 5 percent payment in bankable funds with the payment coupon? |
| <input type="checkbox"/> Did you (and your spouse) sign and date the terms and conditions document? | <input type="checkbox"/> Did you complete the Tax Information Authorization and Power of Attorney for Representation form, if needed? |
| <input type="checkbox"/> Did you complete the description of tax liabilities? | <input type="checkbox"/> Did you make a copy to keep for your records? |



TAX INFORMATION AUTHORIZATION and POWER OF ATTORNEY FOR REPRESENTATION

FOR OFFICE USE ONLY Date Received

- Please print. Use only blue or black ink. See additional information on the back.

Taxpayer Name, Spouse's Name, Address, City, State, ZIP Code, Identifying Number (SSN, BIN, FEIN, etc.), Spouse's Identifying Number (SSN, etc.)

Check only one:

- Tax Information Authorization: This form allows the department to disclose your confidential tax information to your designee. You may designate a person, agency, firm, or organization.
Power of Attorney for Representation: (See qualification requirements on the back). Check if you want a person to "represent" you. This means the person may receive confidential information and may make decisions on your behalf. The person you designate must meet the ORS 305.230 qualifications listed on the back of this form.

Representative's title and Oregon license number or relationship to taxpayer:

For All tax years, or Specific tax years:

I hereby appoint the following person as designee or authorized representative:

Name, Telephone Number, Fax Number, Mailing Address, City, State, ZIP Code

The above named is authorized to receive my confidential tax information and/or represent me before the Oregon Department of Revenue for:

- All tax matters, or Specific tax matters. Enter tax program name(s):

SIGNATURE OF TAXPAYER(S)

- I acknowledge the following provision: Actions taken by an authorized representative are binding, even if the representative is not an attorney. Proceedings cannot later be declared legally defective because the representative was not an attorney.
Corporate officers, partners, fiduciaries, or other qualified persons signing on behalf of the taxpayer(s): By signing, I also certify that I have the authority to execute this form.
If a tax matter concerns a joint return, both spouses must sign if joint representation is requested. Taxpayers filing jointly may authorize separate representatives.

Signature, Print Name, Date, Title (if applicable), Daytime Telephone Number, Spouse (if joint representation), Print Name, Date

150-800-005 (Rev. 12-06)

Qualifications for representation are on the back ->

Note: This authorization form automatically revokes and replaces all earlier tax authorizations and/or all earlier powers of attorney on file with the Oregon Department of Revenue for the same tax matters and years or periods covered by this form. If you do not want to revoke a prior authorization, initial here

Attach a copy of any other tax information authorization or power of attorney you want to remain in effect.

Please complete the following, if known (for routing purposes only): Revenue Employee, Division/Section, Telephone/Fax

Send to: Oregon Department of Revenue 955 Center St NE Salem OR 97301-2555

If this tax information authorization or power of attorney form is not signed, it will be returned.

ADDITIONAL INFORMATION

This form is used for two purposes:

- **Tax Information Disclosure Authorization.** Allows the department to disclose your confidential tax information to whomever you designate. This person will not receive original notices we send to you.
- **Power of Attorney for Representation.** Your notice to the department that another person is authorized to represent you and act on your behalf. The person must meet the qualifications below. Unless you specify differently, this person will have full power to do all things you might do, with as much binding effect, including, but not limited to providing information, preparing, signing, executing, filing, and inspecting returns and reports, and executing statute of limitation extensions and closing agreements.

This form is effective on the date signed. Authorization terminates when the department receives written revocation notice or a new form is executed (unless the space provided on the front is initialed indicating that prior forms are still valid).

Unless the appointed representative has a fiduciary relationship to the taxpayer (i.e., personal representative, trustee, guardian, conservator), original Notices of Deficiency or Assessment will be mailed to the taxpayer as required by law. A copy will be provided to the appointed representative when requested.

For corporations, "taxpayer" as used on this form, must be the corporation that is subject to Oregon tax. List fiscal years by year end date.

QUALIFICATIONS TO REPRESENT TAXPAYER(S) BEFORE DEPARTMENT OF REVENUE

Under Oregon Revised Statute 305.230 and Oregon Administrative Rule 150-305-230, a person must meet one of the following qualifications in order to represent you before the Department of Revenue.

1. For all tax programs:

- a. An adult immediate family member (spouse, parent, child, or sibling).
- b. Same-sex domestic partner as defined in OAR 150-316.007-(B).
- c. An attorney qualified to practice law in Oregon.
- d. A certified public accountant (CPA) or public accountant (PA) qualified to practice public accountancy in Oregon, and their employees.
- e. An IRS enrolled agent (EA) qualified to prepare tax returns in Oregon.
- f. A designated employee of the taxpayer.
- g. An officer or employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group for that entity.
- h. An employee of a trust, receivership, guardianship, or estate for that entity.
- i. An individual outside the United States if representation takes place outside the United States.

2. For income tax issues:

- a. All those listed in (1), plus
- b. A licensed tax consultant (LTC) or licensed tax preparer (LTP) licensed by the Oregon State Board of Tax Practitioners.

3. For ad valorem property tax issues:

- a. All those listed in (1), plus
- b. An Oregon licensed real estate broker or a principal real estate broker, or

- c. An Oregon certified, licensed, or registered appraiser, or
- d. An authorized agent for designated utilities and companies assessed by the department under ORS 308.505 through 308.665 and ORS 308.805 through 308.820.

4. For forestland and timber tax issues:

- a. All those listed in (1), (2), and (3)(b) and (c), plus
- b. A consulting forester.

An individual who prepares and either signs your tax return or who is not required to sign your tax return (by the instructions or by rule), may represent you **during an audit of that return. That individual may not represent you for any other purpose unless they meet one of the qualifications listed above.**

Out-of-state CPAs and attorneys may contact their respective regulatory body in Oregon (Oregon Board of Accountancy or Oregon State Bar) for information on becoming qualified to practice in Oregon. If your out-of-state designee receives authorization to practice in Oregon, please attach proof to this form.

Generally, declarations for representation in cases appealed beyond the Department of Revenue must be in writing to the Tax Court Magistrate. A person recognized by a Tax Court Magistrate will be recognized as your representative by the department.

Tax matters partners and S corporation shareholders. See OARs 150-305.242(2) and (5) and 150-305.230 for additional information. Include the partnership or S corporation name in the taxpayer name area.



CROP DONATION TAX CREDIT
ORS 315.154 and 315.156

Tax Year

Fiscal Year Ending / /

Name of Grower	Social Security No. or Federal ID No.	Telephone No. ()	
Address	City	State	ZIP Code

I am an individual or corporation making a qualified donation to a gleaning cooperative, food bank, or other charitable organization of a crop that I have grown. The organization receiving the donation is engaged in the distribution of food without charge and the crop is usable as food for human consumption. The donation is available because (check one):

- I have supplied my contract quota with the wholesale or retail buyer.
- I was party to a contingent supply contract. The buyer reduced my crop quota below what I expected to supply.
- I have determined that I am making a donation of apparently wholesome food intended for human consumption.

Determination of Wholesale Market Price

The wholesale market price for each crop being donated is determined by either:

- The amount paid to the grower by the last previous cash buyer, or
- If there is no previous cash buyer, the market price of the nearest wholesale buyer or the regional u-pick market price.

DONATION AND CALCULATION OF CREDIT. To be completed by the grower.

A. Description of Crops Donated	B. Date Donated	C. Quantity of Donation	D. Wholesale Market Price	E. Wholesale Value <i>(Multiply Column C x Column D)</i>
1.				
2.				
3.				
4.				
5.				
6.				
7. Total wholesale value (column E, lines 1–6)				7
8. Credit percentage				8
9. Credit amount. Multiply line 7 by line 8. Enter result here and on Form 40, 40N, or 40P; Other Credits (identify as code 708 and enter your credit amount); or enter on Form 20, Other Credits.....				9
Signature of Grower			Date	

VERIFICATION OF DONATION. To be completed by organization receiving the donation.

Name of Organization Receiving Donation	Telephone No. ()
Address	City
State	ZIP Code

I verify the crop was, or will be, distributed in Oregon (a) without charge, **and** (b) to children or homeless, unemployed, elderly, or low-income individuals, **and** (c) by a qualified charitable organization defined by Internal Revenue Code Section 501(c)(3).

Signature of Official Receiving Donation	Name of Official Receiving Donation	Date
X		

INSTRUCTIONS FOR CROP DONATION TAX CREDIT

Oregon allows a tax credit for crops donated to a glean- ing cooperative, food bank, or other charitable orga- nization engaged in the distribution of food without charge. The organization receiving the donation must have a principal or ongoing purpose of distribution of food to children or homeless, unemployed, elderly, or low-income individuals. The organization must be located in Oregon and be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

To qualify for this credit, you must be in the business of growing the crop to be sold for cash. The crop must be fit for human consumption. The food must meet all quality and labeling standards imposed by federal, state, or local laws, even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other condition. Eligible crops include, but are not limited to, bedding plants that pro- duce food, orchard stock intended for the production of food, and livestock that may be processed into food for human consumption. Donated food meeting the above qualifications will meet the definition of *appar- ently wholesome food* as required for this credit.

How much is the credit?

The credit is 10 percent of the value of the quantity of the crop donated, computed at the wholesale market price at the time of donation. The wholesale market price is determined by either:

- The amount paid to the grower by the last pre- vious cash buyer of the particular crop, or
- In the event there is no previous cash buyer, a market price based upon the market price of the nearest regional wholesale buyer or regional u-pick market price.

Example: 5,000 pounds of potatoes @ \$0.10/lb.
 $5,000 \times 0.10 = \$500$ (market value)
 $10\% (0.10) \times \$500 = \50 (credit allowed)

How to claim the credit

Keep your completed Form 150-101-240, *Crop Dona- tion Tax Credit*, with your tax records to verify your donation. If there was a previous cash buyer, you must keep a copy of an invoice or other statement identi- fying the price received for crops of comparable grade or quality.

Individuals, partners, S corporation shareholders, or corporations can take the credit. S corporation share- holders or partners may claim the credit based on their pro rata share of the value of the donated crop.

Part-year residents and nonresidents. You are allowed the credit subject to the same limitations as a credit allowed a resident. Prorate the credit by mul- tipling your total credit by your Oregon percentage to figure the amount you can claim on your Oregon return.

Carryforward. Your credit cannot be more than your tax liability for Oregon. You can carry forward any unused credit for the next three years. If the credit is not used within three years, it is lost.

Taxpayer assistance

General tax information..... www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:
 Salem 503-378-4988
 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.



DEPENDENT CARE CREDITS FOR EMPLOYERS

Name of Taxpayer (as shown on return)	Social Security Number (SSN)	Tax Year
Name of Business (if different from name of taxpayer)	Business Identification Number (BIN)	Federal Employer Identification Number (FEIN)

Business is operated as: SOLE PROPRIETORSHIP PARTNERSHIP CORPORATION FIDUCIARY

Oregon allows a credit to employers who provide dependent care assistance to their employees. There are **three** different credits available under this program. Qualifications and requirements for these credits are found in Oregon Revised Statutes (ORS) 315.204 and 315.208.

Note: These credits are available only to employers.

I. INFORMATION AND REFERRAL SERVICES CREDIT. See ORS 315.204(4)(a); Oregon Administrative Rule (OAR) 150-315.204-(C).

This credit is available to employers who pay for information and referral services to help their Oregon employees find dependent care providers.

1. Number of employees who work in Oregon.....	1	
2. Cost to provide these services to Oregon employees during this tax year.....	2	
3. Information and Referral Services credit for this year (line 2 multiplied by 50 percent).....	3	

II. DEPENDENT CARE ASSISTANCE CREDIT. See ORS 315.204(1); OAR 150-315.204-(B).

This credit is allowed to employers who pay for the care of their employees' dependents.

1. Do you have a certificate for the credit from the Child Care Division for the current year? 1 Yes No

2. Cost of dependent care assistance that you provided to your employees during this tax year. *(Dependent care provider must be in Oregon. Computation must be made for each employee.) 2

	Employee A	Employee B	Employee C
3. Potential credit based on cost (line 2 multiplied by 50 percent)..... 3			
4. Maximum credit per employee..... 4	\$2,500	\$2,500	\$2,500
5. Allowable credit for each employee (smaller of line 3 or line 4) 5			
6. Total Dependent Care Assistance Credit (Total from line 5 for all employees. Attach schedule showing computation if more than 3 employees.) 6			

Do not include amounts paid by employees through a salary reduction plan. If you provide dependent care assistance in your work-site facility, use actual operating costs or the fair market value of the services provided.

III. DEPENDENT CARE FACILITY CREDIT. See ORS 315.208; OAR 150-315.208.

If you have a qualifying facility, you may claim one-tenth of the total available credit each year over a ten year period. The qualifying facility had to be in service before January 1, 2002. The facility must be in operation under current certification by the Child Care Division at the end of the year for which the credit is claimed.

- Your business expense deductions for providing dependent care assistance to your employees must be reduced by the amount claimed on the Oregon tax return. Enter this amount on your Oregon personal income tax return or corporate excise tax return as an "Other Addition."
- The cost of dependent care assistance provided by you cannot be used by your employees to claim a child care credit on their personal income tax return.

For assistance, call 503-378-4988, or write to: Oregon Department of Revenue
 955 Center St NE
 Salem OR 97301-2555

Or, check our Web site at www.oregon.gov/DOR.

OREGON DEPRECIATION SCHEDULE

For Individuals, Partnerships, Corporations, and Fiduciaries

2007

• **Do not** complete schedule if your federal and state depreciation are the same.

Name				Social Security Number, Business Identification Number, or Federal EIN			
Property description (a)	Date (mm/dd/yy) placed into service in Oregon (b)	Cost or other basis (c)	Oregon depreciation allowed or allowable in earlier years (d)	Oregon depreciation method (e)	Property life or rate (f)	2007 Oregon depreciation (g)	2007 Federal depreciation (h)
1. Totals.....						(g)	(h)
2. You have an Oregon addition if box 1(g) is less than box 1(h). Enter difference here						2	
3. You have an Oregon subtraction if box 1(g) is more than box 1(h). Enter difference here.....						3	

Instructions for Oregon Depreciation Schedule

Figure your depreciation deduction for each asset. Oregon is tied to the additional first year depreciation and increased IRC Section 179 expense allowed by federal law. Fill in the information for columns (a) through (h). In column (e), you may use abbreviations for the depreciation method you used, such as "MACRS" for Modified Accelerated Cost Recovery System, or "150% DB" for 150 percent declining balance. Use appropriate Oregon and federal depreciation methods.

Addition or subtraction

Form 40 filers

If you have an amount on line 2 above, enter that amount on your Form 40, line 10, "Other additions," and identify it with numeric code 101.

If you have an amount on line 3 above, enter that amount on your Form 40, line 18, "Other subtractions," and identify it with numeric code 304.

Form 40N and 40P filers

- **Federal column** of Form 40N or 40P—complete an Oregon Depreciation Schedule for **all** assets both inside and outside of Oregon.
- **Oregon column** of Form 40N or 40P—complete another Oregon Depreciation Schedule only for property you owned while an Oregon resident, **or** property used to produce Oregon income.

If you have an amount on line 2 above, enter that amount on your Form 40N or 40P, line 33, "Other additions," and identify it with numeric code 101.

If you have an amount on line 3 above, enter that amount on your Form 40N or 40P, line 37, "Other subtractions," and identify it with numeric code 304.

— **Do not** attach this schedule to your Oregon return. Keep it with your records. Complete a new schedule each year. —

Partnerships, corporations, and fiduciaries

You may also use this form to figure the difference in depreciation you report on your Oregon:

- Partnership Return of Income, Form 65,
- Corporation Excise Tax Return, Form 20.
- Corporation Income Tax Return, Form 20-I.
- S Corporation Tax Return, Form 20-S.
- Insurance Excise Tax Return, Form 20-INS.
- Fiduciary Income Tax Return, Form 41.

Assets placed into service on or after January 1, 1981 and before January 1, 1985

Oregon depreciation did not match federal depreciation for assets placed into service on or after January 1, 1981 and before January 1, 1985. If you are still depreciating assets placed into service during this period, please contact the department to determine your correct reporting.

Assets placed into service on or after January 1, 1985 and before January 1, 1987

Oregon adopted the federal ACRS method of depreciation for assets placed into service during these two years. There is no depreciation difference for these assets.

Assets placed into service on or after January 1, 1987

MACRS is effective for assets placed into service on or after January 1, 1987. The method and life will be the same as you used on the federal return. If you elect to expense the cost of qualifying assets under IRC Section 179, the election and amount is also effective for Oregon purposes.

Credits that reduce only your federal basis will cause a difference in depreciation for Oregon. This will be the only cause for a difference in depreciation for corporations.

Assets first placed into service outside Oregon

Did you bring an asset into Oregon after it was first placed into service outside Oregon? If so, use a depreciation method available for the year the asset was first placed into service outside Oregon.

The Oregon basis for depreciation is generally the lower of the federal unadjusted basis or the fair market value. The federal unadjusted basis is the original cost before any adjustments. Adjustments include: reductions for investment tax credits, depletion, amortization, or amounts expensed under IRC Section 179. The fair market value is figured when the asset is brought into Oregon.

Did you first place assets into service outside Oregon before January 1, 1981? If so, your Oregon basis will be the same as your federal basis.

For assets placed into service outside Oregon before 1985, the useful life is based on Oregon law in effect at the time the asset was originally placed into service and is determined when

the asset is brought into Oregon. For assets placed in service outside Oregon after 1984, the useful life is determined when the asset is placed into service for Oregon tax purposes.

Example 1. Jeff has owned a business in Caldwell, Idaho since 1984 when he placed into service a building purchased for \$150,000. The building qualified for ACRS depreciation as 18-year real property. On June 1, 2004, Jeff bought a light truck for \$12,000. The truck qualified as five-year property depreciated under MACRS. On January 1, 2007, Jeff moved to Ontario, Oregon. Since Jeff "brought" his business assets into Oregon, he had to figure his Oregon basis in order to depreciate the assets for Oregon.

	Building	Truck
Cost (federal unadjusted basis)	\$150,000	\$12,000
Fair Market Value (as of 1/1/01)	\$295,000	\$8,000

The Oregon basis of the building is \$150,000. Oregon did not adopt ACRS for assets first placed into service before January 1, 1985, so Jeff must use an allowable method from federal laws in effect as of December 31, 1980. For Oregon purposes, Jeff elected to depreciate the building using the straight-line method over a useful life of 30 years.

The Oregon basis of the truck is \$8,000. Oregon adopted MACRS for assets first placed into service after December 31, 1986, so Jeff used MACRS for Oregon and began depreciating the truck based on its original recovery period (five years).

Assets subject to apportionment

The basis of an asset subject to apportionment rules when brought into Oregon is figured as if it had always been subject to Oregon tax. The original unadjusted basis is reduced by depreciation allowable in previous years, using a method acceptable to Oregon for the year the asset is placed into service. This adjusted basis is depreciated over the remaining useful life using the same allowable method.

Example 2. A California partnership started operation by purchasing a Los Angeles building on July 1, 1984 for \$150,000. For federal purposes, the partnership depreciated the building under ACRS as 18-year property. The partnership began doing business in Oregon on July 1, 1986. Oregon did not allow ACRS in 1984, so the partnership elected to depreciate the building using the straight-line method over a 30-year life. Since the partnership is subject to the apportionment rules, the basis of the building for Oregon is as if the building was depreciated for Oregon using the straight-line method from the date of purchase.

Cost	\$150,000
1984 straight-line depreciation.....	(2,500)
1985 straight-line depreciation.....	(5,000)
1986 depreciation through June 30.....	(2,500) (10,000)
Oregon basis as of July 1, 1986.....	\$140,000

For Oregon purposes, the building is depreciated using an Oregon basis of \$140,000 and the straight-line method over the remaining 28-year life.



EXEMPT INCOME SCHEDULE FOR ENROLLED MEMBERS OF A FEDERALLY RECOGNIZED AMERICAN INDIAN TRIBE

FOR OFFICE USE ONLY
Date Received

Your last name as shown on your tax return
First name and middle initial as shown on your tax return
Your Social Security number
Your street address (not a P.O. Box)
City
State
ZIP code
Your full name as shown on tribal enrollment
Your tribal enrollment number
Indian tribe of which you are an enrolled member
Your tribal headquarter's address

If you are filing a joint return and your spouse's income meets the exempt income requirements, fill in the information below.

Spouse's last name as shown on your tax return
Spouse's first name and middle initial as shown on your tax return
Spouse's Social Security number
Spouse's street address (not a P.O. Box)
Spouse's tribal enrollment number
Spouse's full name as shown on tribal enrollment
Indian tribe of which spouse is an enrolled member
Spouse's tribal headquarter's address

You will not have to pay Oregon income tax on income that meets all of the following requirements:

- The income is earned by an enrolled member of a federally recognized American Indian tribe; and
The income comes from sources within the boundaries of federally recognized Indian country in Oregon; and
The enrolled member lived on federally recognized Indian country in Oregon when the income was earned.

YOUR EXEMPT INCOME INFORMATION

Table with 5 columns: Employer's Name or Source of Exempt Income, Street Address, City, and State Where You Worked if Wages, Unemployment, or Retirement Income, Street Address and City Where You Lived (Not a P.O. Box), Income Type (wages, interest, gambling winnings, etc.), Amount Qualifying as Exempt Income

SPOUSE'S EXEMPT INCOME INFORMATION (if filing a joint return and income meets requirements)

Table with 5 columns: Employer's Name or Source of Exempt Income, Street Address, City, and State Where You Worked if Wages, Unemployment, or Retirement Income, Street Address and City Where You Lived (Not a P.O. Box), Income Type (wages, interest, gambling winnings, etc.), Amount Qualifying as Exempt Income

Total of your and/or your spouse's income meeting the requirements above. Enter this amount on the "Other Subtractions" line of your Oregon income tax return and identify using numeric code 300

Note: If you claim exempt Indian income, you can only file Oregon Form 40, 40N, or 40P. You can't use Form 40S (short form).

ATTACH THIS FORM TO YOUR OREGON RETURN

American Indian tax subtraction



December 2007

www.oregon.gov/DOR

[Subtraction code 300]

Are you an American Indian? If so, you may be able to subtract all or part of your income if you meet **all** the following requirements:

- You are an enrolled member of a federally recognized American Indian tribe, **and**
- Your income is derived from sources within federally recognized Indian country in Oregon, **and**
- You lived in federally recognized Indian country in Oregon at the time the income is earned.

“**Indian country**” is defined as any land within a current federal Indian reservation boundary and other lands held in trust by the United States government for a tribe.

For enrolled members of federally recognized American Indian tribes who live in and have income from Indian country in Oregon, income exempt from Oregon income tax includes:

- Wages earned for work performed in Indian country in Oregon.
- Income from business or real estate located in Indian country in Oregon.
- Retirement income if the contributions to the plan were derived from or related to services performed in Indian country.
- Unemployment compensation if the benefits were received as a result of work performed in Indian country.
- Interest, dividends, and capital gains from the sale of stocks and other intangibles, regardless of where the accounts are located.
- Gambling winnings from Indian gaming centers (casinos).
- Indian tribal disbursements from casino earnings.

Remember: You must live in and have income derived from sources within Indian country in Oregon **and** be an enrolled member of a federally recognized tribe to subtract the income listed above. You do not have to live in and have income from the same Indian country. But the areas where you live and have income from must both be “Indian country” to qualify for the subtraction.

To claim the subtraction, you must report your total income on both the federal and Oregon tax returns.

You must file a completed copy of the *Exempt Income Schedule for Enrolled Members of a Federally Recognized American Indian Tribe*, with your Oregon return. Go to our website to download the schedule or call us. You must include the following information on the schedule:

- The street address of the place you worked, **and**
- The street address of the place you lived, **and**
- The tribe you are enrolled with and your membership number.

You must use the street address of your residence on the schedule so we can verify that you live in Indian country. However, you may use your post office box address on your tax return.

If you meet **all** of the requirements, you may claim “exempt” on your Form W-4 for Oregon purposes only.

Only income derived from sources within Indian country in Oregon, by an enrolled tribal member while living in Indian country in Oregon, is eligible for the American Indian subtraction. Each member of a household with income must meet these qualifications in order to claim the subtraction of his or her income.

If you are an enrolled member of a federally recognized tribe and a member of the U.S. Armed Forces, stationed in Oregon, you may be entitled to an additional subtraction. For more information go to our website or call us.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:
 Salem 503-378-4988
 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.

Form
EF

**OREGON INDIVIDUAL
INCOME TAX DECLARATION
FOR ELECTRONIC FILING**

2007

**DO NOT MAIL THIS FORM TO THE
OREGON DEPARTMENT OF REVENUE**

Last name		First name and initial	Social Security number (SSN) — —	
Spouse's last name if joint return		Spouse's first name and initial if joint return	Spouse's SSN, if joint return — —	
Current mailing address				
City	State	ZIP code	Telephone number ()	

Part I – Tax Return Information (whole dollars only)

1 NET REFUND (Form 40, line 71; Form 40S, line 41; Form 40N or Form 40P, line 89).....	1
2 Amount you owe (Form 40, line 53; Form 40S, line 25; Form 40N or Form 40P, line 71).....	2

Part II – Direct Deposit of Refund (see instructions)

3 Routing number

4 Account number

5 Type of account Checking or Savings

Caution:
Oregon is unable to change account information. Please verify that your banking information is correct. Entering incorrect information will cause a delay in your refund.

Part III – Declaration of Taxpayer(s)

6a I consent that my refund be directly deposited as designated in the electronic portion of my 2007 Oregon income tax return (Form 40, line 72; Form 40S, line 42; Form 40N or Form 40P, line 90). If I have filed a joint return, this is an irrevocable appointment of the other spouse as an agent to receive the refund.

6b I do not want direct deposit of my refund or I am not receiving a refund.

Under penalties for false swearing, I declare that I have compared the information contained on my return with the information I have provided to my electronic return originator (ERO) or on-line service provider (OLSP) and that the amounts described in Part I above agree with the amounts shown on the corresponding lines of my 2007 Oregon income tax return. To the best of my knowledge and belief, my return is true, correct, and complete. I consent that my return, including this declaration and accompanying schedules and statements, be forwarded upon request to the Oregon Department of Revenue by my ERO or OLSP. If the processing of my return or refund is delayed, I authorize the department to disclose to my preparer the reason(s) for the delay, or when the refund was sent.

SIGN HERE _____ Date _____
Your signature _____ Spouse's signature (if filing jointly, BOTH must sign) Date _____

Part IV – Declaration of Electronic Return Originator (ERO) or Paid Preparer

I declare that I have reviewed the above taxpayer's return and that the entries on this form are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects data on the return. The taxpayer will have signed this form before I submit the return. I will give the taxpayer a copy of all forms and information to be filed with Oregon, and have followed all other requirements described in *Oregon Electronic Filing Handbook (Tax Year 2007)*, publication 150-101-496. If I am also the paid preparer, under penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.

Electronic Return Originator's Use Only	ERO's signature X	Date	<input type="checkbox"/> Check if paid preparer <input type="checkbox"/> Check if self-employed	ERO's license number
	Firm's name (or yours if self-employed)			Telephone number ()
	ERO's address	City	State	ZIP code

Under penalties of perjury, I declare that I have examined the above taxpayer's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This declaration is based on all information of which I have any knowledge.

Paid Preparer's Use Only	Preparer's signature X	Date	<input type="checkbox"/> Check if self-employed	Certificate/license number
	Firm's name (or yours if self-employed)			Telephone number ()
	Preparer's address	City	State	ZIP code

PLEASE DO NOT MAIL THIS FORM OR YOUR PAPER RETURN TO THE OREGON DEPARTMENT OF REVENUE

INSTRUCTIONS FOR SIGNING YOUR E-FILE RETURN

Your e-file signature information

If you signed your federal return using the federal PIN, the department recognizes that signature as signing the Oregon return as well. The use of the PIN authorizes the transmission of the federal and state returns.

If you, your tax preparer, and/or the electronic return originator (ERO) completed and signed a federal Form 8453 for your federal signature, you must fill out Form EF for Oregon. You (or your tax preparer) must keep the original Form EF with your tax return and supporting documentation for three years from the return's due date or the date the return is filed, whichever is later.

Your signature:

- Authorizes the ERO to transmit your Oregon return.
- Confirms your tax return information on Oregon Forms 40, 40S, 40N, or 40P.
- Declares that the paid tax preparer has reviewed your return and believes, to the best of his or her knowledge, that all the information on the return is correct.
- Gives your consent to direct deposit any refund of Oregon taxes to the accounts you specified on the return.

Whichever way you sign your return, it will authorize the Oregon Department of Revenue to contact your tax preparer or ERO to resolve questions we may have while processing your return. It also authorizes us to tell the tax preparer or ERO the reason for any processing delay.

Do not mail Form EF to the Oregon Department of Revenue.

Form EF instructions

Name, Address, and Social Security Number (SSN). Be sure to use your current name, address and SSN. Print or type your information in the space provided.

PO Box. If you receive your mail at a post office box or personal mail box (PMB), enter the PO Box or PMB number instead of your address. **The address must match the address shown on the electronically filed return.**

SSN. Be sure to enter your SSN in the space provided. If a joint return, list the SSNs in the same order as the first names.

Part I—Tax return information

Lines 1–2. Complete these lines using whole numbers only. Fill in your refund or the amount you owe from the corresponding lines of the electronic return.

Part II—Direct deposit

Direct deposit is voluntary and applies only to the current return. If you want your refund directly deposited into your bank account or another financial institution, complete Part II before transmitting your return. You can obtain the routing number and account number from a check, a statement, or your financial institution.

Line 3. The routing number must be nine digits and begin with the numbers 01 through 12, 21 through 32, or 61 through 72.

Line 4. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but do not include spaces or special symbols. If fewer than 17 characters, enter the numbers from left to right and leave the unused boxes blank.

Part III—Declaration of taxpayer(s)

Line 6. Check one of the boxes for line 6a or 6b, or use your federal personal identification number (PIN).

Part IV—Declaration of electronic return originator (ERO) or paid preparer

The ERO or paid preparer is required to sign Form EF and also must keep it, along with any required attachments, for three years from the due date or the date the return is filed, whichever is later.

What to do if you make changes to Form EF

If the ERO makes changes to your return after you have signed Form EF but before it is transmitted, you must complete and sign a corrected Form EF if:

- The Oregon taxable income changes by more than \$50, or
- The net tax, state refund, or amount owed changes by more than \$14.

Initial any minor changes made to Form EF. Do not mail the corrected Form EF and attachments unless the department asks for them.

FORM
FIA-40

OREGON FARM INCOME AVERAGING

2007

Name(s) as shown on Oregon Form 40	Social Security No. (SSN) - -
------------------------------------	----------------------------------

1 Enter the taxable income from your 2007 Oregon Form 40, line 28	1		
2 Enter your elected farm income . Do not enter more than the amount on line 1	2		
3 Line 1 minus line 2	3		
4 Figure the tax on the amount on line 3 using the 2007 Tax Tables or Tax Rate Charts from Form 40 instructions, whichever applies, and enter here	4		

2004 Taxable Income

5 If you used FIA to figure your tax for 2004, 2005, or 2006, see instructions. Otherwise, enter the taxable income from your 2004 Form 40, line 28; or Form 40S, line 12. If -0- or less, see instructions.....	5		
6 Divide the amount on line 2 by 3.0 and enter here	6		
7 Add line 5 and 6. If -0- or less, enter -0-	7		
8 Figure the tax on the amount on line 7 using the 2004 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions).....	8		

2005 Taxable Income

9 If you used FIA to figure your tax for 2005 or 2006, see instructions. Otherwise, enter the taxable income from your 2005 Form 40, line 28; or Form 40S, line 12. If -0- or less, see instructions	9		
10 Enter the amount from line 6	10		
11 Add lines 9 and 10. If -0- or less, enter -0-	11		
12 Figure the tax on the amount on line 11 using the 2005 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions).....	12		

2006 Taxable Income

13 If you used FIA to figure your tax for 2006, see instructions. Otherwise, enter the taxable income from your 2006 Form 40, line 28; or Form 40S, line 12. If -0- or less, see instructions.....	13		
14 Enter the amount from line 6	14		
15 Add lines 13 and 14. If -0- or less, enter -0-	15		
16 Figure the tax on the amount on line 15 using the 2006 Tax Tables or Tax Rate Charts, whichever applies (or fill in recomputed tax from Schedule Z, see instructions).....	16		
17 Add lines 4, 8, 12, and 16.....	17		

Computation of 2007 Tax

18 2004 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 FIA-40, line 12; FIA-40N, line 12; or FIA-40P, line 11. If you did not use FIA in 2006 but did in 2005, enter the amount from 2005 FIA-40, line 16; FIA-40N, line 13; or FIA-40P, line 12. If you did not use FIA in 2006 or 2005 but did in 2004, enter the amount from 2004 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or 40P, line 51 or 52.....	18		
19 2005 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 FIA-40, line 16; FIA-40N, line 13; or FIA-40P, line 12. If you did not use FIA in 2006 but did in 2005, enter the amount from 2005 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2005 Form 40, line 29; Form 40S, line 13; Form 40N or Form 40P, line 51	19		
20 2006 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2006 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51; or Form 40P, line 50 ...	20		
21 Add lines 18, 19, and 20.....	21		
22 Line 17 minus line 21. Enter the result here and on Form 40, line 29, and check box 29b.....	22		

150-101-160 (12-07)



INSTRUCTIONS FOR 2007 FORM FIA-40 Farm Income Averaging

You may elect to figure your 2007 tax by averaging, over the previous three years (base years), all or part of your 2007 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2004, 2005, and 2006. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. You will also need tax booklets for those years. You can download forms and instructions from our website or see Taxpayer Assistance on page 6 for numbers to call.

If you filed an Oregon part-year or nonresident return in any of the three base years, you will need Schedule Z, Computation of Tax, to complete Form FIA-40. If any of the three base years are part-year or nonresident returns, ignore the computation of tax for the applicable year on Form FIA-40 and complete Schedule Z. Fill in the computed tax from Schedule Z on lines 8, 12, and 16.

Elected farm income

Your elected farm income is the amount of your taxable income from farming that you elect to include on Form FIA-40, line 2. This is the amount on federal Schedule J, line 2, if you elect to use farm income averaging for federal. Do not enter more than the amount on Form FIA-40, line 1.

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. Gains and losses from the sale or other disposition of property (other than land) must be from property regularly used for a substantial period of time in your farming business. However, it does not include gain from the sale or other disposition of land. You do not have to include all of your taxable income from farming on Form FIA-40, line 2.

Your elected farm income cannot exceed your Oregon taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business. If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years.

If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Farming business

A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm.
- Raising or harvesting of trees bearing fruits, nuts, or other crops.
- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots).
- Raising, shearing, feeding, caring for, training, and managing animals.
- Leasing land to a tenant engaged in a farming business, but **only** if the lease payments are based on a share of the tenant's production (not a fixed amount).
- Wages and other compensation you received as a shareholder in an S corporation engaged in a farming business.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Line instructions

Line 5, 2004 taxable income. If you used FIA-40 to figure your tax for 2006, enter on line 5 the amount from your 2006 FIA-40, line 11. If you used Schedule Z to figure your tax for 2006 on FIA-40, FIA-40N, or FIA-40P, enter on line 5 the amount from your 2006 Schedule Z, Computation for Tax Year 2004. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If you used FIA-40 to figure your tax for 2005 but not 2006, enter on line 5 the amount from your 2005 FIA-40, line 15. If you used Schedule Z to figure your tax for 2005 on FIA-40, FIA-40N, or FIA-40P, enter on line 5 the amount from your 2005 Schedule Z, Computation for Tax Year 2004. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If you used FIA-40 to figure your tax for 2004 but did not for 2005 or 2006, enter on line 5 the amount from your 2004 FIA-40, line 3. If you used FIA-40N, enter the amount from your 2004 FIA-40N, line 8. If you used Form FIA-40P, enter the amount from your 2004 FIA-40P, line 6.

If your 2004 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 5.

NOL means *net operating loss* and applies to the year of the actual loss. **NOLD** means *net operating loss deduction* and applies to the year the NOL is carried to.

2004 Taxable Income Worksheet

1. Figure the taxable income from your 2004 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004. Enter the result here 1 _____
2. If there is a loss on your 2004 federal Schedule D, line 21, add that loss (as a positive amount) and your 2004 capital loss carry-over to 2005. Subtract from that sum the amount of the loss on your 2004 federal Schedule D, line 16. Enter the result here..... 2 _____
3. If you had an NOL for 2004, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2004 that were not used in 2004 and were carried to tax years after 2004 as a positive amount here 3 _____
4. Add lines 1, 2, and 3. Enter the result here, and on Form FIA-40, line 5..... 4 _____

Line 9, 2005 taxable income. If you used FIA-40 to figure your tax for 2006, enter on line 9 the amount from your 2006 FIA-40, line 15. If you used Schedule Z to figure your tax for 2006 on FIA-40, FIA-40N, or FIA-40P, enter on line 9 the amount from your 2006 Schedule Z, Computation for Tax Year 2005. If you used Computation A, use the amount on line 9. If you used Computation B, use the amount on line 6. If you used Computation C, use the amount on line 3.

If you used FIA-40 to figure your tax for 2005 but not for 2006, enter on line 9 the amount from your 2005 FIA-40, line 3. If you used FIA-40N enter the amount from your 2005 FIA-40N, line 8. If you used FIA-40P enter the amount from your 2005 FIA-40P, line 6.

If your 2005 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 9.

2005 Taxable Income Worksheet

5. Figure the taxable income from your 2005 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2005. Do not include any NOLD carry-over or carryback from other years if you had a NOL in 2005. Enter the result here..... 5 _____

6. If there is a loss on your 2005 federal Schedule D, line 21, add that loss (as a positive amount) and your 2005 capital loss carry-over to 2006. Subtract from that sum the amount of the loss on your 2005 federal Schedule D, line 16. Enter the result here 6 _____
7. If you had an NOL for 2005, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2005 that were not used in 2005 and were carried to tax years after 2005 as a positive amount here 7 _____
8. Add lines 5, 6, and 7. Enter the result here and on Form FIA-40, line 9 8 _____

Line 13, 2006 taxable income. If you used FIA-40 to figure your tax for 2006, enter on line 13 the amount from your 2006 FIA-40, line 3. If you used FIA-40N enter the amount from your 2006 FIA-40N, line 8. If you used FIA-40P enter the amount from your 2006 FIA-40P, line 6.

If your 2006 taxable income was -0- or less, use the worksheet below to figure the amount to enter on Form FIA-40, line 13.

2006 Taxable Income Worksheet

9. Figure the taxable income from your 2006 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2006. Do not include any NOLD carry-over or carryback from other years if you had a NOL in 2006. Enter the result here..... 9 _____
10. If there is a loss on your 2006 federal Schedule D, line 21, add that loss (as a positive amount) and your 2006 capital loss carryover to tax year 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here 10 _____
11. If you had an NOL for 2006, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2006 that were not used in 2006 and were carried to tax years after 2006 as a positive amount here 11 _____
12. Add lines 9, 10, and 11. Enter the result here and on Form FIA-40, line 13 12 _____

Example 1. Kevin Crooper did not income average for tax year 2004 or 2005 but he did income average for tax year 2006 and he wants to income average for tax year 2007. For tax years 2004, 2005, and 2006 Kevin filed joint returns. His filing status for tax year 2007 is also married filing jointly. For tax year 2004, Kevin's taxable income from Form 40, line 28 is \$1,112. For tax year 2005, Kevin's taxable income from Form 40, line 28 is \$14,250. For tax year 2006, Kevin's taxable income from Form 40, line 28 is \$12,777. For tax year 2007, Kevin's taxable income from Form 40, line 28 is \$27,900 and his elected farm income is \$24,000. For the tax years above, he has no net operating losses, no net operating carryforwards or carrybacks and no capital losses.

Kevin income averaged for tax year 2006. Kevin had \$12,777 of taxable income and elected to farm income average \$9,000, leaving Oregon taxable income on his 2006 form FIA-40, line 3, of \$3,777. For 2004, Kevin's recomputed taxable income after adding one-third of elected farm income from his 2006 Form FIA-40, line 11 is \$4,112. For 2005, Kevin's recomputed taxable income after adding one-third of his elected farm income from his 2006 Form FIA-40, line 15 is \$17,250. For 2006, Kevin's recomputed tax after removing his elected farm income is \$188 from 2006 Form FIA-40, line 4.

For tax year 2007, Kevin's Oregon taxable income is \$27,900. On line 2 Kevin enters his elected farm income of \$24,000. He subtracts line 2 from line 1 and enters \$3,900 on line 3. This is his remaining Oregon taxable income. He calculates his 2007 Oregon tax using the tax tables under married filing joint status and enters \$198 on line 4.

For 2004, Kevin enters \$4,112 from his 2006 Form FIA-40, line 11, on his 2007 Form FIA-40, line 5. He divides his elected farm income of \$24,000 by 3 and enters \$8,000 on his 2007 Form FIA-40, line 6. He adds lines 5 and 6 and enters \$12,112 on line 7. This is his recomputed 2004 Oregon taxable income. He calculates his 2004 Oregon tax using the 2004 tax tables under married filing joint status and enters \$747 on line 8.

For 2005, Kevin enters \$17,250 from his 2006 Form FIA-40, line 15, on his 2007 Form FIA-40, line 9. He enters \$8,000 from his 2007 Form FIA-40, line 6, on his 2007 Form FIA-40, line 10. He adds lines 9 and 10 and enters \$25,250 on line 11. This is his recomputed 2005 Oregon taxable income. He calculates his 2005 Oregon tax using the 2005 tax tables under married filing joint status and enters \$1,901 on line 12.

For 2006, Kevin enters \$3,777 from his 2006 Form FIA-40, line 3, on his 2007 Form FIA-40, line 13. He enters \$8,000 from his 2007 Form FIA-40, line 6, on his 2007 Form FIA-40, line 14. He adds lines 13 and 14 and enters \$11,777 on line 15. This is his recomputed 2006 Oregon taxable income. He calculates his 2006 Oregon tax using 2006 the tax tables under married filing joint status and enters \$713 on line 16.

On his 2007 Form FIA-40, he adds lines 4, 8, 12, and 16 and enters \$3,559 on line 17. He enters his recomputed 2004 tax of \$208 from 2006 Form FIA-40, line 12, on his 2007 Form FIA-40, line 18. He enters his recomputed 2005 tax of \$1,181 from 2006 Form FIA-40, line 16, on his 2007 Form FIA-40, line 19. He enters his recomputed 2006 tax of \$188 from 2006

Form FIA-40, line 4, on his 2007 Form FIA-40, line 20. He adds lines 18, 19, and 20 and enters \$1,577 on line 21. This is the recomputed tax he paid for the 2004, 2005, and 2006 tax years.

He subtracts the recomputed tax of \$1,577 on line 21 from the recomputed tax of \$3,559 on line 17 and enters the result of \$1,982 on line 22. This is Kevin's 2007 tax liability from farm income averaging. He enters this figure on Form 40, line 29, and checks box 29b.

Example 2. John Farmington did not use farm income averaging for 2004, 2005, or 2006. For tax year 2007, John has elected farm income on Form FIA-40, line 2 of \$18,000. His Oregon taxable income shown on his 2004 Form 40, line 28, is \$6,150.

John had a net operating loss (NOL) for tax year 2005 of \$22,950, which he elected to carryback five years. Of the \$22,950 loss, \$9,000 was carried back to tax year 2004. To complete line 1 of the 2004 worksheet, John combines the \$9,000 net operating loss deduction (NOLD) with his 2004 Oregon taxable income of \$6,150 from Form 40, line 28. The result, a negative \$2,850, is entered on the 2004 worksheet, line 1.

When John filed his 2004 tax return, he had a \$3,000 net capital loss deduction on federal Schedule D, line 21, a \$7,000 loss on federal Schedule D, line 16, and a \$4,000 capital loss carryover to 2005. However, when John carried back the 2005 NOL to 2004, he refigured his 2004 capital loss carryover to tax year 2005 as \$7,000. To calculate line 2 of the 2004 worksheet, John adds the \$3,000 from federal Schedule D, line 21, and the \$7,000 carryover. He subtracts from the result the \$7,000 loss on his federal Schedule D, line 16, and enters \$3,000 on the 2004 worksheet, line 2.

John had \$6,150 of Oregon taxable income in 2004 that reduced the 2005 NOL carryback. The \$3,000 net capital loss deduction also reduced the amount of the 2005 NOL carryback. Since these two figures together total \$9,150, there is no NOLD left to carry over to tax year 2006. Therefore, John enters -0- on line 3. John adds line 1, a negative \$2,850, line 2, a positive \$3,000, and line 3. He enters the result, a positive \$150, on line 4 of the worksheet and on 2007 Form FIA-40, line 5. This figure represents John's recomputed Oregon taxable income for tax year 2004.

For tax year 2005, John's taxable income from Form 40, line 28 is negative \$30,250, which he enters on the 2005 worksheet, line 5.

John had a \$3,000 net capital loss deduction on Schedule D, line 21 and a \$7,000 loss on Schedule D, line 16, the carryover from 2004 to 2005. John adds the \$3,000 from Schedule D, line 21, and the \$7,000 carryover. He subtracts from the result the \$7,000 loss on Schedule D, line 16, and enters \$3,000 on line 6 of the worksheet. John enters \$22,950 on line 7 of the worksheet, his 2005 NOL.

John adds lines 5, 6, and 7 ($< \$30,250 > + \$3,000 + \$22,950$) and enters the result, a negative \$4,300, on line 8 of the worksheet and on 2007 Form FIA-40, line 9. This figure represents John's recomputed Oregon taxable income for tax year 2005.

For tax year 2006, John's taxable income from Form 40, line 28 is negative \$1,750. This amount includes an NOLD of \$2,300 which was the portion of the 2005 NOL that was remaining to be carried forward from tax year 2004. John does not have an NOL for tax year 2006. John enters a negative \$1,750 on the 2006 worksheet, line 9.

John had a \$3,000 net capital loss deduction on Schedule D, line 21, a \$7,000 loss on Schedule D, line 16, and a \$5,000 capital loss carryover to 2006 (his 2005 capital loss carryover to 2006 was \$5,000, not \$4,000, because his federal taxable income before exemptions was a negative \$1,000). John adds the \$3,000 from Schedule D, line 21, and the \$5,000 carryover.

He reduces the result by the \$7,000 loss on his Schedule D, line 16, and enters \$1,000 on the 2006 worksheet, line 10.

John enters -0- on line 11 of the worksheet because he does not have an NOL for 2006 and did not have any remaining NOLD to carryforward. John's \$2,300 NOLD for 2006 was reduced to -0- because it did not exceed his federal AGI as modified for the capital loss deduction, the net operating loss, and the standard or recomputed itemized deductions. John adds lines 9, 10, and 11 ($< \$1,750 > + \$1,000 + \$0$), and enters the result, a negative \$750, on line 12 of the worksheet and on 2007 Form FIA-40, line 13. This figure represents John's recomputed Oregon taxable income for tax year 2006.

Taxpayer assistance

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. Do not send any personal information. General questions only.

Field offices

Get forms and assistance at these offices. **Don't 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

Lake Oswego 6405 SW Rosewood Street, Suite A

Medford 3613 Aviation Way, #102

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

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our website, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Questions?

Write

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 area or outside Oregon..... 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.

Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988

Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617

Toll-free from Oregon prefix 1-800-886-7204

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

FORM
FIA-40N

OREGON FARM INCOME AVERAGING

2007

Name(s) as shown on Oregon Form 40N	Social Security No. (SSN) - -
-------------------------------------	----------------------------------

Computation of 2007 Taxable Income

	Federal column	Oregon column
1 Enter income after subtractions from your 2007 Oregon Form 40N, line 38..... 1a		1b
2 Enter in both columns your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40N, line 19S..... 2a		2b
3 Line 1 minus line 2 in both the federal and Oregon columns 3a		3b
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100.0%) 4	___ . ___ %	
5 Multiply the allowable deductions and modifications from line 4 of the worksheet for your 2007 Oregon Form 40N, line 47 (on page 29 of the 2007 Form 40N instructions), by the recomputed Oregon percentage shown above 5		
6 Enter your deductions and modifications not multiplied by the Oregon percentage from 2007 Form 40N, line 48..... 6		
7 Add lines 5 and 6..... 7		
8 Line 3b minus line 7. Enter the result here 8		
9 Figure the tax on line 8 using the 2007 Tax Rate Charts..... 9		
10 Divide line 2b by 3.0 and enter here 10		

Prior Years' Tax

11 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 11	
12 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2005, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 12	
13 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2006, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 13	
14 Add lines 9, 11, 12, and 13..... 14	

Computation of 2007 Tax

15 2004 Tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 or 2005 but did in 2004, enter the amount from 2004 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or 40P, line 51 or 52 15	
16 2005 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2005 Form 40, line 29; Form 40S, line 13; or Form 40N or Form 40P, line 51 16	
17 2006 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2006 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51; or Form 40P, line 50 17	
18 Add lines 15, 16, and 17..... 18	
19 Line 14 minus line 18. Enter the result here and on Form 40N, line 51, and check box 51b..... 19	

—Attach your completed Form FIA-40N to your Oregon Form 40N—

FORM
FIA-40P **OREGON FARM INCOME AVERAGING** **2007**

Name(s) as shown on Oregon Form 40P	Social Security No. (SSN) <div style="text-align: center;">- -</div>
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	Federal column	Oregon column
1 Enter income after subtractions from your 2007 Oregon Form 40P, line 38 1a	<input style="width: 80%; height: 20px;" type="text"/>	1b <input style="width: 80%; height: 20px;" type="text"/>
2 Enter your elected farm income from Oregon sources from federal Schedule J, line 2; or from Oregon Form 40P, line 19S..... 2a	<input style="width: 80%; height: 20px;" type="text"/>	2b <input style="width: 80%; height: 20px;" type="text"/>
3 Line 1 minus line 2 in both the federal and Oregon columns 3a	<input style="width: 80%; height: 20px;" type="text"/>	3b <input style="width: 80%; height: 20px;" type="text"/>
4 Recomputed Oregon percentage. Divide line 3b by line 3a (not more than 100.0%) 4	_____ . ____ %	
5 Enter allowable deductions and modifications from your 2007 Form 40P, line 47 5	<input style="width: 80%; height: 20px;" type="text"/>	
6 Line 3a minus line 5. Enter the result here..... 6		<input style="width: 80%; height: 20px;" type="text"/>
7 Figure the tax on line 6 using the 2007 Tax Rate Charts 7		<input style="width: 80%; height: 20px;" type="text"/>
8 Multiply line 7 by the recomputed Oregon percentage on line 4..... 8		<input style="width: 80%; height: 20px;" type="text"/>
9 Divide line 2b by 3.0 and enter here 9	<input style="width: 80%; height: 20px;" type="text"/>	

Prior Years' Tax

10 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2004, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 10	<input style="width: 80%; height: 20px;" type="text"/>
11 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2005, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 11	<input style="width: 80%; height: 20px;" type="text"/>
12 Enter the amount from your 2007 Schedule Z, Computation for Tax Year 2006, Computation A, line 10; Computation B, line 8; or Computation C, line 4; whichever applies..... 12	<input style="width: 80%; height: 20px;" type="text"/>
13 Add lines 8, 10, 11, and 12..... 13	<input style="width: 80%; height: 20px;" type="text"/>

Computation of 2007 Tax

14 2004 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11. If you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 or 2005 but did in 2004, enter the amount from 2004 FIA-40, line 4; FIA-40N, line 9; or FIA-40P, line 8. Otherwise, enter the tax from your 2004 Form 40, line 29 or 30; Form 40S, line 13; or Form 40N or 40P, line 51 or 52 14	<input style="width: 80%; height: 20px;" type="text"/>
15 2005 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 16; Form FIA-40N, line 13; or Form FIA-40P, line 12. If you did not use FIA in 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Otherwise, enter the tax from your 2005 Form 40, line 29; Form 40S, line 13; or Form 40N or Form 40P, line 51 15	<input style="width: 80%; height: 20px;" type="text"/>
16 2006 tax. If you used FIA to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 4; Form FIA-40N, line 9; or Form FIA-40P, line 8. Other- wise, enter the tax from your 2006 Form 40, line 29; Form 40S, line 13; or Form 40N, line 51; or Form 40P, line 50 16	<input style="width: 80%; height: 20px;" type="text"/>
17 Add lines 14, 15, and 16..... 17	<input style="width: 80%; height: 20px;" type="text"/>
18 Line 13 minus line 17. Enter the result here and on Form 40P, line 50, and check box 50a 18	<input style="width: 80%; height: 20px;" type="text"/>

— Attach your completed Form FIA-40P to your Oregon Form 40P —

Schedule Z

(Farm Income Averaging)

Computation of Tax

2007

COMPUTATION FOR TAX YEAR 2004

Computation A. Complete if you filed Form 40N for tax year 2004.

1 If you used Schedule Z to figure your tax for 2006, enter the amount from your 2006 Schedule Z, Computation for Tax Year 2004, Computation A, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2006 but did for 2005, enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation A, lines 3a and 3b. If you did not income average in 2005 or 2006 but did in 2004, enter the amount from your 2004 FIA-40N, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40N, lines 39a and 39b (if -0- or less, see instructions)

Federal column		Oregon column	
1a	<input type="text"/>	1b	<input type="text"/>

2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	2b	<input type="text"/>
3a	<input type="text"/>	3b	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns.....

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%).....

4 _____ %

5 Enter deductions and modifications from line 4 of the worksheet for your 2004 Oregon Form 40N, line 47 (on page 26 of the 2004 Form 40N instructions).....

5

6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4 and enter here

6

7 Enter the amount from your 2004 Oregon Form 40N, line 48

7

8 Add lines 6 and 7.....

8

9 Line 3b minus line 8. Enter the result here

9

10 Figure the tax on line 9 using the 2004 Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10

10

Computation B. Complete if you filed Form 40P for tax year 2004.

1 If you used Schedule Z to figure your tax for 2006, enter the amount from your 2006 Schedule Z, Computation for Tax Year 2004, Computation B, lines 3a and 3b. If you did not use Schedule Z to figure your tax for 2006 but did for 2005, enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation B, lines 3a and 3b. If you did not income average in 2005 or 2006 but did in 2004, enter the amount from your 2004 FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2004 Form 40P, lines 39a and 39b (if -0- or less, see instructions)

Federal column		Oregon column	
1a	<input type="text"/>	1b	<input type="text"/>

2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9

2a	<input type="text"/>	2b	<input type="text"/>
3a	<input type="text"/>	3b	<input type="text"/>

3 Add lines 1 and 2 in both the federal and Oregon columns.....

4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%).....

4 _____ %

5 Enter the amount from your 2004 Oregon Form 40P, line 47

5

6 Line 3a minus line 5. Enter the result here.....

6

7 Figure the tax on line 6 using the 2004 Tax Rate Charts.....

7

8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10

8

Computation C. Complete if you filed Form 40 or Form 40S for tax year 2004.

1 If you used Form FIA-40 to figure your tax for 2006, enter the amount from your 2006 Form FIA-40, line 11. If you used Schedule Z to figure your tax for 2006, enter the amount from the 2006 Schedule Z, Computation for Tax Year 2004, Computation C, line 3. If you did not use Form FIA-40 for tax year 2006 but did for 2005, enter the amount from 2005 Form FIA-40, line 15. If you used Schedule Z to figure your tax, enter the amounts from your 2005 Schedule Z, Computation for Tax Year 2004, Computation C, line 3. If you did not use Form FIA-40 to figure your tax in 2006 or 2005 but did in 2004, enter the amount from your 2004 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2004 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions).....

Oregon column	
1	<input type="text"/>

COMPUTATION FOR TAX YEAR 2004 (continued)

Computation C (continued)

2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2			Oregon column
3 Add lines 1 and 2	3			
4 Figure the tax on line 3 using the 2004 Tax Tables or Tax Rate Charts. Enter the amount here and on Form FIA-40, line 8; Form FIA-40N, line 11; or Form FIA-40P, line 10	4			

COMPUTATION FOR TAX YEAR 2005

Computation A. Complete if you filed **Form 40N** for tax year 2005.

1 If you used Schedule Z to figure your tax for 2006 enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation A, lines 3a and 3b. If you did not income average for 2006 but did in 2005 enter the amount from your 2005 Form FIA-40N, line 3a and 3b. Otherwise, enter the amount shown on your 2005 Form 40N, lines 39a and 39b (if -0- or less, see instructions)	1a			Federal column	1b			Oregon column
2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a				2b			
3 Add lines 1 and 2 in both the federal and Oregon columns	3a				3b			
4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)	4	_____ . _____ %						
5 Enter deductions and modifications from line 4 of the worksheet for your 2005 Oregon Form 40N, line 47 (on page 26 of the 2005 Form 40N instructions)	5							
6 Multiply the amount on line 5 by the recomputed Oregon percentage on line 4	6							
7 Enter the amount from your 2005 Oregon Form 40N, line 48	7							
8 Add lines 6 and 7	8							
9 Line 3b minus line 8. Enter the result here	9							
10 Figure the tax on line 9 using the 2005 Tax Tables or Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	10							

Computation B. Complete if you filed **Form 40P** for tax year 2005.

1 If you used Schedule Z to figure your tax for 2006 enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation B, lines 3a and 3b. If you did not income average for 2006 but did in 2005 enter the amount from your 2005 Form FIA-40P, lines 3a and 3b. Otherwise, enter the amount shown on your 2005 Form 40P, lines 39a and 39b (if -0- or less, see instructions)	1a			Federal column	1b			Oregon column
2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2a				2b			
3 Add lines 1 and 2 in both the federal and Oregon columns	3a				3b			
4 Recompute the Oregon percentage. Divide line 3b by line 3a (not more than 100.0%)	4	_____ . _____ %						
5 Enter the amount from your 2005 Oregon Form 40P, line 48	5							
6 Line 3a minus line 5. Enter the result here	6							
7 Figure the tax on line 6 using the 2005 Tax Tables or Tax Rate Charts	7							
8 Multiply line 7 by the Oregon percentage on line 4. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	8							

Computation C. Complete if you filed **Form 40** or **Form 40S** for tax year 2005.

1 If you used Form FIA-40 to figure your tax for 2006, enter the amount from 2006 Form FIA-40, line 15. If you used Schedule Z to figure your tax for 2006 enter the amounts from your 2006 Schedule Z, Computation for Tax Year 2005, Computation C, line 3. If you used Form FIA-40 for tax year 2005 but not for 2006, enter the amount from 2005 Form FIA-40, line 3. Otherwise, enter the amount shown on your 2005 Form 40, line 28; or Form 40S, line 12 (if -0- or less, see instructions)	1			Oregon column
2 Enter amount from 2007 Form FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9	2			
3 Add lines 1 and 2	3			
4 Figure the tax on line 3 using the 2005 Tax Tables or Tax Rate Charts. Enter the amount here and on Form FIA-40, line 12; Form FIA-40N, line 12; or Form FIA-40P, line 11	4			



Instructions for Form FIA-40N, Form FIA-40P, and Schedule Z, for Farm Income Averaging

2007

You may elect to figure your 2007 tax by averaging, over the previous three years (base years), all or part of your 2007 taxable farm income.

You will need copies of your original or amended Oregon income tax returns for tax years 2004, 2005, and 2006 to figure your tax on Form FIA-40N or Form FIA-40P. You can obtain copies of prior years' returns for a fee from the Oregon Department of Revenue. You will also need tax booklets for those years. You can download the forms and instructions from our website or see page 12 to contact us.

Elected farm income

Your elected farm income is the amount of your taxable income from farming that you elect to include on Form FIA-40N or Form FIA-40P, line 2. Do not enter more than the amount on line 1.

To figure elected farm income, first figure your taxable income from farming. Taxable income from farming includes all income, gains, losses, and deductions attributable to any farming business. However, it does not include gain from the sale or other disposition of land. Gains and losses must be from property (other than land) regularly used by you in the farm business for a substantial period of time. Oregon source farm income includes income or loss received from an Oregon farm while you were a nonresident and farm income or loss received during any portion of the year you were an Oregon resident.

You do not have to include all of your taxable income from farming on Form FIA-40N or Form FIA-40P, line 2.

Your elected farm income cannot exceed your Oregon taxable income. Also, the portion of your elected farm income treated as a net capital gain cannot exceed the smaller of your total net capital gain or your net capital gain attributable to your farming business.

If your elected farm income includes net capital gain, you must allocate an equal portion of the net capital gain to each of the base years.

If, for any base year, you had a capital loss that resulted in a capital loss carryover to the next tax year, do not reduce the elected farm income allocated to that base year by any part of the carryover.

Farming business

A farming business is the trade or business of cultivating land or raising or harvesting any agricultural or horticultural commodity. This includes:

- Operating a nursery or sod farm.
- Raising or harvesting trees bearing fruits, nuts, or other crops.

- Raising ornamental trees (but not evergreen trees that are more than 6 years old when severed from the roots).
- Raising, shearing, feeding, caring for, training, and managing animals.
- Leasing land to a tenant engaged in a farming business, but **only** if the lease payments are based on a share of the tenant's production (not a fixed amount).
- Wages and other compensation you received as a shareholder in an S corporation engaged in a farming business.

A farming business does not include:

- Contract harvesting of an agricultural or horticultural commodity grown or raised by someone else, or
- Merely buying or reselling plants or animals grown or raised by someone else.

Instructions for Schedule Z

Before you can complete Schedule Z you will need the amount from FIA-40, line 6; Form FIA-40N, line 10; or Form FIA-40P, line 9. On Schedule Z, complete either Computation A, B, or C for each tax year. Figures from Schedule Z are needed to complete Form FIA-40N, lines 11 through 13; or Form FIA-40P, lines 10 through 12 and may be needed for Form FIA-40, lines 8, 12, and 16.

If you were a part-year resident or a nonresident for 2004, 2005, or 2006 and if your income after subtractions (line 39 for years 2004 and 2005; line 38 for year 2006) for either federal or Oregon was zero or less for any of these three tax years, use the worksheets below to figure the amount to enter on Schedule Z, Computation A or B, line 1. If you were a full year resident with taxable income that was -0- or less for 2004, 2005, or 2006, use the worksheets below to figure the amount to enter on Schedule Z, Computation C, line 1.

NOL means *net operating loss* and applies to the year of the actual loss. **NOLD** means *net operating loss deduction* and applies to the year the NOL is carried to.

2004 Taxable Income Worksheet

Part-Year or Nonresident Return for 2004

- | | Federal (a) | Oregon (b) |
|--|-------------|------------|
| 1. Figure income after subtractions, for federal and Oregon, from your 2004 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004. Enter the result here..... | 1a _____ | 1b _____ |

2. If there is a loss on your 2004 federal Schedule D, line 21, add that loss (as a positive amount) and your 2004 capital loss carryover to 2005. Subtract from that sum the amount of the loss on your 2004 federal Schedule D, line 16. Enter the result here 2a _____ 2b _____

3. If you had an NOL for 2004 for federal or Oregon, or both, enter amounts as a positive number in the appropriate column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2004 that were not used in 2004 and were carried to tax years after 2004... 3a _____ 3b _____

4. Add lines 1, 2, and 3 for each column. Enter the result here and on your 2007 Schedule Z, Tax Year 2004, Computation A or B, line 1 4a _____ 4b _____

Full-Year Return for 2004

5. Figure the taxable income from your 2004 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2004. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2004. Enter the result here..... 5 _____

6. If there is a loss on your 2004 federal Schedule D, line 21, add that loss (as a positive amount) and your 2004 capital loss carryover to 2005. Subtract from that sum the amount of the loss on your 2004 federal Schedule D, line 16. Enter the result here 6 _____

7. If you had an NOL for 2004, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2004 that were not used in 2004 and were carried to tax years after 2004 as a positive amount here 7 _____

8. Add lines 5, 6, and 7. Enter the result here, and on your 2007 Schedule Z, Tax Year 2004, Computation C, line 1 8 _____

2005 Taxable Income Worksheet

Part-Year or Nonresident Return for 2005

9. Figure income after subtractions, for federal and Oregon, from your 2005 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2005. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2005. Enter the result here..... 9a _____ 9b _____

10. If there is a loss on your 2005 federal Schedule D, line 21, add that loss (as a positive amount) and your 2005 capital loss carryover to 2006. Subtract from that sum the amount of the loss on your 2005 federal Schedule D, line 16. Enter the result here..... 10a _____ 10b _____

11. If you had an NOL for 2005 for federal or Oregon, or both, enter amounts as a positive number in the appropriate column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2005 that were not used in 2005 and were carried to tax years after 2005 11a _____ 11b _____

12. Add lines 9, 10, and 11. Enter the result here and on your 2007 Schedule Z, Tax Year 2005, Computation A or B, line 1 12a _____ 12b _____

Full-Year Return for 2005

13. Figure the taxable income from your 2005 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2005. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2005. Enter the result here..... 13 _____

14. If there is a loss on your 2005 federal Schedule D, line 21, add that loss (as a positive amount) and your 2005 capital loss carryover to 2006. Subtract from that sum the amount of the loss on your 2005 federal Schedule D, line 16. Enter the result here 14 _____
15. If you had an NOL for 2005, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2005 that were not used in 2005 and were carried to tax years after 2005 as a positive amount here 15 _____
16. Add lines 13, 14, and 15. Enter the result here, and on your 2007 Schedule Z, Tax Year 2005, Computation C, line 1 16 _____

2006 Taxable Income Worksheet

Part-Year or Nonresident Return for 2006

17. Figure income after subtractions, for federal and Oregon, from your 2006 Form 40N or Form 40P without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2006. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2006. Enter the result here..... 17a _____ 17b _____
18. If there is a loss on your 2006 federal Schedule D, line 21, add that loss (as a positive amount) and your 2006 capital loss carryover to tax year 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here..... 18a _____ 18b _____
19. If you had an NOL for 2006 for federal or Oregon, or both, enter amounts as a positive number in the appropriate column. Otherwise, enter as a positive amount the portion (if any) of the NOLD carryovers and carrybacks to 2006 that

- were not used in 2006 and were carried to tax years after 2006 19a _____ 19b _____
20. Add lines 17, 18, and 19. Enter the result here and on your 2007 Schedule Z, Tax Year 2006, Computation A or B, line 1 20a _____ 20b _____

Full Year Return for 2006

21. Figure the taxable income from your 2006 tax return without limiting it to -0-. Include any NOLD carryovers or carrybacks if you did not have a NOL in 2006. Do not include any NOLD carryover or carryback from other years if you had a NOL in 2006. Enter the result here..... 21 _____
22. If there is a loss on your 2006 federal Schedule D, line 21, add that loss (as a positive amount) and your 2006 capital loss carryover to 2007. Subtract from that sum the amount of the loss on your 2006 federal Schedule D, line 16. Enter the result here 22 _____
23. If you had an NOL for 2006, enter it as a positive amount here. Otherwise, enter the portion (if any) of the NOLD carryovers and carrybacks to 2006 that were not used in 2006 and were carried to tax years after 2006 as a positive amount here 23 _____
24. Add lines 21, 22, and 23. Enter the result here, and on your 2007 Schedule Z, Tax Year 2006, Computation C, line 1 24 _____

Example: John Farmington owns a farm in Ontario, Oregon but is a resident of Idaho. John files as a nonresident for Oregon each year. John did not use farm income averaging for 2004, 2005, or 2006. For tax year 2007, John has elected farm income of \$18,000 on line 2 of Form FIA-40N. His 2004 income after subtractions shown on line 39 of Form 40N is \$25,906 in the federal column and \$6,150 in the Oregon column.

John had a NOL for tax year 2005 of \$22,950 for Oregon only, which he elected to carryback five years. Of the \$22,950 loss, \$9,000 was carried back to tax year 2004 and completely absorbed. John combines the \$9,000 NOLD with his Oregon

income after subtractions of \$6,150. The result is a negative \$2,850 and is entered in the Oregon column on line 1(b) of the 2004 taxable income worksheet. John enters \$25,906 in the federal column on line 1(a) of the 2004 worksheet.

When John filed his 2004 federal tax return, he had a \$3,000 net capital loss deduction on Schedule D, line 21 (which was also entered on Form 1040, line 13), a \$7,000 loss on Schedule D, line 16, and a \$4,000 capital loss carryover to 2005. The capital losses are not Oregon source. Since the NOL is for Oregon only, no adjustment is necessary for the capital loss deduction or for the capital loss carryover to 2005. John enters -0- in both columns on line 2 of the 2004 worksheet.

John had no net operating losses for tax year 2004 for either federal or Oregon. Because the NOL from 2005 is completely absorbed in 2004, there is no carryover to tax years after 2004. John enters -0- in both columns on line 3 of the worksheet. John adds the amounts on lines 1, 2, and 3, and enters the result, a negative \$2,850, on line 4b of the worksheet. John adds -0- to the \$25,906 and enters the result, a positive \$25,906, on line 4a of the worksheet. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2004. John enters both of these figures on Schedule Z, Computation A for tax year 2004, line 1, in the federal and Oregon columns.

For tax year 2005, John's income after subtractions is \$10,850 for federal and a negative \$27,250 for Oregon. John enters \$10,850 on line 9a and a negative \$27,250 on line 9b of the 2005 worksheet.

John had a \$3,000 net capital loss deduction on his 2005 Schedule D, line 21, and a \$7,000 loss on Schedule D, line 16, the carryover from 2004 to 2005. Because the NOL is for Oregon only, no adjustment is necessary on line 10a and no adjustment is made on line 10b since the capital loss deduction is not Oregon source. John enters -0- on lines 10a and 10b of the 2005 worksheet. John enters -0- on line 11a and the Oregon only NOL of \$22,950 on line 11b of the worksheet.

In the federal column on line 12a, John enters a positive \$10,850. For the Oregon column, John adds the \$22,950 on line 11b and the negative \$27,250 on line 9b of the worksheet and enters a negative \$4,300 on line 12b. These figures represent John's recomputed federal and Oregon income after subtractions for tax year 2005. John enters both of these figures on Schedule Z, Computation A, for tax year 2005, line 1, in the federal and Oregon columns.

For tax year 2006, John's income after subtractions is not negative in either the federal or Oregon columns. Therefore, John can complete Schedule Z without using the worksheets.

Taxpayer assistance

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. Do not send any personal information. General questions only.

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our website, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Questions?

Write

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 area or outside Oregon..... 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
 Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
 Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

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

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

2007

OREGON COMPOSITE RETURN

Form OC and Instructions for Pass-through Entities

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our website, www.oregon.gov/DOR.

Introduction

Purpose of form

For tax years beginning on or after January 1, 2006, pass-through entities (PTEs) with distributive income attributable to Oregon sources may file a composite return on behalf of its nonresident owners who elect to participate in the composite filing. The PTE reports the nonresident owners' share of Oregon-source distributive income on one tax return, Form OC, *Oregon Composite Return*.

Important information

For tax years beginning before January 1, 2006, PTEs could file a multiple nonresident return for nonresident individual owners who had no Oregon-source income other than the distributive income from the PTE. Contact us if you need to file a tax return for 2005 or earlier.

Definitions

Throughout these instructions, the following terms are used:

"FEIN" is federal employer identification number.

"BIN" is Oregon business identification number. If you do not know your Oregon BIN, leave the space on the form blank when asked for this number.

"Owner" is a partner of a partnership or limited liability partnership (LLP), shareholder of an S corporation, member of a limited liability company (LLC), or beneficiary of a trust.

"Pass-through entity (PTE)" is a partnership, S corporation, LLP, LLC, or certain trusts.

"Electing owner" is an owner who chooses to join in the filing of a composite return.

"Non-electing owner" is an owner who chooses not to join in the filing of a composite return and is subject to withholding on their distributive share of the income from the PTE.

General information

Individual owners of a partnership, S corporation, LLP, LLC, or trust having gross income above the threshold amount from Oregon sources are required to file an individual income tax return (see page 13 of Form 40N, *Oregon Individual Income Tax Return for Nonresidents*). Corporate owners of a PTE with any income from Oregon sources are required to file a corporate excise or income tax return. ORS

314.778 allows nonresident owners (including individuals, corporations, trusts, and estates) of the entities listed above that derive income from or do business in Oregon to elect to file a composite return on behalf of the owners. A PTE that files a composite return is still required to file the PTE's information return (such as partnership, Form 65).

Filing requirements

Owners of PTEs must decide each year whether to join in the filing of a composite return. The election to join in the filing of a composite return is considered made when the return is filed. However, the electing owner should notify the PTE as soon as the owner realizes the owner wishes to be part of the composite filing. It is important to notify the PTE so the PTE knows how to make tax payments. To be included in the composite return, the owner must be an individual full-year nonresident of Oregon, a C corporation with no commercial domicile in Oregon, an estate, or a trust that is not a resident trust, or a qualified funeral trust under ORS 316.282.

Due dates

The due date for the Oregon composite return is the same as the due date for the majority of the electing owners' tax returns. If the majority of owners file calendar year returns, the composite return will also be a calendar year return. The fiscal year end of the PTE does not affect the due date.

Example. A PTE uses a March 31, 2007 fiscal year end and distributes income to its owners during 2007. The majority of the owners are calendar year taxpayers. Because the owners' distributive share of income was received during calendar year 2007, the Form OC, *Oregon Composite Return* must be filed using the calendar year and is due April 15, 2008.

Extensions

If the PTE is granted a federal extension to file its information return, the same additional length of time is allowed for filing the Oregon composite return in accordance with the "Due date" section. If the PTE only needs an extension to file the Oregon return:

- Use Form 40-EXT, *Automatic Extension for Individuals and Payment Voucher*, for individual owners;
- Use Form 20-V, *Oregon Corporation Tax Payment Voucher*, for C corporation owners. Also complete the federal extension. Write "Oregon only" on it and keep it in your records; or
- Use Form 41-V, *Oregon Fiduciary Tax Payment Voucher*, for trusts and estates.

Check the “extension” box and the “Composite Return” box on the vouchers. Mail the completed payment voucher(s) with your payment. When Form OC is filed, check the “extension” box. Attach a copy of the extension form to the composite return when it is filed and keep a copy for your records. **Remember:** An extension allows for more time to file, not more time to pay.

Withholding requirements

If an owner does not join in the filing of a composite return, the PTE is required to withhold tax and remit the tax to the department on behalf of the non-electing owner unless the non-electing owner:

- Has Oregon-source distributive income from the PTE that is less than \$1,000;
- Has made estimated tax payments the prior tax year based on the owner’s share of Oregon-source distributive income from the PTE and continues to make estimated tax payments for the current tax year; or
- Files a signed *Oregon Affidavit for a Nonresident Owner in a Pass-through Entity*, (see page 8).

Note for tiered entities: Withholding is not required if the owner is another PTE such as an LLC, LLP, partnership, S corporation, estate, or certain trusts (not including grantor trusts). If the owner is a PTE, that PTE is required to withhold on its individual and C corporation owners.

See the publication, *Pass-Through Entity Withholding*.

Instructions for electing owners

Apportionable income

If the PTE has income that is part of a multi-state business operation, the nonresident owner will compute their share of Oregon net taxable income or loss from the PTE by multiplying the PTE’s total apportioned Oregon taxable income or loss by the owner’s ownership percentage. See ORS 314.280 or 314.650 through 314.690 and the related rules.

Example: A partnership will multiply the Oregon apportioned income by each partner’s distributive share of partnership income. An S corporation will multiply the Oregon apportioned income by each shareholder’s distributive share of the S corporation’s income.

Guaranteed payments

Guaranteed payments are treated as a business income component of the PTE’s distributive income and attributed directly to the owner receiving the payment. See OAR 150-316.124(2).

Deductions

Individual tax deduction

Deductions normally allowed to individuals (itemized deductions or the standard deduction) are not allowed on

composite returns. Oregon net taxable income of the PTE is the federal net income of the PTE as defined by the laws of the United States modified by ORS Chapter 316. See ORS Chapter 316 for those items that directly relate to the non-resident owners’ share of the PTE’s net income. Examples of the modifications allowed in ORS Chapter 316 that relate to the PTE’s income include adjustments for depreciation, depletion, gain or loss difference on the sale of depreciable property, U.S. government interest, and any modification for federal targeted jobs tax credit.

Self-employment tax deduction

Each PTE must calculate the self-employment tax deduction for each electing member that is subject to self-employment tax. The self-employment tax deduction that is attributable to the Oregon-source distributive income is subtracted from the Oregon-source distributive income and the net result is entered on Schedule OC1, column (d).

Credits

Credits normally allowed on owners’ tax returns, such as the exemption credit, are not allowed on the composite return. For personal income taxpayers, the only credit allowed on the composite return is the credit for income taxes paid to another state. See Form 40N, *Individual Income Tax Return for Nonresidents*, page 31 for instructions. Residents of California claim the credit for income taxes paid to another state on the California resident return. Residents of Virginia, Indiana, or Arizona may claim the credit on the *Oregon Composite Return*. For corporate excise or income taxpayers, the only credit allowed on the composite return is the Oregon one-time small sales credit.

To qualify for the one-time small sales credit, the entity joining in the composite filing must be a C corporation with “Oregon sales” of less than \$5 million for the tax year. The amount of the credit is 67 percent of the tax. Non-apportioning taxpayers calculate “Oregon sales” by adding the following:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross receipts from the sale or lease of intangible property if it is part of the corporation’s primary business;
- Gross rent and lease payments received;
- Gross receipts from the performance of services; and
- Net gains from the sale of intangible property if it is not a part of the corporation’s primary business.

See line instructions for Schedule OC2.

Tax payment instructions

The PTE is required to make quarterly tax payments in the PTE’s name on behalf of all owners who elect to join in the composite filing. Calculate the amount of tax required to be paid as follows:

For **individual** electing owners: multiply the electing owner’s share of Oregon-source distributive income by the

**Tax rate
charts
for
computing
2008
Oregon
estimated tax**

Tax rate chart S:

For persons filing Single, or Married filing separately

If your taxable income is:

Not over \$2,900.....	5% of taxable income
Over \$2,900 but not over \$7,300.....	\$145 plus 7% of excess over \$2,900
Over \$7,300.....	\$453 plus 9% of excess over \$7,300

Your tax is:

Tax rate chart J:

**For persons filing Jointly, Head of household,
or Qualifying widow(er) with dependent child**

If your taxable income is:

Not over \$5,800.....	5% of taxable income
Over \$5,800 but not over \$14,600.....	\$290 plus 7% of excess over \$5,800
Over \$14,600.....	\$906 plus 9% of excess over \$14,600

Your tax is:

Caution: The tax rates change because of inflation. Use this rate chart for figuring your 2008 estimated tax. Don't use a 2007 rate chart.

tax rate for the electing owner's filing status. See page 3 for the 2008 estimated tax rate charts for individuals. Use Form 40-ESV, *Oregon Estimated Income Tax Payment Voucher*, in the PTE's name to make the tax payment.

For **C corporation** electing owners: multiply the electing owner's share of Oregon-source distributive income by 6.6 percent. Use Form 20-V, *Oregon Corporation Tax Payment Voucher*, to make the tax payment.

For **estate** electing owners, tax payments aren't required. If you choose to make payments, multiply the electing owner's share of Oregon-source distributive income by the tax rate for married filing separately. See the 2008 estimated tax rate charts above. Use Form 41-V, *Oregon Fiduciary Payment Voucher*, to make the tax payment.

For **trust** electing owners, tax payments aren't required. If you choose to make payments, multiply the electing owner's share of Oregon-source distributive income by the tax rate for married filing separately. See the 2008 estimated tax rate charts above. Use Form 41-V, *Oregon Fiduciary Payment Voucher*, to make the tax payment.

Tiered entities

A pass-through entity that owns an interest in another pass-through entity (upper-tier entity) is not allowed to join in the composite filing. Thus, tax payments are not required if the owner of the PTE is another PTE such as an LLC, LLP, partnership, S Corporation, or trust. If the owner is another PTE, the upper-tiered PTE is required to make tax payments on behalf of its individual and C corporation owners.

Example: The owners of Partnership A are: Partnership B, one LLC, one S corporation, three individuals, and two C corporations. Partnership A (the lower-tiered entity) is required to make tax payments for the three individuals and two C corporations only. Partnership A is not required to make tax payments on behalf of the upper-tiered entities (Partnership B, the LLC, or the S corporation). Each

of these upper-tiered PTEs is required to have its owners elect to join in a composite filing or the upper-tiered entity is required to withhold and remit based on the ownership of that tier.

Remitting instructions

Use only **one** Form 40-ESV (for individual electing owners), **one** Form 20-V (for corporate electing owners), or one Form 41-V each (for estates and trusts) to report estimated payments. Do not file a separate voucher for each electing owner. Instead, file one voucher in the PTE's name for each tax type. Enter the name, address, FEIN, and BIN of the PTE on the voucher, not the electing owner's identifying information. **Be sure to check the "Composite Return" box on each voucher you file.**

Mail completed vouchers and payment to:

Oregon Department of Revenue
PO Box 14950
Salem OR 97301-0980

Due dates for estimated tax payments

The due dates for estimated tax payments follow the due dates required for the majority of the electing owners.

- If the majority of electing owners are **calendar year filers**, the due dates for the estimated tax payments are: 1st quarter, April 15, 2008; 2nd quarter, June 16, 2008; 3rd quarter, September 15, 2008; and 4th quarter, January 15, 2009 (or December 15, 2008 for corporate calendar year filers).
- If the majority of the electing owners are **fiscal year filers**, the estimated tax due dates are the 15th day of the fourth, sixth, ninth, and twelfth months following the beginning of the fiscal year.

Note: If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

Instructions for Schedule OC1— Individual owners

Fill in the PTE’s name, year-end date, FEIN, BIN, and the name and telephone number of the person preparing the schedule.

Lines 1 through 20. For each electing individual owner, complete one line. If more than 20 lines are needed, use additional copies of Schedule OC1. Enter the following information:

Column (a). Enter the individual’s filing status. Use “J” for married filing jointly or qualifying widow(er); “S” for single filers; “H” for head of household; or “M” for married filing separately.

Column (b). Enter the electing owner’s ownership percentage in the PTE.

Column (c). Enter the electing owner’s total share of distributive income from the PTE (this is the amount that is to be reported on the electing owner’s federal tax return).

Column (d). Enter the electing owner’s distributive income from Oregon sources only, less the deduction for one-half self-employment tax attributable to Oregon sources.

Column (e). Use the 2007 tax rate charts on page 4 to calculate Oregon income tax based on filing status.

Column (f). Calculate the credit for income taxes paid to another state (Virginia, Indiana, and Arizona only). See page 28 of Form 40N for instructions.

Column (g). Subtract the amount in column (f) from the amount in column (e) and enter the result.

Column (h). Enter the estimated tax payments made by the PTE on the electing owner’s behalf.

Column (i). Calculate interest on underpayment of estimated taxes. Interest on the underpayment of estimated tax is due when an individual electing owner has a tax liability in excess of \$1,000 after credits. Calculate the interest for each owner separately using Form 10, *Underpayment of Oregon Estimated Tax*.

Line 21(g). Total the amounts shown on all lines of column (g) and enter the result here and on Form OC, line 1(a).

Line 21(h). Total the amounts shown on all lines of column (h) and enter the result here and on Form OC, line 2(a).

Line 21(i). Total the amounts shown on all lines of column (i) and enter the result here and on Form OC, line 6(a).

Note: If you use more than one Schedule OC1, total all pages on the first page and carry that amount to Form OC.

Estates or trusts

If the electing owner is an estate or trust, adapt and complete Schedule OC1 as it pertains to the estate or trust.

Refer to the basic instructions for Schedule OC1, on page 3. In column (e), use the married filing separately tax rate. See the 2007 tax rate charts below. Do not complete column (i), interest on underpayment of estimated tax—this does not apply to estates or trusts. Enter the total of column (g) on line 21 and on Form OC, page 2, line 1. Page two of Form OC is designed for estates (lines 1c – 10c) and trusts (lines 1d – 10d).

Grantor trusts may join in a composite filing. Use the grantor’s Social Security number from Schedule OC1 as long as the grantor is still living. Enter the grantor’s information in the “Individual” column of Form OC. Once the grantor trust becomes an irrevocable trust, use the trust’s tax identification number on Schedule OC1. Enter the irrevocable trust’s information in the “Trust” column on Form OC.

Simple or complex trusts may join in the composite filing using the appropriate tax identification number on Schedule OC1. Enter the trust’s information in the “Trust” column of Form OC.

Instructions for Schedule OC2— C corporation owners

Fill in the PTE’s name, year-end date, FEIN, BIN and the name and telephone number of the person preparing the schedule.

Lines 1 through 20. For each electing corporate owner, complete one line. If more than 20 lines are needed, use additional copies of Schedule OC2. Enter the following information:

2007 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 \$2,850.....	5% of taxable income		
Over \$2,850 but not over \$7,150	\$143 plus 7% of the excess over \$2,850		
Over \$7,150.....	\$444 plus 9% of the excess over \$7,150		
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 \$5,700.....	5% of taxable income		
Over \$5,700 but not over \$14,300	\$285 plus 7% of the excess over \$5,700		
Over \$14,300.....	\$887 plus 9% of the excess over \$14,300		

Column (a). Enter the type of tax the corporate owner is subject to. Enter "E" for corporate excise tax or "I" for corporate income tax. Contact us if you don't know which tax you are subject to. See page 14.

Column (b). Enter the electing owner's ownership percentage in the PTE.

Column (c). Enter the electing owner's total share of distributive income from the PTE (this is the amount that is to be reported on the electing owner's federal tax return).

Column (d). Enter the electing owner's distributive income from Oregon sources only.

Column (e). Multiply the amount reported in column (d) by 6.6 percent. If there is an "E" in column (a) and the result is less than \$10, enter \$10 for that owner.

Column (f). A C corporation with Oregon sales of less than \$5 million for the tax year may claim a credit equal to 67 percent of the tax shown in column (e). See page 2 for instructions on computing "Oregon sales."

Column (g). Subtract the amount in column (f) from the amount in column (e) and enter result.

Column (h). Enter the estimated tax payments made by the PTE on the electing owner's behalf.

Column (i). Calculate interest on underpayment of estimated taxes. Interest on underpayment of estimated tax is due when a corporate electing owner has a tax liability in excess of \$500 after credits. Calculate the interest for each owner separately using Form 37, *Underpayment of Oregon Corporation Estimated Tax*.

Line 21(g). Total the amounts shown on all lines of column (g) and enter the result here and on Form OC, line 1(b).

Line 21(h). Total the amounts shown on all lines of column (h) and enter the result here and on Form OC, line 2(b).

Line 21(i). Total the amounts shown on all lines of column (i) and enter the result here and on Form OC, line 6(b).

Note: If you use more than one Schedule OC2, total all pages on the first page and carry that amount to the Form OC.

Schedules OC1 and OC2 or equivalent must be filed with the composite return. Schedules OC1 and OC2 report each nonresident owner's Oregon tax liability. A computer-created schedule is acceptable in lieu of the schedule if it contains the information for each owner who elects to participate in the filing of the composite return that is required on Schedule OC1 or OC2.

Line instructions for Form OC

PTEs must file Form OC, *Oregon Composite Return* on behalf of electing nonresident owners. As the designated agent, the PTE is liable for any tax, penalty, and interest due, including interest on underpayment of estimated tax.

When completing the header section of Form OC, be sure to include the number of each type of electing owner of the PTE. For example, if the PTE is owned by eight S corporations and

15 individuals, include only the 15 individual owners who have elected to join in the composite filing.

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

5. Penalty and interest. Include a penalty payment if you:

- Pay your tax due after the original due date (even if you have an extension).
- File the composite return showing tax due after the due date, including any extension.

Penalty is 5 percent of the unpaid balance of your tax as of the due date, not including extensions (generally April 15). If you file more than three months after the due date or extension due date, add an additional 20 percent penalty, for a total of 25 percent of the unpaid tax.

If you don't pay the tax due by the due date, interest is due on the unpaid tax. The current interest rate is 9 percent per year or 0.75 percent per month. Interest is figured daily (0.0247 percent per day) for periods of less than a month. A month, for example, is May 16 to June 15. Here's how to figure daily interest:

$\text{Tax} \times 0.000247 \times \text{Number of days past the due date of the return}$

If the tax is not paid within 60 days of the original billing notice, the interest rate increases to 13 percent per year.

6. Interest on estimated tax underpayment. You must pay interest on underpayment of estimated tax if the amount on line 4 is \$1,000 or more for individuals, or \$500 or more for corporations. To determine if there is an underpayment, individuals use Form 10, *Underpayment of Oregon Estimated Tax*. Corporations use Form 37, *Underpayment of Oregon Corporation Estimated Tax*. See instructions for Schedule OC1 or OC2.

8. Balance due. Payment of the amount due must accompany the Oregon composite return. The PTE must pay the total amount due on behalf of the nonresident owners. The balance due must include the tax shown plus any penalty or interest as required by Oregon law.

Remitting payment. Where an overpayment exists for either column a, b, c, or d, and a tax due exists in any one of the other columns, the tax due cannot be offset by an overpayment shown in another column. You must remit payment for amounts in column (a) with Form 40-V, *Oregon Income Tax Payment Voucher* for individual owners. Remit payment for amounts in column (b) with Form 20-V, *Oregon Corporation Tax Payment Voucher* for corporate owners. Remit payments for amounts in column (c) or (d) with Form 41-V, *Oregon Fiduciary Payment Voucher*. Please remit the exact amount reported in columns (a), (b), (c), or (d). Rounding is required and the payment must match the amount shown on the return.

If a refund is shown in any of those columns, the department will issue a separate check for the amount shown in each column.

Filing Form OC. Mail the completed Form OC to the Oregon Department of Revenue. If all columns of Form OC show a refund is due, mail to:

Oregon Department of Revenue
PO Box 14700
Salem OR 97309-0930

If **one** or more columns shows a tax-to-pay amount, mail the return to:

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

Revoking election to join in the filing of a composite return

An electing owner may revoke their election to join in the filing of the composite return. To revoke an election, report the Oregon-source distributive income from the PTE on:

- An Oregon individual income tax return; or
- An Oregon corporate excise or income tax return.

If the PTE has made estimated payments in the PTEs name, the PTE must request the department to transfer the payment from the PTE to the revoking owner at the revoking owner's request. The decision to revoke a previous election by one or more owners has no effect on the election of the remaining owners. Transferring payments from one account to another may delay the processing of the revoking owner's return.

Requesting transfer of payment

PTE instructions

The PTE is required to file a statement requesting that payments made on behalf of a revoking owner be transferred from the PTE's name to the revoking owner's name. See page 13. File this statement with the department as soon as the owner revokes the election to join in the composite filing and provide a copy of the request to the revoking owner. This statement must be filed before either the composite return or the revoking owner's return is filed. Send to: Oregon Department of Revenue, PO Box 14999, Salem OR 97309.

Revoking owner instructions

The revoking owner must attach a copy of the transfer request to the revoking owner's tax return. A separate return filed by a revoking owner is treated as an original return and the tax liability shown on the return, if any, will be subject to penalty and interest. If the revoking owner does not have adequate estimated tax payments on account, the revoking owner will be subject to interest on underpayment of estimated tax.

Amending the composite return

The PTE may file an amended return to adjust any item reported on the original composite filing or to carry back Oregon net operating losses. File Form OC for the year

that is being adjusted or the year to which the loss is being carried and check the "Amending" box in the header. File a schedule with the amended return that reconciles prior payments and refunds to the corrected tax. For corporate excise and income tax purposes, net operating losses may only be carried forward.

Net operating loss carryback for individual income tax purposes only. Attach a schedule to the amended return naming the owners and showing the year and calculation of the net operating loss.

When you file the amended return, you must remit payment along with a Form 40-V, *Oregon Income Tax Payment Voucher* for individual owners, Form 20-V, *Oregon Corporation Tax Payment Voucher* for corporate owners, or Form 41-V, *Oregon Fiduciary Payment Voucher* for estates and trusts, for each amount shown in each column; a, b, c, or d separately.

Any refund will be paid to the PTE regardless of any ownership changes or changes in the identity of the owners participating in the composite filing.

Note: A PTE may receive more than one refund check from one composite filing depending on whether the owners are corporate, individual, estates, or trusts.

Instructions for electing owners who have other Oregon-source income

Electing owners who have additional income from Oregon sources or who are doing business in Oregon are required to file their own tax return in addition to the composite return. Nonresident individual owners will file on Form 40N, *Oregon Individual Income Tax Return for Nonresidents*. Corporate owners will file on Form 20, *Oregon Corporation Excise Tax Return* or Form 20-I, *Oregon Corporation Income Tax Return*. Estate and trust owners will file on Form 41, *Oregon Fiduciary Income Tax Return*. Download these forms from our website, www.oregon.gov/DOR. Or, contact us to order them. See page 14.

An adjustment will need to be made on the electing owner's tax return to reflect the tax paid on the owner's share of Oregon-source distributive income with the *Oregon Composite Return*.

For personal income taxpayers, include the total distributive income (from the K-1 received from the PTE) in the federal column of Form 40N, line 18F. Include the total Oregon-source distributive income [from Schedule OC1, column (d)] in the Oregon column of Form 40N, line 18S. Subtract the amounts related to the PTE that are shown on Form 40N, lines 18F and 18S from both the federal and Oregon columns of Form 40N, lines 37F and 37S. Identify the subtraction using numeric code 341.

For corporate taxpayers, enter the "net tax" amount from Schedule OC2, column (g) of the electing owner's line on Form 20, line 17 or Form 20-I, line 18 for the adjustment related to the tax paid on the income from the PTE.

Instructions for Oregon Affidavit

If the owner of the PTE chooses not to join in the filing of a composite return, the PTE must withhold tax from the non-electing owner's Oregon-source distributive income if the non-electing owner does not meet an exception or file an Oregon Affidavit. To be exempt from the withholding requirement, the non-electing owner must file an Oregon Affidavit with the department as soon as it is known that the owner will receive Oregon-source distributive income from the PTE. The non-electing owner must provide a copy of a completed Oregon Affidavit to the PTE so the PTE will not withhold tax on the Oregon-source distributive income. See page 8.

The non-electing owner must file the affidavit before receiving any distribution from the PTE to the non-electing owner. The affidavit is valid until it is replaced by a subsequent filing due to changes in the ownership of the PTE, or any change of information relating to the non-electing owner. A new affidavit must be filed each time there is such a change.

Revoking an affidavit

To revoke a previously filed affidavit, send a copy of the original affidavit with the revocation section completed to the department and the PTE. See page 8.

**OREGON AFFIDAVIT
FOR A NONRESIDENT OWNER
IN A PASS-THROUGH ENTITY**

Beginning with tax year: _____

For Office Use Only
Date Received

NONRESIDENT OWNER INFORMATION

Name of Nonresident Owner			Social Security No. or Federal Employer Identification No.
Street or Mailing Address			Oregon Business Identification No. (if applicable)
City	State	ZIP Code	Telephone Number ()
Ownership Percentage %	Estimated Oregon-Source Distributive Income Each Year \$		

PASS-THROUGH ENTITY INFORMATION

Name of Pass-Through Entity (PTE)			Federal Employer Identification Number
Street or Mailing Address			Oregon Business Identification Number
City	State	ZIP Code	Telephone Number ()

This form must be filed every time a change occurs.

AGREEMENT TO FILE

I agree to timely file all required Oregon income or excise tax return(s) and to make timely payments of all taxes imposed by the state of Oregon with respect to my share of the Oregon income of the pass-through entity named above. I understand that I am subject to the jurisdiction of the state of Oregon for purposes of the collection of unpaid income tax, together with related penalties and interest.

SIGNATURE

Taxpayer's or Authorized Agent's Signature	Date
X	

REVOCATION

By signing below, I also agree to the following:

- I am subject to withholding on the income from the above-listed PTE;
 I am no longer an owner in the above-listed PTE; or
 I am joining in the filing of an Oregon Composite Return.

SIGNATURE

Taxpayer's or Authorized Agent's Signature	Date
X	

Mail to:
**OREGON DEPARTMENT OF REVENUE
 PTAC COMPLIANCE
 955 CENTER ST NE
 SALEM OR 97301-2555**

Oregon Department of Revenue
Composite Return Tax Calculation For Individual Owners

Name of Pass-Through Entity (PTE)	Federal Employer Identification Number (FEIN)
Name and Telephone Number of Person Preparing This Schedule	Oregon Business Identification Number (BIN)
Entity Year End	

Total number of owners included in this group return: _____

Electing Nonresident Member Information

Nonresident Member Name	Social Security Number	(a) Filing Status	(b) Ownership Percentage	(c) Share of Federal Income	(d) Share of Oregon-source Distributive Income	(e) Oregon Income Tax	(f) Credit for Income Taxes Paid to VA, IN, AZ	(g) Net Oregon Income Tax	(h) Share of Estimated Tax Paid	(i) Interest on Underpayment of Tax
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										
21. Total for each column (g), (h), and (i)										

Attach this schedule to your Form OC, Oregon Composite Return.
 Make copies of this page for additional nonresident owners electing to join the composite filing.
 If using more than one page, total all pages on line 21 of the first page.

2007 Schedule OC2

Oregon Department of Revenue Composite Return Tax Calculation for Owners that are C Corporations

Name of Pass-Through Entity (PTE)	Federal Employer Identification Number (FEIN)
Name and Telephone Number of Person Preparing This Schedule	Oregon Business Identification Number (BIN)
Entity Year End	

Electing Nonresident Member Information										
Corporation Name	FEIN	(a) Tax Type (E or I)	(b) Ownership Percentage	(c) Share of Federal Income	(d) Share of Oregon-source Distributive Income	(e) Oregon Excess or Income Tax	(f) One-time Small Sales Credit 67%	(g) Net Tax	(h) Share of Estimated Tax Paid	(i) Interest on Underpayment of Tax
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										

21. Total for each column (g), (h), and (i)

Attach this schedule to your Form OC, Oregon Composite Return.
Make copies of this page for additional nonresident owners electing to join the composite filing.
If using more than one page, total all pages on line 21 of the first page.

Form
OC
Page 1

OREGON COMPOSITE
RETURN 2007

For office use only			
F	B	E	T

Use this form for qualified electing nonresident individuals and corporate owners who are subject to personal income or corporate income or excise tax. For owners of the pass-through entity who are estates or trusts, complete page 2. Complete this return in blue or black ink only.

Name of Pass-Through Entity		Oregon Business Identification Number (BIN)	
Number and Street	PO Box	Federal Employer Identification Number (FEIN)	
City or Town	State	Zip Code	
Type of PTE Filing This Return (Check Box): <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Trust <input type="checkbox"/> LLP		If Amending, Check Here <input checked="" type="checkbox"/>	If Extension Was Filed, Check Here <input type="checkbox"/>
Number of Owners Included in This Composite Return That Are: Individuals _____ C Corporations _____ Estates _____ Trusts _____			Fiscal Year End:

	Individual Income Tax	Corporate Income or Excise Tax
1. Net tax [from Schedule OC1 or OC2, column 21 (g)].....	1a	1b
2. Estimated tax paid [from Schedule OC1 or OC2, column 21(h)] or amount paid with extension (if any).....	2a	2b
3. Overpayment. Is line 1 less than line 2? If so, line 2 minus line 1	3a	3b
4. Tax to Pay. Is line 1 more than line 2? If so, line 1 minus line 2	4a	4b
5. Penalty and interest. (See instructions, page 5)	5a	5b
6. Interest on underpayment of estimated tax [Schedule OC1 or OC2, column 21(i)]	6a	6b
7. Amount you owe. Add lines 4 through 6. This is the amount you owe	7a	7b
8. Balance due. Is line 7 more than line 3? If so, line 7 minus line 3	8a	8b
9. Refund. Is line 3 more than line 7? If so, line 3 minus line 7	9a	9b
10. Fill in the part of line 9 you want applied to your 2008 estimated tax	10a	10b
11. Net refund. Line 9 minus line 10. This is your net refund	11a	11b

Under penalty of false swearing, I declare that the information in this return and any attachments is true, correct, and complete.	
SIGN HERE Keep a copy of this return for your tax records	Signature of General Partner, LLC Member, or Officer X
	Title ()
	Paid Preparer's Signature X
	Preparer's Name and Address ●
	Date
	Telephone
	Date
	Preparer License Number

Make check or money order payable to: Oregon Department of Revenue

Write the pass-through entity's FEIN or BIN and "2007 Oregon Form OC" on your payment.

Mail to: Refund or No Tax Due
Oregon Department of Revenue
PO Box 14700
Salem OR 97309-0930

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

OREGON COMPOSITE RETURN 2007

Name of Pass-Through Entity	Oregon Business Identification Number (BIN)
-----------------------------	---

	Estates	Trusts
1. Net tax [from Schedule OC1, column 21 (g)] 1c		1d
2. Estimated tax paid [from Schedule OC1, column 21(h)] and amount paid with extension (if any)..... 2c		2d
3. Overpayment. Is line 1 less than line 2? If so, line 2 minus line 1 3c		3d
4. Tax to Pay. Is line 1 more than line 2? If so, line 1 minus line 2 4c		4d
5. Penalty and interest. (See instructions, page 4)..... 5c		5d
6. Amount you owe. Add lines 4 and 5. This is the amount you owe 6c		6d
7. Balance due. Is line 6 more than line 3? If so, line 6 minus line 3..... 7c		7d
8. Refund. Is line 3 more than line 6? If so, line 3 minus line 6..... 8c		8d
9. Fill in the part of line 8 you want applied to your 2008 estimated tax 9c		9d
10. Net refund. Line 8 minus line 9. This is your net refund..... 10c		10d

Note: You do not need to file page 2 of Form OC if there are no electing owners that are estates or trusts. Remember, Grantor Trusts are entered in the individual column on page one of Form OC.

Tax Year

Oregon Composite Return Payment Transfer Request for Transfers from Pass-Through Entity to Non-electing Owner

For Office Use Only
Date Received

Use this form for nonresident owners when tax payments need to be transferred from the entity to the owners because the owners are not joining in the composite filing and estimated taxes have already been paid in the pass-through entity's name.

Name of Pass-through Entity			Federal Employer Identification Number (FEIN)
Number and Street	PO Box		Oregon Business Identification Number (BIN)
City or Town	State	ZIP Code	Office Use Only

Note: It takes 8-12 weeks to process your request to move tax payments from one account to another.

Individual Name (Last, First)	SSN/FEIN or BIN	Address, City, State, ZIP Code	Total Estimated Payments to Transfer
1.			\$
2.			\$
3.			\$
4.			\$
5.			\$
6.			\$
7.			\$
8.			\$
9.			\$
10.			\$
11.			\$
12.			\$
13.			\$
14.			\$
15.			\$
16.			\$
17.			\$
18.			\$
19.			\$
20.			\$
21.			\$
22.			\$
23.			\$
24.			\$
25.			\$

Under penalties for false swearing, I certify that I am authorized to request transfer of estimated tax payments from the above-named pass-through entity's tax account to the tax accounts listed above.

SIGN HERE
 Keep a copy of this return for your tax records

Signature of General Partner, LLC Member, or Officer X	Date
Title	Telephone ()
Paid Preparer's Signature X	Date
Preparer's Name and Address	Preparer License Number

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 website, 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 the entire list to the address below.

Forms and instructions

- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Form 40-V, *Oregon Income Tax Payment Voucher* 150-101-172
- Form 41-V, *Oregon Fiduciary Tax Payment Voucher* 150-101-173
- Form 41-ESV, *Oregon Individual Estimated Tax Payment Voucher* 150-101-026
- Form 20, *Corporation Excise Tax* 150-102-020
- Form 20-I, *Corporation Income Tax* 150-102-021
- Form 20-V, *Oregon Corporation Tax Payment Voucher* 150-102-172
- Estimated Income Tax Payment Instructions and Vouchers*..... 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 37, *Underpayment of Corporation Estimated Tax* 150-102-037
- Form 65, *Partnership Return of Income* 150-101-065

Publications

- 2-D Barcode Filing for Oregon* 150-101-631
- Audits: What To Do if You Are Audited* 150-101-607
- Computing Interest on Tax You Owe* 150-800-691
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon*..... 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Record-Keeping Requirements* 150-101-608
- 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

Check your refund at www.oregonrefund.com



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

This e-mail address is not secure. Do not send any personal information. General questions only.

Questions?

Write

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 area or outside Oregon 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
 Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.
 Extended hours during tax season (wait times may vary):
 April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
 Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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

Visit a field office to get forms and assistance. **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
- Lake Oswego** 6405 SW Rosewood Street, Suite A
- Medford** 3613 Aviation Way, #102
- 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

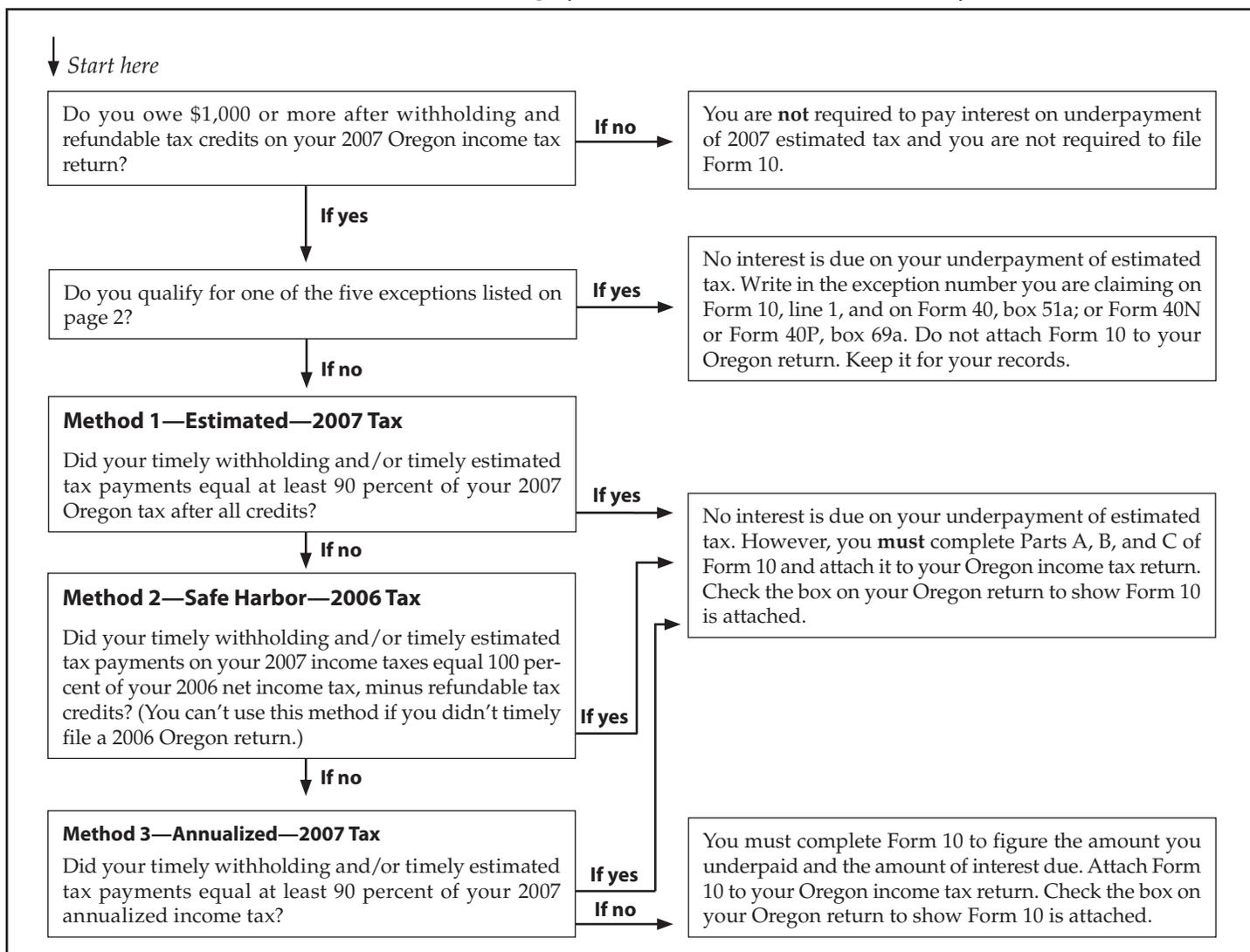
2007 OREGON

Form 10 and Instructions for Underpayment of Estimated Tax

General information

Oregon law requires some taxpayers to make estimated tax payments. Interest is charged on underpayments or late payments. The table below will help you determine if you owe interest on underpayment of your 2007 estimated tax.

Do I Owe Interest on Underpayment of 2007 Estimated Tax Payments?



Instructions

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

Line 1—Claiming an exception

If you qualify for one of the following exceptions, enter the exception number on Form 10, line 1 and on Form 40, line 51a; or Form 40N or Form 40P, line 69a. Do not attach Form 10 to your return. Keep it for your records.

Exception 1—Farmers and commercial fishermen.

If at least two-thirds (66.7 percent) of your 2006 or 2007 total gross income is from farming or fishing, you don't have to pay underpayment interest.

Gross income includes items such as wages, interest, and dividends. It also includes gross profit from rentals, royalties, businesses, farming, fishing, and the sale of property. When figuring gross profit, subtract only the cost of goods sold. When figuring gross profit on the sale of property, subtract only the adjusted basis or cost.

Farmers. Use the amounts on the following lines of both your **2006 and 2007** federal income tax returns to determine your gross income from farming:

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

Fishermen. Use the amounts on the following lines of both your **2006 and 2007** federal income tax returns to determine your gross income from fishing:

- Federal Schedule C, line 5;
- Federal Schedule C-EZ, line 1;
- Federal Schedule E, line 42.

Exception 2—Prior year.

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

- Your net income tax for 2006 was -0- or you were not required to file a return for 2006.
- You were a full-year Oregon resident in 2006.
- Your tax year was a full 12 months.

Your 2006 net income tax is your Oregon income tax after tax credits, including refundable tax credits, but before withholding, estimated tax payments, or payments made with an extension.

Note: If you were a nonresident or a part-year resident in 2006, you can't use this exception. However, you may be able to use the Safe Harbor Method to figure your required annual payment. See Part A instructions on this page.

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

You meet this exception if:

- There was reasonable cause for underpaying your estimated tax, **AND**
 - You retired at age 62 or older during 2006 or 2007, **or**
 - You became disabled during 2006 or 2007.

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

Exception 4—Underpayment due to unusual circumstances.

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

Exception 5—S corporation shareholders.

Contact the Department of Revenue to see if you meet this exception. See page 8 for numbers to call.

PART A—Figure your required annual payment

Line 2. Fill in your 2007 net income tax amount from Form 40, line 41; or Form 40N or Form 40P, line 58.

Line 3. Fill in your total 2007 refundable tax credit amounts from Form 40, lines 44–46; or Form 40N or Form 40P, lines 62–64.

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

Line 8. Enter your 2006 tax after all credits, Form 40, line 41 minus lines 44–46; Form 40N, line 59 minus lines 62–64; or Form 40P, line 58 minus lines 61–63. If your 2006 tax after credits is less than zero, enter -0-.

If you didn't file a return for 2006, or your 2006 return was not timely filed (including extensions), or your 2006 tax year was less than 12 months, **don't** complete line 8. Enter the amount from line 5 on line 9. **Note:** If you were a part-year resident or nonresident in 2006 and you have a tax year of 12 months, you may use the tax shown on your 2006 Form 40N, line 59 minus lines 62–64; or Form 40P, line 58 minus lines 61–63.

PART B—Figure your required periodic payment

Line 11. Divide line 9 by four and enter the amount in each column. If you moved into or out of Oregon in 2007, use the column(s) that correspond to the dates you lived in Oregon. Divide the amount on line 9 by the number of periods you were a resident of Oregon. This is your required payment for the period.

OR

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

PART C—Figure your interest

Interest is calculated on the balance of tax due (running balance) between event dates. The required payments due on April 17, 2007, June 15, 2007, September 17, 2007, and January 15, 2008 increase your running balance. Withholding and estimated payments decrease your running balance. Underpayment interest accrues until the balance is paid in full or April 15, 2008, whichever is earlier. Interest will continue to accrue on any tax due after April 15, 2008 and will be computed separately.

Date and amount columns

Lines 12, 17, 22, and 28. Enter your required payments from line 11 in the **Amount** column for each corresponding period. If the required payment is zero, enter -0-.

Lines 13, 18, 23, and 29. Fill in Oregon income tax withheld from your wages, pension, or any other income. Withholding is considered to be paid in equal amounts on the required payment dates (usually four), unless you prove otherwise. If you worked all year, divide your withholding by four and enter the figure in the **Amount** column for the four withholding payment dates. If there was no withholding during the period, enter zero.

Lines 14, 15, and 16. Enter the dates and amounts of any estimated payments you made before June 15, 2007 in date

order. All payments made on or before April 17, 2007 can be added together and entered on line 14.

Lines 19, 20, and 21. Enter the dates and amounts of any estimated payments you made from June 15, 2007 until September 16, 2007 in date order.

Lines 24, 25, and 26. Enter the dates and amounts of any estimated payments you made from September 17, 2007 until January 14, 2008 in date order.

Lines 30, 31, and 32. Enter the dates and amounts of any estimated payments you made from January 15, 2008 until April 15, 2008 in date order.

Running balance column

Running balance is the amount of tax due at any given time during the year. Start on line 12 and work your way down. The required payments on lines 12, 17, 22, and 28 increase your running balance. Withholding and estimated payments on the other lines decrease your running balance. If there is no withholding payment for the period, your running balance will be the same as shown on the required payment line. The rate change on line 27 has no effect on your running balance. Your running balance can be positive, negative, or zero.

Example 1: Catelyn has a required payment of \$5,000 every period. Her total withholding is \$14,000 for 2007 (\$3,500 each period). Catelyn made estimated tax payments of \$2,500 on May 18, 2007 and July 13, 2007 and \$3,000 on August 15, 2007. Catelyn's running balance as of September 17, 2007 is negative \$3,500.

Example 1. Date, Amount, and Running Balance Columns

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/17/07	Req. Pymt.	\$5,000.00	\$5,000.00					
13.	4/17/07	Withholding	\$3,500.00	\$1,500.00		0.007500		0.000247	
14.	5/18/07	Payment	\$2,500.00	(\$1,000.00)		0.007500		0.000247	
15.		Payment				0.007500		0.000247	
16.		Payment				0.007500		0.000247	
17.	6/15/07	Req. Pymt.	\$5,000.00	\$4,000.00					
18.	6/15/07	Withholding	\$3,500.00	\$500.00		0.007500		0.000247	
19.	7/13/07	Payment	\$2,500.00	(\$2,000.00)		0.007500		0.000247	
20.	8/15/07	Payment	\$3,000.00	(\$5,000.00)		0.007500		0.000247	
21.		Payment				0.007500		0.000247	
22.	9/17/07	Req. Pymt.	\$5,000.00	\$0.00					
23.	9/17/07	Withholding	\$3,500.00	(\$3,500.00)		0.007500		0.000247	

Months and days columns

Count the number of full months and days between the first event that creates a positive running balance and the next event that changes your running balance. You will not count the number of days between required payments and withholding payments because they are on the same day. Enter the months and days in the same row as your first event. Continue entering the number of full months and days between events down the column until you reach the last event that affects your running balance. Count the number of full months and days between the last event in your column and April 15, 2008. Underpayment interest is not calculated past April 15, 2008, the due date of the return.

If the running balance is negative or zero, do not calculate the number of days between the day the running balance becomes negative or zero and the next event.

Example 2: Using the information on page 3, Catelyn does not calculate the number of days between her first required payment and first withholding payment. The department recognizes her required payment and withholding on the same day. There is one full month and one day between Catelyn's first withholding payment and first estimated tax payment. Catelyn will enter "1" in the month column on line 13 and "1" in the days column on line 13.

Example 3: Using the information on page 3, Catelyn's estimated tax payment on May 18, 2007 creates a negative running balance on line 14. Because she has met the required payments to date, she will not owe further underpayment interest this period. It is not necessary for her to calculate the number of days between her estimated tax payment and her required payment on June 15, 2007.

Interest column

To calculate your interest, multiply your positive running balance by the number of full months and the monthly rate. Add to this your positive running balance multiplied by the number of days and the daily rate. Do **not** calculate interest on a negative or zero running balance.

Example 4: On line 13, Catelyn has a running balance of \$1,500 for one month and one day. The interest that accrues during this period totals \$11.62 ($[1,500 \times 1 \times 0.007500] + [1,500 \times 1 \times 0.000247]$). Catelyn later has a balance of \$500 for 28 days. The interest that accrues during that period totals \$3.46 ($500 \times 28 \times 0.000247$).

Line 34. Add the amounts in the interest column. Round to the nearest whole dollar and enter here and on Form 40, line 51; or Form 40N or Form 40P, line 69.

Examples 2, 3, and 4. Months, Days, and Interest Columns

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/17/07	Req. Pymt.	\$5,000.00	\$5,000.00					
13.	4/17/07	Withholding	\$3,500.00	\$1,500.00	1	0.007500	1	0.000247	11.62
14.	5/18/07	Payment	\$2,500.00	(\$1,000.00)	-	0.007500	-	0.000247	
15.		Payment				0.007500		0.000247	
16.		Payment				0.007500		0.000247	
17.	6/15/07	Req. Pymt.	\$5,000.00	\$4,000.00					
18.	6/15/07	Withholding	\$3,500.00	\$500.00	-	0.007500	28	0.000247	3.46
19.	7/13/07	Payment	\$2,500.00	(\$2,000.00)	-	0.007500	-	0.000247	
20.	8/15/07	Payment	\$3,000.00	(\$5,000.00)	-	0.007500	-	0.000247	
21.		Payment				0.007500		0.000247	
22.	9/17/07	Req. Pymt.	\$5,000.00	\$0.00					
23.	9/17/07	Withholding	\$3,500.00	(\$3,500.00)	-	0.007500	-	0.000247	

Continued on page 7...

FORM 10 UNDERPAYMENT OF OREGON ESTIMATED TAX 2007
 File with your 2007 Oregon individual income tax return

For Office Use Only
 Date Received

Name _____ Social Security Number _____

EXCEPTION TO PAYING INTEREST

1. I am claiming an exception to the imposition of estimated payment interest because I qualified for relief under ORS 316.573 or 316.587. See instructions and write in the exception number you are claiming here and on Form 40, box 51a; or Form 40N or Form 40P, box 69a 1 **Exception No.** _____

PART A—Figure your required annual payment

2. 2007 net income tax from Form 40, line 41; or Form 40N or Form 40P, line 58	2		.00
3. 2007 refundable tax credit amounts you claimed on Form 40, lines 44–46; or Form 40N or Form 40P, lines 62–64.....	3		.00
4. Line 2 minus line 3	4		.00
5. Multiply line 4 by 90% (0.90).....	5		.00
6. 2007 Oregon income tax withheld from income	6		.00
7. Line 4 minus line 6. If less than \$1,000, stop here! You do not owe underpayment interest	7		.00
8. Enter your 2006 tax after nonrefundable and refundable credits (see instructions)	8		.00
9. Required annual payment. Enter the smaller of line 5 or line 8.....	9		.00

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

PART B—Figure your required periodic payment

10. Payment period due date..... 10

11. Divide the amount on line 9 by four and enter the amount in each column, or if you use the Annualized Income Worksheet on the back of this form, enter the amounts from line 31 here (see instructions) 11

	A	B	C	D
	April 17, 2007	June 15, 2007	Sept. 17, 2007	Jan. 15, 2008

PART C — Figure your interest (See page 3 of the instructions)

	Date	Event	Amount	Running Balance	No. of Months	Monthly Rate	No. of Days	Daily Rate	Interest Due
12.	4/17/07	Req. Pymt.	.	.					
13.	4/17/07	Withholding	.	.		0.007500		0.000247	.
14.		Payment	.	.		0.007500		0.000247	.
15.		Payment	.	.		0.007500		0.000247	.
16.		Payment	.	.		0.007500		0.000247	.
17.	6/15/07	Req. Pymt.	.	.					
18.	6/15/07	Withholding	.	.		0.007500		0.000247	.
19.		Payment	.	.		0.007500		0.000247	.
20.		Payment	.	.		0.007500		0.000247	.
21.		Payment	.	.		0.007500		0.000247	.
22.	9/17/07	Req. Pymt.	.	.					
23.	9/17/07	Withholding	.	.		0.007500		0.000247	.
24.		Payment	.	.		0.007500		0.000247	.
25.		Payment	.	.		0.007500		0.000247	.
26.		Payment	.	.		0.007500		0.000247	.
27.	1/15/08	Rate Chg.		.					
28.	1/15/08	Req. Pymt.	.	.					
29.	1/15/08	Withholding	.	.		0.007500		0.000247	.
30.		Payment	.	.		0.007500		0.000247	.
31.		Payment	.	.		0.007500		0.000247	.
32.		Payment	.	.		0.007500		0.000247	.
33.	4/15/08	— Do not calculate interest after April 15, 2008 —							

34. **Total interest due.** Add the amounts in the interest column. Round to the nearest whole dollar and enter here and on Form 40, line 51; or Form 40N or Form 40P, line 69 34 _____ .00

ANNUALIZED INCOME WORKSHEET

Read the instructions on page 7 **before** completing this worksheet. **Note:** Start with column A. Work down the column, and complete lines 1 through 31 before going on to columns B, C, and D.

	A 1/1/07 to 3/31/07	B 1/1/07 to 5/31/07	C 1/1/07 to 8/31/07	D 1/1/07 to 12/31/07
1. Enter your adjusted gross income for each period (see instructions) 1				
2. Oregon additions for each period (see instructions) 2				
3. Add lines 1 and 2..... 3				
4. Annualization multiplier 4	4	2.4	1.5	1
5. Annualized Oregon income. Multiply line 3 by line 4..... 5				
6. Oregon subtractions for each period (except federal tax)..... 6				
7. Annualization multiplier 7	4	2.4	1.5	1
8. Annualized Oregon subtractions. Multiply line 6 by line 7..... 8				
9. Federal tax from the worksheet on page 7 of the instructions..... 9				
10. Total subtractions. Add lines 8 and 9 10				
11. Enter your net Oregon itemized deductions for each period. If you do not itemize, enter -0- and skip to line 14 (see instructions) 11				
12. Annualization multiplier 12	4	2.4	1.5	1
13. Annualized net Oregon itemized deductions. Multiply line 11 by line 12 13				
14. In each column, enter the full amount of your Oregon standard deduction 14				
15. Enter line 13 or 14, whichever is larger 15				
16. Total deductions. Add lines 10 and 15 16	()	()	()	()
17. Annualized Oregon taxable income. Line 5 minus line 16..... 17				
18. Oregon tax for the amount on line 17 (see tax tables or tax rate chart in the 2007 tax booklet)..... 18				
19. Exemption credit (not annualized) from Form 40, line 33; Form 40N, line 54; or Form 40P, line 53 19				
20. Enter the credits for each period. Do not include exemption credits (see instructions)..... 20				
21. Total credits. Add lines 19 and 20 21	()	()	()	()
22. Net annualized income tax. Line 18 minus line 21 22				
23. Percentage that applies for each period 23	22.5%	45%	67.5%	90%
24. Multiply line 22 by line 23 24				
25. Enter the sum of all amounts from the prior columns of line 31 below (i.e., column A, line 31 amount goes in column B, line 25)..... 25		()	()	()
26. Line 24 minus line 25. If less than zero, enter -0- 26				
27. *Divide line 9, Part A, by four and enter results in each column... 27				
28. Enter the amount from the previous column of line 30 below (i.e., column A, line 30 amount goes in column B, line 28)..... 28				
29. Add lines 27 and 28..... 29				
30. If line 29 is more than line 26, line 29 minus line 26. If line 29 is less than line 26, enter -0- 30				
31. Enter the smaller of line 26 or line 29 here and on Part B, line 11 (see front of the form). Go to line 1 in next column 31				

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

File this form with your 2007 Oregon Individual Income Tax Return

Have questions? See page 8 of the instructions for numbers to call.

Continued from page 4...

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

Note: Are you using the Annualized Income Worksheet to compute your 2008 estimated tax payments? If so, see page 8 for further instructions.

Part-year residents. If you moved into or out of Oregon during the year, use **only** the columns that include the dates you lived in Oregon. You must multiply your Oregon tax (line 18), exemption credit (line 19), and prorated credits (line 20) by your annualized Oregon percentage.

Nonresidents. You must multiply your federal tax subtraction (line 9), itemized deductions or standard deduction (line 11 or 14), exemption credit (line 19), and prorated credits (line 20) by your annualized Oregon percentage.

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

Example 1: Carley received wages for the entire year of 2007. Three months wages belong in column A, five months in column B, eight months in column C, and all 12 months in column D. She also received a lump sum distribution of \$25,000 from her IRA on July 19, 2007. Carley includes the total amount of the distribution in columns C and D only. If Carley received the lump sum distribution on April 26, 2007 instead, she includes it in columns B, C, and D.

Line 2. Enter the amount of Oregon additions (Form 40, line 11; Forms 40N or 40P, line 34S) claimed during the period shown at the top of each column.

Example 2: Payton has an Oregon addition of \$6,000 for California bond interest received in September 2007. Payton enters the \$6,000 in column D. If she received the interest at

\$500 a month, she would enter \$1,500 (for three months) in column A, \$2,500 (for five months) in column B, \$4,000 (for eight months) in column C, and all \$6,000 (for 12 months) in column D.

Line 6. Enter the amount of Oregon subtractions (Form 40, line 19; Forms 40N or 40P, line 37S) claimed during the period shown at the top of each column.

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

If you are filing Form 40N, multiply your federal tax subtraction by your Oregon percentage from Form 40N, line 39.

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

Example 3: Generally, home mortgage interest is a deduction paid evenly throughout the year. Three months of home mortgage interest belong in column A (January, February, and March), five months in column B, eight months in column C, and all 12 months of interest in column D.

Example 4: Medical expenses claimed as medical deductions generally are not incurred evenly throughout the tax year. For example, Jill made deductible payments on a hospital bill in 2007. She made a payment of \$990 in April, another of \$1,995 in June, and the final payment of \$2,271 in October. (All amounts are after the 7.5 percent federal AGI limitation.) Jill will enter the \$990 payment in column B. The April payment **plus** the June \$1,995 payment (totaling \$2,985) will go

Federal Tax Subtraction Worksheet (line 9)	(A) Jan 1 to Mar 31	(B) Jan 1 to May 31	(C) Jan 1 to Aug 31	(D) Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period1				
2. Annualization multiplier2	4	2.4	1.5	1
3. Multiply line 1 by line 23				
4. Actual federal itemized deductions for each period. If you do not itemize, skip to line 7 of this worksheet4				
5. Annualization multiplier5	4	2.4	1.5	1
6. Multiply line 4 by line 56				
7. Enter the full amount of your 2007 federal standard deduction in each column7				
8. Enter line 6 or line 7, whichever is larger8	()	()	()	()
9. Line 3 minus line 89				
10. 2007 federal exemption amount (Form 1040, line 42, or Form 1040A, line 26)10	()	()	()	()
11. Annualized federal taxable income. Line 9 minus line 1011				
12. Federal tax on line 11 amount for each period (use the federal tax tables)12				
13. Enter \$2,750 if you are married filing separately or \$5,500 for any other filing status in each column.....13				
14. Enter the smaller of line 12 or 13. Also enter this amount in each column on line 9 of the Annualized Income Worksheet.....14				

in column C. In column D, she will enter \$5,256, the total deductible amount of all three payments.

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

Line 18. Use the tax tables or tax rate chart in your 2007 Oregon income tax booklet. Line 17 is your annualized Oregon taxable income for each column.

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

Example 5: Sam installed a residential alternative energy device on September 4. He qualifies for a credit of \$160. Sam includes \$160 in column D only.

Estimating your 2008 tax payments

You can use the Annualized Income Worksheet as a guide to compute your 2008 annualized estimated tax payments. Follow the instructions provided for the worksheet. When completing the worksheet, be sure to use the 2008 figures for the Oregon exemption credit, federal tax subtraction, and tax rate charts. You can find these in our publication, *Oregon 2008 Instructions for Estimated Income Tax and Form 40-ESV Payment Voucher*. To order, call the numbers listed below.

When completing the Annualized Income Worksheet, line 25, enter all previous 2008 estimated tax payments in columns B, C, and D. Do not complete the worksheet past line 26. This is your required estimated tax payment for each period of 2008. Questions? See below for numbers to call.

Taxpayer assistance

Internet www.oregon.gov/DOR

Check your refund at www.oregonrefund.com



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

This e-mail address is not secure. Do not send any personal information. General questions only.

Field offices

Visit a field office to get forms and assistance. **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
- Lake Oswego** 6405 SW Rosewood Street, Suite A
- Medford** 3613 Aviation Way, Suite 102
- 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

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our website, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Questions?

Write

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 area or outside Oregon..... 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 2007 personal income tax refund.
 - Order tax forms.
 - Hear recorded tax information.
 - Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):
April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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.

Introduction

Purpose of form

For tax years beginning on or after January 1, 2006, a pass-through entity (PTE) with distributive income from Oregon sources must withhold tax from its nonresident owners who do not elect to join in a composite filing. The PTE withholds and remits tax using the payment voucher in these instructions. Nonresident withholding is a prepayment of Oregon income and excise tax for nonresident owners of pass-through entities.

Definitions

Throughout these instructions, the following terms are used:

“FEIN” is federal employer identification number.

“BIN” is Oregon business identification number. If you do not know your Oregon BIN, leave the space on the form blank when asked for this number.

“Owner” is a partner of a partnership or limited liability partnership (LLP), shareholder of an S corporation, member of a limited liability company (LLC), or beneficiary of a trust.

“Pass-through entity (PTE)” is a partnership, S corporation, LLP, LLC, or certain trusts.

“Electing owner” is an owner who chooses to join in the filing of a composite return.

“Non-electing owner” is an owner who chooses not to join in the filing of a composite return and is subject to withholding on their distributive share of the income from the PTE.

Questions and answers

What is pass-through entity withholding?

Pass-through entity withholding is a prepayment of Oregon income or excise tax for nonresident owners of pass-through entities similar to estimated tax payments. Nonresident owners are C corporations who have no commercial domicile in Oregon and individuals who are not residents of Oregon under Oregon Revised Statute (ORS) 316.027.

Is this the same as the withholding sent in for employees?

No. What you refer to is called payroll withholding. This is withholding for owners in pass-through entities, not employees. They are not the same.

What forms do PTEs use to report withholding?

The PTE uses Form OR-19 and Form TPV to report withholding.

How do PTEs report withholding information to the Oregon Department of Revenue?

PTEs withhold and remit the tax on any distribution that includes Oregon-sourced income using Form TPV. Tax must

be remitted by the quarterly due dates for estimated payments. See page 3.

Do I need to obtain a separate tax identification number, such as a BIN, to report this new withholding, or can I use my existing number?

You do not need to obtain a separate tax identification number to report the PTE withholding. You report the withholding using the name and tax identification number of the owner, not the pass-through entity who is making the payment.

How do PTEs report withholding information to their owners?

PTEs report the tax paid on behalf of the nonresident owner using Form OR-19 and Form TPV. See page 4.

Where should payments be sent?

Mail tax payments to:

Oregon Department of Revenue
PO Box 14950
Salem OR 97301-0980

Is interest charged on late payments of withholding?

Yes. Interest is charged beginning the day after the due date of the payment.

Does withholding exempt a nonresident owner from filing an Oregon return?

No. Nonresident owners are still required to file the Oregon personal income tax return, or corporate income tax or excise tax return, whichever is applicable.

If the nonresident owner signs an affidavit to be exempt from withholding, does that relieve them of the requirement to file an Oregon return?

No. Nonresident owners are still required to file tax returns. If the taxpayer does not file required returns after completing the Oregon affidavit, the department will proceed with filing enforcement and appropriate failure-to-file and pay penalties plus interest will be assessed.

If withholding is more than the nonresident owner's tax liability, can the nonresident owner receive an early refund?

No. There is no way to file for an early refund.

Is withholding required on beneficiaries of trusts or estates?

Withholding is required if the trust is a grantor trust. A grantor trust is not recognized for tax purposes because the grantor retains substantial control. Withholding is not required on beneficiaries of an estate. An estate is not considered a pass-through entity for this purpose only.

Are PTEs required to withhold on its nonresident owner if that owner is itself a PTE?

A pass-through entity that owns an interest in another pass-through entity (upper-tier entity) is not allowed to join in

the composite filing. Thus, withholding is not required if the owner of the PTE is another PTE such as an LLC, LLP, partnership, S corporation, estate, or trust. If the owner is another PTE, the upper-tiered PTE is required to withhold tax on behalf of its individual and C corporation owners.

Example: The owners of Partnership A are: Partnership B, one LLC, one S corporation, three individuals, and two C corporations. Partnership A (the lower-tiered entity) is required to withhold for the three individuals and two C corporation only. Partnership A is not required to withhold tax on behalf of the upper-tiered entities (Partnership B, the LLC, or the S corporation). Each of those upper-tiered PTEs is required to have its owners elect to join in a composite filing or that entity is required to withhold and remit based on the ownership of that tier.

Do I need to have a payroll withholding account with the department?

No. You do not need a withholding account for this purpose. Withholding accounts are for regular payroll purposes only and involve withholding for employees. They are not the same.

Withholding requirements

A PTE is required to withhold tax and remit the tax to the department on behalf of the non-electing owner unless the owner:

- Joins in the filing of a composite return;
- Has Oregon-source distributive income from the PTE that is less than \$1,000;
- Has made estimated tax payments the prior tax year based on the owner's share of Oregon-source distributive income from the PTE and continues to make estimated tax payments for the current tax year;
- Files an Oregon affidavit; or
- Is a publicly traded partnership within the meaning of Internal Revenue Code (IRC) 7704(b).

Withholding is not required if the owner is another PTE such as an LLC, LLP, partnership, S corporation, estate, or trust. However, withholding is required on grantor trusts (revocable trusts) if the grantor is not an Oregon resident. A grantor trust is a trust where the grantor retains substantial control and is deemed to remain the owner. As a result, grantor trusts are not recognized for tax purposes. If the grantor is a nonresident of Oregon, the PTE must withhold following rules for individual taxpayers.

If the PTE expects the total distributions to a nonresident owner will exceed \$1,000 during the calendar year, the PTE should begin withholding as of the first distribution that includes Oregon-source income. Withholding is required on the entire distribution, not just the amount exceeding \$1,000.

If the PTE has incurred losses every year, withholding is not required because the distributions would be a return of capital. Withholding is required on any distribution amount in excess of the capital contribution of the non-electing owner.

Oregon-source distributive income

For withholding purposes, distributive income is the net amount of income, gain, deduction, or loss of a pass-through entity for the tax year. It includes items directly related to the PTE that are considered in determining the federal taxable income of the nonresident owner. It also includes modifications provided in ORS Chapter 316 and other Oregon laws that directly relate to the PTE. Oregon-source distributive income does not include return of capital, income sourced in another state, or other distributions not taxable by Oregon. Oregon-source distributive income is the portion of the entity's modified distributive income that is derived from or connected with Oregon sources.

Apportionable income

If the PTE has income that is part of a multi-state business operation, the nonresident owner will compute their share of Oregon net taxable income or loss from the PTE by multiplying the PTE's total apportioned Oregon taxable income or loss by the owner's ownership percentage. See ORS 314.280 or 314.650 through 314.670.

Example: A partnership will multiply the Oregon apportioned income by each partner's distributive share of partnership income. An S corporation will multiply the Oregon apportioned income by each shareholder's distributive share of the S corporation's income.

Guaranteed payments

Guaranteed payments are treated as a business income component of the PTE's distributive income and attributed directly to the owner receiving the payment. See Oregon Administrative Rule (OAR) 150-316.124(2).

Deductions

Individual tax deduction

Deductions normally allowed to individuals (itemized deductions or the standard deduction) are not allowed. Oregon net taxable income of the PTE means the federal net income of the PTE as defined by the laws of the United States modified by ORS Chapter 316. Examples of the modifications allowed in ORS Chapter 316 that relate to the PTE's income include adjustments for depreciation, depletion, gain or loss difference on the sale of depreciable property, U.S. government interest, and any modification for federal targeted jobs tax credit. Modifications do not include the federal tax subtraction, itemized deductions, and the Oregon standard deduction.

Self-employment tax deduction

Each PTE must calculate the self-employment tax deduction for each electing member that is subject to self-employment tax. The self-employment tax deduction that is attributable to the Oregon-source distributive income is subtracted from the Oregon-source distributive income to determine amount upon which withholding is based.

Credits

Credits normally allowed on owners' tax returns, such as the exemption credit, are not taken into account for this purpose.

Tax payment instructions (withholding)

The PTE is required to make tax payments (withholding) on behalf of all owners who do not elect to join in a composite filing unless the non-electing owner meets one of the exceptions listed on page 1. Calculate the amount of tax to be withheld and remitted to the department as follows:

- **Individuals:** For owners subject to individual income tax, remit 9 percent of the non-electing owner's share of Oregon-source distributive income.
- **C corporations:** For owners subject to corporate income or excise tax, remit 6.6 percent of the non-electing owner's share of Oregon-source distributive income.

Payments must be made in the non-electing owner's name as it will be shown on their individual or corporate income or excise tax return. The tax payment must be accompanied by Form TPV for each taxpayer. On the voucher, identify the quarter for which the payment is being made and the type of taxpayer (whether individual or corporate).

Tax payments on behalf of 50 or more non-electing owners

If a PTE has 50 or more non-electing owners, the PTE may choose to file a schedule listing all non-electing owners instead of filing an individual payment voucher for each non-electing owner. The PTE should complete a schedule that contains the following information in a font size of 8 or larger:

- For the PTE that is filing the report, provide:
 - Name of PTE, address, FEIN/BIN, and the PTE's year end; and
- For **each** non-electing owner, provide:
 - Name, address, SSN/FEIN/BIN, subject income, total withholding, and identify type of entity (individual, corporation, or trust). If ownership is joint, provide this information for both spouses. Also, identify the quarter to which the payment should apply on the schedule.

Send the tax payment for all owners with one Form TPV along with the completed schedule. Enter "See statement" in the name field of the payment voucher, not the PTE's name. Do not mark the type of taxpayer on the payment voucher. Instead, identify the type of taxpayer on the separate statement.

Due dates for tax payments

Tax withheld from distributions of non-electing owners must be remitted by the due date for estimated payments for the quarter in which the distribution is made.

For calendar year taxpayers, the due dates are:

- April 15, 2008 (1st quarter).
- June 16, 2008 (2nd quarter).
- September 15, 2008 (3rd quarter).
- January 15, 2009 (or December 15, 2008 for corporate calendar year filers) (4th quarter).

For fiscal-year filers, the due dates are the 15th day of the fourth, sixth, ninth, and twelfth months.

Use Form TPV to remit the payments. On each voucher, mark the quarter for which the payment should apply. If a schedule of 50 or more owners is filed, identify the quarter for which the payments are to be applied for each taxpayer directly on the schedule, not the payment voucher.

Form OR-19

Year end tax payment summary

The PTE must provide each non-electing owner with a statement that shows the payments made on the non-electing owner's behalf. The statement is required to be provided to the non-electing owner on or before the due date of the federal Schedule K-1 or the PTE's informational return, whichever is later. The statement must clearly show the tax year in which the distributive income is received, the date the payments were made, and to which tax year the payments apply.

Instructions for Form OR-19

The pass-through entity will complete parts A, B, and C.

Prepare two copies of Form OR-19 for each nonresident owner for whom Oregon tax was withheld and paid with Form OR-19 and distribute as follows:

- To your nonresident owners for their records.
- To be retained by pass-through entity for its records.

Do not send Form OR-19 to the department unless requested to do so.

Instructions for Oregon affidavit

The PTE must withhold tax from the non-electing owner's Oregon-source distributive income if the non-electing owner does not meet an exception or file the Oregon affidavit. To be exempt from the withholding requirement, the non-electing owner must file an Oregon affidavit with the department as soon as it is known that the owner will receive Oregon-source distributive income from the PTE. The non-electing owner must provide a copy of the completed affidavit to the PTE so the PTE will not withhold tax from the Oregon-source distributive income.

The non-electing owner must file the affidavit before receiving any distribution from the PTE, otherwise the PTE must withhold even if the non-electing owner later files the Oregon affidavit. The affidavit is valid until it is replaced by a subsequent filing due to change in the ownership of

the PTE or any other change of information relating to the non-electing owner.

Revoking an affidavit

To revoke a previously filed affidavit, send a copy of the original affidavit with the revocation section completed to the department and the PTE.

Instructions for Forms OR-19 and TPV

Use Form OR-19 and Form TPV to remit Oregon tax withheld from Oregon-source distributive income of nonresident owners in pass through entities. Complete Part A of Form OR-19, identifying the entity that withheld the tax and the nonresident owner's personal information. Complete Part B and provide an entire copy of Form OR-19 to the nonresident owner for their records. Use Part C, Form TPV, to remit the amount reported to the taxpayer on Form OR-19.

Complete Form OR-19 each time withholding is required and remitted.

The amount of tax remitted will be credited to the Oregon income tax account of the taxpayer as an estimated payment. The taxpayer must claim the payment on the Oregon income tax return. For this reason it is important that a separate form is completed for each taxpayer who will be required to file an Oregon income tax return and that the correct Social Security number (for individuals) or Oregon business identification number (for other business entities) is listed on each form.

Send the remittance for the tax withheld to the Oregon Department of Revenue, PO Box 14950, Salem, OR 97309-0980. Write the taxpayer's name on the check and either the Oregon account number or the last four digits of the taxpayer's Social Security number.

Note: Be sure to complete the fields for "tax year" and "quarter" on the voucher. Also, check the box that indicates this withholding payment is from a pass-through entity.

Form OR-19

Report of Nonresident Owner Tax Withheld

Tax Year

Four empty boxes for tax year digits

Tax year end date of partnership, S corporation, LLC, or LLP: _____

Form sections: PART A - Entity information, PART B - Nonresident owner information, PART C - Nonresident owner's Oregon taxable income and withholding

TAXPAYER'S COPY

Taxpayer's copy section: Payment of withholding tax, Check if withholding from, Tax year, Quarter, Payment Amount, Taxpayer name, Spouse's name, Current mailing address

Keep the above portion with your records. Do not mail it to the department.

Detach Here

Detach Here

Bottom section: PAYMENT OF TAX WITHHELD FOR NONRESIDENTS, FORM TPV 150-101-180 (Rev. 12-07), Department of Revenue Use Only, Withholding from, Enter Payment Amount, Taxpayer name, Spouse's name, Current mailing address

**OREGON AFFIDAVIT
FOR A NONRESIDENT OWNER
IN A PASS-THROUGH ENTITY**

Beginning with tax year: _____

For Office Use Only
Date Received

NONRESIDENT OWNER INFORMATION

Name of Nonresident Owner			Social Security No. or Federal Employer Identification No.
Street or Mailing Address			Oregon Business Identification No. (if applicable)
City	State	ZIP Code	Telephone Number ()
Ownership Percentage %	Estimated Oregon-Source Distributive Income Each Year \$		

PASS-THROUGH ENTITY INFORMATION

Name of Pass-Through Entity (PTE)			Federal Employer Identification Number
Street or Mailing Address			Oregon Business Identification Number
City	State	ZIP Code	Telephone Number ()

This form must be filed every time a change occurs.

AGREEMENT TO FILE

I agree to timely file all required Oregon income or excise tax return(s) and to make timely payments of all taxes imposed by the state of Oregon with respect to my share of the Oregon income of the pass-through entity named above. I understand that I am subject to the jurisdiction of the state of Oregon for purposes of the collection of unpaid income tax, together with related penalties and interest.

SIGNATURE

Taxpayer's or Authorized Agent's Signature	Date
X	

REVOCACTION

By signing below, I also agree to the following:

- I am subject to withholding on the income from the above-listed PTE;
 I am no longer an owner in the above-listed PTE; or
 I am joining in the filing of an Oregon Composite Return.

SIGNATURE

Taxpayer's or Authorized Agent's Signature	Date
X	

Mail to:
**OREGON DEPARTMENT OF REVENUE
 PTAC COMPLIANCE
 955 CENTER ST NE
 SALEM OR 97301-2555**

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 website, 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 the entire list to the address below.

Forms and instructions

- Forms 40P & 40N, *Part-Year & Nonresident* 150-101-045
- Form 40-EXT, *Oregon Automatic Extension and Payment Voucher* 150-101-165
- Form 40-V, *Oregon Income Tax Payment Voucher* 150-101-172
- Form 41-V, *Oregon Fiduciary Tax Payment Voucher* 150-101-173
- Form 41-ESV, *Oregon Individual Estimated Tax Payment Voucher* 150-101-026
- Form 20, *Corporation Excise Tax* 150-102-020
- Form 20-I, *Corporation Income Tax* 150-102-021
- Form 20-V, *Oregon Corporation Tax Payment Voucher* 150-102-172
- Estimated Income Tax Payment Instructions and Vouchers*..... 150-101-026/-2
- Form 10, *Underpayment of Oregon Estimated Tax* 150-101-031
- Form 37, *Underpayment of Corporation Estimated Tax* 150-102-037
- Form 65, *Partnership Return of Income* 150-101-065

Publications

- 2-D Barcode Filing for Oregon* 150-101-631
- Audits: What To Do if You Are Audited* 150-101-607
- Computing Interest on Tax You Owe* 150-800-691
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon*..... 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Record-Keeping Requirements* 150-101-608
- 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

Check your refund at www.oregonrefund.com



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

This e-mail address is not secure. Do not send any personal information. General questions only.

Questions?

Write

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 area or outside Oregon 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
 Closed *Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.*

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
 Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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

Visit a field office to get forms and assistance. **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
- Lake Oswego** 6405 SW Rosewood Street, Suite A
- Medford** 3613 Aviation Way, #102
- 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

<p>FORM 24</p>	<p>OREGON LIKE-KIND EXCHANGES/INVOLUNTARY CONVERSIONS</p>	<p>For Tax Year <div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div></p>	<p>For Office Use Only Date Received</p>
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Taxpayer Name(s)			Social Security Number(s)
Taxpayer Street Address			Federal Employer Identification Number
City	State	ZIP Code	Oregon Business Identification Number

Use this form to report Oregon business or investment property exchanged for property of a like-kind (IRC Section 1031 or Section 1033) if the acquired property is located outside of Oregon. This includes both real and personal property exchanged.

You must file Form 24 in the tax year that you transferred property to another party in a like-kind exchange. If you made more than one like-kind exchange, report each exchange on a separate Form 24. Or you may file one summary Form 24 and attach your own statement showing all the information requested on Form 24 for each property.

Individual filers: Attach this form to your Oregon income tax return (Form 40, 40N, or 40P) and check box 7d, "You filed an Oregon Form 24."

Corporate filers: Attach this form to the back of your Oregon corporation return (Form 20, 20-I, or 20-S) and check the box "Form 24 is attached."

Partnership filers: Attach this form to the back of your Oregon partnership return (Form 65) and check the box "Form 24 is attached."

Trust/Estate filers: Attach this form to the back of your Oregon fiduciary return (Form 41) and check the box "Form 24 is attached."

If you have questions or need more information, visit our website at www.oregon.gov/DOR. Or call 503-378-4988 (Salem) or (toll-free from an Oregon prefix) 1-800-356-4222.

Provide the following information on the like-kind exchange:

1. Address (if applicable) and description of the Oregon property given up (include street, city, state, and county)

2. Address (if applicable) and description of the property received (include street, city, state, and county)

3. Month, day, and year you actually transferred your Oregon property to the other party / /

4. Month, day, and year you actually received the property from the other party / /

5. **Realized gain** (or loss) on Oregon property from line 19 or line 32 of federal Form 8824

6. **Recognized gain** on Oregon property from line 23 or line 36 of federal Form 8824

7. **Deferred gain** (or loss) on Oregon property from line 24 or line 37 of federal Form 8824

Remember: The deferred gain (or loss) must be reported to Oregon upon the disposition of the replacement property.

— Attach this form to the back of your Oregon return and check the appropriate box on the return —

OREGON

—2008—

Instructions for Estimated Income Tax and Form 40-ESV Payment Voucher

Contents

What is estimated tax?.....	1
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These instructions aren't a complete statement of laws and Department of Revenue rules. Contact us if you need more information. See page 8 for numbers to call.

What is estimated tax?

Estimated tax is the amount of tax you **expect** to owe when you file your 2008 Oregon income tax return.

Additional withholding

Estimated tax payments aren't a substitute for withholding. If you don't have enough Oregon tax withheld from your wages, ask your employer to increase your Oregon withholding. You may change your Oregon withholding without changing your federal withholding. File a new federal Form W-4 (Employee's Withholding Allowance Certificate) with your employer and label it "For Oregon only."

For more information, download the publication, "Oregon Income Tax Withholding: Some Special Cases," from our website, or contact us to help figure the amount of tax to be withheld from your wages. See page 8.

Who must make estimated tax payments?

You must make estimated tax payments if:

- You expect to owe \$1,000 or more when you file your 2008 Oregon income tax return, **and**
 - The total amount of income tax you expect to be withheld from your 2008 income will not equal or exceed at least one of the following:
 - 90 percent of the net income tax to be shown on your 2008 income tax return, **or**
 - 100 percent of the net income tax shown on your 2007 income tax return **or**
 - 90 percent of the tax on your 2008 annualized income.
- You can still make estimated tax payments even if you expect to owe less than \$1,000.

Retirees

If you are retired or will retire soon, you may need to make estimated tax payments or have Oregon income tax withheld from your retirement income. Contact the payer of your retirement income to see if withholding is possible.

Eligible federal retirees who worked for and retired from the U.S. government before October 1, 1991 do not need to make Oregon estimated tax payments on their federal pensions.

WHEN ARE YOUR ESTIMATED TAX PAYMENTS DUE?

First Quarter Payment Is Due	Second Quarter Payment Is Due	Third Quarter Payment Is Due	Fourth Quarter Payment Is Due
Tuesday April 15, 2008	Monday June 16, 2008	Monday September 15, 2008	Thursday January 15, 2009

However, federal retirees should continue to make estimated tax payments if they receive income from other sources.

Federal retirees with service time before **and** after October 1, 1991 must continue to pay tax on the portion of federal pension based on their service after October 1, 1991.

If you will be **age 62 or older** on December 31, 2008, you may qualify for the retirement income credit.

Nonresidents and part-year residents

Nonresidents figure Oregon estimated tax only on:

- Income that is subject to Oregon tax; **or**
- Income from conducting a trade or business within Oregon; **or**
- Single ticket Oregon lottery winnings between \$600–\$5,000. (Note: single ticket winnings of \$5,000 or more are subject to Oregon withholding.)

Federal law prohibits Oregon from taxing retirement income received by a person who is not domiciled in Oregon.

In most cases, you must make Oregon estimated tax payments if you **expect** to owe \$1,000 or more in tax on your income from Oregon sources.

The amount of your payment is based on the tax you compute using one of the methods shown on page 3. Use your 2007 Form 40N or Form 40P as a guide to estimate your 2008 Oregon income tax. Use the worksheet on page 5 to compute the amount you owe. Follow the same instructions for filing Form 40-ESV and paying estimated tax as full-year residents do.

S corporation, limited liability company (LLC), or partnership income.

- Members of pass-through entities. A pass-through entity with one or more nonresident owners is required to withhold tax unless the owner makes an election to join in the filing of a composite return or sends the department a signed Oregon affidavit for a nonresident owner of a pass-through entity. The entity must send quarterly payments on Form 40-ESV, for each owner who will file a personal income tax return; or on Form 20-V, for owners who file corporate returns. See Form OC for members of pass-through entities for instructions.
- Nonresidents. You are subject to Oregon tax on your share of the Oregon income reported by the S corporation, LLC, or partnership. You are also subject to Oregon tax on any guaranteed payments you receive from the partnership. The payments are apportioned using the partnership's apportionment percentage.
- Part-year residents. Generally, for the part of the year you were a nonresident, you are subject to Oregon tax on your share of the **Oregon** income and guaranteed payments reported by the S corporation, LLC, or partnership. For the part of the year you were a resident, you are subject to Oregon tax on your share of **all** the S corporation, LLC, or partnership income. For more information, see page 8.

2 Payment due dates

Fiduciaries

Don't file Form 40-ESV. You don't need to make estimated tax payments on behalf of an estate or trust.

Farmers and commercial fishermen

Most farmers and fishermen won't need to make estimated tax payments. See below to determine if you qualify for an exception. If you do qualify for the Farmer/Commercial Fisherman exception, enter "1" on your Oregon return, Form 40, line 51a; or Form 40N or 40P, line 69a. Don't attach Form 10 to your Oregon return. Keep it for your records. Your 2008 Oregon return is due April 15, 2009. To get Form 10 and instructions, see page 8.

To determine if you need to make estimated tax payments, figure **both** your **2007** gross income **and** your **2008** estimated gross income.

If two-thirds of your total 2007 gross income or two-thirds of your total 2008 estimated gross income is from farming or fishing, you don't need to make estimated tax payments.

Farmers. Use the amounts on the following lines to determine your gross income from farming:

- Federal Schedule F, line 11.
- Federal Schedule E, line 42.
- Federal Form 4797, line 20. Include only gains from sale of draft, breeding, sporting or dairy livestock.

Farm income averaging is available for 2008. Visit our website to download a farm income averaging form (FIA-40, FIA-40N, or FIA-40P) and instructions. Or, to order, see page 8.

Commercial Fishermen. Use the amounts on the following lines to determine your gross income from commercial fishing:

- Federal Schedule C, line 5.
- Federal Schedule C-EZ, line 1.
- Federal Schedule E, line 42.

When are 2008 estimated income tax payments due?

Calendar-year taxpayers

You may pay your total 2008 estimated Oregon income tax by April 15, 2008, or you may divide your estimated tax into four payments.

2008 estimated tax due dates

First payment—due **April 15, 2008.**

Second payment—due **June 16, 2008.**

Third payment—due **September 15, 2008.**

Fourth payment—due **January 15, 2009.**

If you find you still owe more income tax, you must pay the balance by April 15, 2009. This is true even if you get an extension to file your tax return. You may owe interest on any underpayment. See page 6.

Fiscal-year taxpayers

Pay one-fourth of your Oregon estimated tax on the 15th day of the fourth, sixth, and ninth months of your tax year. The last payment is due 15 days after the end of your tax year. If your payment due date falls on a Saturday, Sunday, or legal holiday, use the next regular workday.

If you are a fiscal-year taxpayer, write in the date your fiscal year ends in blue or black ink only on Form 40-ESV.

Special cases

You don't need to make the fourth payment (January 15, 2009) if:

- You file your 2008 Oregon individual income tax return on or before January 31, 2009, **and**
- You pay all tax due with your return.

You still must make estimated tax payments on the earlier three payment dates.

Form 40-ESV instructions

Obtaining the form

- **“Personalized” forms.** If you prepared your own Oregon income tax return last year, you may have received these instructions and forms at your home or business address. The forms are printed with your name, address, and Social Security number.
- **Use your personalized forms** so we can process your estimated tax payments faster. If someone else prepares your estimated tax forms, **ask them to use your personalized forms.**
- **“Nonpersonalized” forms** don't have printed names or other personal information. They are used by people who haven't filed estimated tax payments before.
- **Tax preparer.** Your preparer may have tax software that will prepare “personalized” forms.

Do not use forms from a prior year.

Filling out the form

Please **only use blue or black ink** to correct any errors. Do not use red ink to fill out this form.

If your name is printed on Form 40-ESV. Check your name, address, and Social Security number for accuracy. Also check your spouse's name and Social Security number if filing jointly.

If your name isn't printed on Form 40-ESV. Check the box for the quarterly payment you are making. If you are a fiscal year taxpayer, print the date your fiscal year ends. Check the box if you are filing a composite return, you are a first time filer, or your name or address has changed. Print your daytime telephone number. Print your last name, first name, and Social Security number, or the entity's name and Oregon business identification number (BIN). Print your spouse's last name, first name, and Social Security number only if you are filing a joint Form 40-ESV. Print your full address and enter the payment amount in the boxes provided.

Important: Double-check your Social Security number to make sure it's correct. We need your Social Security number to credit your payment to your account. The request for your Social Security number(s) is authorized by Section 405, Title 42, of the United States Code.

Filing joint payments

You may file a joint estimated tax Form 40-ESV unless:

- You or your spouse are nonresident aliens, **or**
- You are legally separated, **or**
- You and your spouse have different tax years. For example, you use a calendar year and your spouse uses a fiscal year.

If you file a joint estimated tax Form 40-ESV, the payment is considered to be joint, regardless of which spouse actually sent in the money.

Filing separate payments

If you received joint personalized payment vouchers but want to make payments under your name only, cross out your spouse's name and Social Security number.

You may file separate 2008 Oregon income tax returns even if you file a joint Form 40-ESV. **If you file separate income tax returns after filing a joint Form 40-ESV**, you and your spouse should decide who will claim the estimated tax jointly paid. You may divide the estimated tax between you, or agree that one of you will claim the entire amount. If you and your spouse can't agree, your estimated tax generally will be divided based on your separate tax liabilities.

Note: If you expect to file separate tax returns, file Form 40-ESV separately. This will speed the processing of your returns.

Methods of computing estimated tax

- **Method 1—Estimated 2008 tax**—90 percent of your estimated 2008 net income tax. To figure your payments under this method, use the appropriate worksheet.

— Full-year resident worksheet, page 4.

— Nonresident and part-year resident worksheet, page 5.

Use your **2007** federal income tax return and instructions as **guides** to estimate your **2008** federal adjusted gross income (AGI). Your 2007 federal AGI is on Form 1040, line 37; Form 1040A, line 21; or Form 1040EZ, line 4.

Example: Allan and Louise are married and have three children. Allan is self-employed. Louise works for a dentist. They want to know if they must make 2008 estimated tax payments. They use these steps to find out:

1. They use their 2007 federal tax return as a guide to estimate their 2008 federal AGI.
2. Then they use their 2007 Oregon income tax return as a guide to figure the income, deductions, withholding, and credits **they expect for 2008.**
3. They use this information to figure their 2008 Oregon estimated tax. Here's how they estimate their 2008 tax using **tax rate chart J:**

Estimated 2008 adjusted gross income	\$85,567
Less estimated:	
2008 federal tax subtraction	\$5,600
Net itemized deductions	+ 5,500
Total deductions	-\$11,100
Estimated Oregon taxable income	<u>\$74,467</u>
Oregon tax using the 2008 tax rate chart on page 7	\$6,294
2008 exemption credit (5 × \$169)	-\$845
Estimated political contribution credit	-\$100
Oregon tax after credits	\$5,349
Multiply their tax after credits by 90% (.90)	× .90
Total	\$4,814
Less: tax Louise expects to be withheld from her wages	-\$740
Estimated tax payment required for 2008	<u>4,074</u>

This amount is more than \$1,000. Allan and Louise must make estimated tax payments for 2008. They must complete Form 40-ESV and make minimum payments of \$1,018.50 (\$4,074 ÷ 4 = \$1,018.50) by **each** payment due date.

- **Method 2—Safe harbor 2007 tax**—100 percent of the net tax (tax after credits) shown on your **2007** income tax return. Your 2007 return must be filed on time, including extensions. Pay 25 percent of your 2007 net income tax by each estimated tax payment due date. You can't use this method if you didn't file a 2007 return. Your 2007 Oregon income tax return must not have been a short-year return for accounting purposes. You may use this method if you were a part-year resident in 2007.

- **Method 3—Annualized 2008 tax**—90 percent of your 2008 annualized net income tax. If you receive a larger portion of your taxable income later in the year, you may annualize your income to figure your estimated tax payments. Use the annualized income worksheet on the 2007 Oregon Form 10 as a guide to figure your estimated tax payments

Full-year resident filers Estimated tax worksheet

Keep this worksheet for your records

1. Federal adjusted gross income you expect in 2008 1. _____
2. Oregon additions you expect in 2008 2. _____
3. Income after additions. Line 1 plus line 2 3. _____
4. Oregon subtractions you expect in 2008 4. < _____ >
5. Income after subtractions. Line 3 minus line 4 5. _____
6. Itemized or standard deductions you expect in 2008 (if you claim the standard deduction, use the 2007 amount for your 2008 filing status) 6. < _____ >
7. Oregon taxable income you expect in 2008. Line 5 minus line 6 7. _____
8. 2008 Oregon estimated income tax. Use the 2008 tax rate chart on page 7 to figure the tax on the amount on line 7 8. _____
9. 2008 exemption credit (\$169 × number of exemptions) 9. _____
10. Oregon tax credits you expect for 2008 (include all refundable and nonrefundable tax credits) ... 10. _____
11. Line 9 plus line 10 11. _____
12. Line 8 minus line 11 (not less than -0-) 12. _____
- 13a. Multiply line 12 by 90% (.90). **If you did not file a 2007 return, enter the amount from line 13a directly on line 13c** 13a. _____
- 13b. Enter 100% of the tax shown on your 2007 return 13b. _____
- 13c. Enter the smaller of line 13a or 13b. **This is your required annual payment to avoid interest on underpayment of estimated tax.** 13c. _____
14. Oregon income tax you expect withheld from your wages and/or pension in 2008 14. < _____ >
15. Annual payment. Line 13c minus line 14 15. _____
16. Amount you owe on each payment date. See table below. Round to nearest dollar 16. _____ .00

If you first need to pay estimated tax on:

- April 15, 2008
- June 16, 2008
- September 15, 2008
- January 15, 2009

Then fill in on line 16 of this worksheet:

- ¼ of line 15 (make 4 payments)
- ⅓ of line 15 (make 3 payments)
- ½ of line 15 (make 2 payments)
- All of line 15 (pay in full)

Nonresident and part-year resident filers

Estimated tax worksheet

Keep this worksheet for your records

1. 2008 Oregon estimated income tax from the 2008 tax rate chart. Use your 2007 Oregon and federal income tax returns and instructions as guides1. _____
2. Oregon income tax credits you expect for 2008. On a separate sheet, multiply your credits by your Oregon percentage (if required). Refer to the Oregon income tax return instructions. Enter your total allowable tax credits here (include all refundable and nonrefundable tax credits)2. < _____ >
3. Line 1 minus line 2 (not less than -0-).....3. _____
- 4a. Multiply line 3 by 90% (.90). **If you did not file a 2007 Oregon return, enter the amount from line 4a directly on line 4c.**4a. _____
- 4b. Enter 100% of the tax shown on your 2007 Oregon return4b. _____
- 4c. Enter the smaller of line 4a or 4b. **This is your required annual payment to avoid interest on underpayment of estimated tax.**.....4c. _____
5. Oregon income tax you expect to be withheld from your wages and/or pension in 2008.....5. < _____ >
6. Annual payment. Line 4c minus line 56. _____
7. Amount you owe on each payment date. See table below. Round to the nearest dollar7. _____ .00

If you first need to pay estimated tax on:

April 15, 2008
June 16, 2008
September 15, 2008
January 15, 2009

Then fill in on line 7 of this worksheet:

$\frac{1}{4}$ of line 6 (make 4 payments)
 $\frac{1}{3}$ of line 6 (make 3 payments)
 $\frac{1}{2}$ of line 6 (make 2 payments)
All of line 6 (pay in full)

under this method. For more information, download Form 10 from our website, or see page 8 to order it. When completing the annualized income worksheet, read the instructions carefully and be sure to use 2008 figures for the Oregon exemption credit, federal tax subtraction, and tax rate charts. For line 25 in columns B, C, and D, enter all previous 2008 estimated tax payments made. Stop at line 26 when completing the annualized income worksheet. These are your required estimated tax payments for 2008.

Paying estimated tax

Applying your 2007 refund

You may apply your 2007 refund to your 2008 estimated tax account. Your refund will be applied to your **first** payment period if you file your 2007 return by the due date (including extensions). Be sure to mark the extension box on your Form 40 if you filed an extension. You can't apply your refund if you file Form 40S.

Show the amount of refund you want applied to your 2008 estimated tax on your 2007 Form 40, line 55; or Form 40N or Form 40P, line 73.

Note: Does the refund amount you're applying cover the payment due? If so, you don't need to make a payment for the first period. If your refund is reduced, we will notify you. You may need to make a payment for the difference. Do so immediately to avoid underpayment interest.

Sending your payment

- Fill in the amount of your payment on Form 40-ESV. Round your payment to the nearest dollar. Your payment is the amount you figured using one of the methods on pages 3 and 4, **minus** any amount of your 2007 Oregon income tax refund you asked to have applied to your 2008 estimated tax account.
- **Enclose your payment.**
- Please **only use blue or black ink** to fill out your vouchers and checks. Our equipment cannot read other colors.
- Make your check or money order payable to **Oregon Department of Revenue.**
- Write your daytime telephone number and "2008 40-ESV" on your check.
- Don't send cash or postdated checks.
- **Don't staple** your check or money order to Form 40-ESV.

Send your 2008 Form 40-ESV and payment separate from your 2007 income tax return. **Don't** mail them together.

Credit card payments. You can pay your 2008 estimated tax through a third-party service provider using your Visa, MasterCard, or Discover credit card. Contact the service provider listed below. The provider will charge you a convenience fee based on the amount of your tax payment. If you accept the credit card transaction, you will receive a confirmation number. Please keep this confirmation number as proof of payment.

Service provider:

Official Payments Corporation. Call 1-866-720-1327, or visit their website at www.officialpayments.com.

If you are paying by credit card, **do not** use Form 40-ESV. Your payment will be forwarded to us by the provider and applied to your estimated tax account. You will claim the estimated payment on your original return when you file it.

When income changes during the year

If your expected income, deductions, or credits change after April 1, 2008, you may need to begin making estimated tax payments at a later date.

If your expected income or deductions change after you made your first payment, you may need to refigure your 2008 estimated tax.

Estimated method. Use the new income or deductions and the appropriate worksheet on page 4 or 5.

Safe harbor method. You generally will not revise your payments if you are using this method.

Annualized method. Use the annualized income worksheet on Oregon Form 10. For more information, download Form 10 from our website, or see page 8 to order it.

Then use the amended estimated tax worksheet below to figure how much to pay. On Form 40-ESV fill in the amount from line 5 of the worksheet.

Amended estimated tax worksheet

1. Amended annual payment required..... 1. _____
2. 2008 estimated tax already paid, including refunds applied on previous payment dates 2. _____
3. Unpaid estimated tax (line 1 minus line 2)..... 3. _____
4. Number of remaining payment dates 4. _____
5. Amount of each remaining payment (line 3 divided by line 4)..... 5. _____

If the change occurs:	Then the first estimated tax payment is due:
• after April 1 and before June 1, 2008	June 16, 2008
• after May 31 and before September 4, 2008	September 15, 2008
• after August 31, 2008	January 15, 2009

Does the due date of my income tax return change?

No. File your 2008 Oregon income tax return by April 15, 2009, as usual.

6 Interest on underpayment of estimated tax

Late payments

Your Form 40-ESV with payment must be postmarked by the due date to be considered on time.

If you pay late, you may owe interest for late payment when you file your 2008 Oregon income tax return. See “Interest on underpayment of estimated tax” in the next column.

If you underpaid in an earlier payment period, pay the difference now to reduce interest charges. **Don’t wait** until the next payment due date. We apply payments first to underpayments from earlier periods.

Example: The June 15 payment is first applied to any underpayment for the first payment period. The balance of the June payment is then applied to the second payment period.

Interest is charged until the underpayment is paid or until April 15, 2009, whichever comes first.

Important: You must file your 2008 income tax return before we can refund any estimated payments.

Interest on underpayment of estimated tax

You will have an underpayment for 2008 if you pay less than:

- 90 percent of the tax to be shown on your 2008 income tax return (at least one-fourth on each payment due date), **or**
- 100 percent of the tax shown on your 2007 income tax return (at least one-fourth on each payment due date), **or**
- 90 percent of the tax figured on your 2008 annualized income.

You will be charged interest on the underpayment. To figure the amount of interest, **complete Form 10**, “Underpayment of Oregon Estimated Tax.” File Form 10 with your 2008 Oregon income tax return. Pay the interest when you file your 2008 Oregon income tax return. For more information, download Form 10 from our website, or see page 8 to order it.

The interest rate is 9 percent for interest periods beginning on or after January 1, 2008. The interest rate may change once a calendar year.

Keep records

If you received a personalized 40-ESV voucher, there are stubs for your records. On the Form 40-ESV stub, fill in:

- **Amount of payment due.** That’s the amount of 2008 estimated tax you figured using the methods on pages 3 and 4.
- **Amount of your 2007 Oregon income tax refund you’re applying to this payment.** The total refund can’t be more than the amount shown on your tax return. Generally, your 2007 refund will be applied only to your first quarter payment. Fill in -0- for the remaining quarters.
- **Your payment.** Subtract box 2 from box 1. This is the amount of your check for **this** payment date.
- **Total paid to date.** Write in your 2008 estimated tax payments (from box 3 of each payment stub to date) **plus** total

refund amounts applied (box 2 of each payment stub to date).

- **Date mailed.**
- **Keep this stub for your records.**

Send us the original Form 40-ESV. Fill in only the information requested. **Don't send us photocopies** of the personalized forms.

Where do I send my payments?

Mail your estimated tax payment and Form 40-ESV to:

**Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950**

2008 Federal Tax Subtraction.....	\$5,600 (\$2,800 if married filing separately)
2008 Exemption Credit.....	\$169

Tax rate charts for computing 2008 Oregon estimated tax

Tax rate chart S:

For persons filing Single, or Married filing separately

If your taxable income is:	Your tax is:
Not over \$2,900.....	5% of taxable income
Over \$2,900 but not over \$7,300.....	\$145 plus 7% of excess over \$2,900
Over \$7,300.....	\$453 plus 9% of excess over \$7,300

Tax rate chart J:

For persons filing Jointly, Head of household, or Qualifying widow(er) with dependent child

If your taxable income is:	Your tax is:
Not over \$5,800.....	5% of taxable income
Over \$5,800 but not over \$14,600.....	\$290 plus 7% of excess over \$5,800
Over \$14,600.....	\$906 plus 9% of excess over \$14,600

Caution: The tax rates change because of inflation. Use this rate chart for figuring your 2008 estimated tax. Don't use a 2007 rate chart.

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 website, order by telephone, or mail the form below.

Check individual boxes to order. Complete name and address section. Clip on the dotted line, then mail 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, 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
- Audits: What To Do if You Are Audited* 150-101-607
- Computing Interest on Tax You Owe* 150-800-691
- Credit for Income Taxes Paid to Another State* 150-101-646
- Divorce and Taxes* 150-101-629
- Electronic Filing for Oregon* 150-101-630
- Estimated Income Tax* 150-101-648
- Income Tax Filing Extension* 150-101-660
- Interstate Transportation Wages (Amtrak Act)* 150-101-601
- 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
- Working Family Child Care Credit for Parents* 150-101-462
- 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. Do not send any personal information. General questions only.

Questions?

Write

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 area or outside Oregon..... 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday 7:30 a.m.–5:00 p.m.
 Closed Thursdays from 9:00 a.m.–11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday 7:00 a.m.–7:00 p.m.
 Saturday, April 12 9:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 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

Visit a field office to get forms and assistance. **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
- Lake Oswego** 6405 SW Rosewood Street, Suite A
- Medford** 3613 Aviation Way, #102
- 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



Where to mail

Oregon Estimated Income Tax Payment Voucher, Form 40-ESV

Complete Form 40-ESV and mail your payment to:

Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950

Complete the form below using your computer.

**After you have printed it, cut along the dotted line and
mail to the Department of Revenue at the address shown above.**

Note:

If, when typing, you see a solid box instead of letters or numbers,
adjust the view size to 100%. If the letters or numbers still are not visible,
press the tab key.

For Tax Year
2008

**OREGON ESTIMATED INCOME TAX
PAYMENT VOUCHER**
150-101-026-2 (Rev. 12-07)

FORM
40-ESV

Department of Revenue Use Only

or Fiscal Year Ending _____

1st Qtr: Due 4/15/08

3rd Qtr: Due 9/15/08

2nd Qtr: Due 6/16/08

4th Qtr: Due 1/15/09

Check if: Filing a composite return

First time Oregon filer

Daytime Telephone Number _____

New name or address

Enter Payment Amount

Last name	First name and initial	SSN or BIN
Spouse's last name if joint payment	Spouse's first name and initial	Spouse's SSN if joint payment

\$. 0 0

Current mailing address	City	State	ZIP code
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Form 40-EXT General Instructions

If you owe Oregon tax for 2007 and need additional time to file your Oregon return and are making a payment, complete Form 40-EXT. Detach and mail Form 40-EXT along with your check or money order to the department's extension clerk by April 15, 2008. If you are paying the tax with a credit card, complete Form 40-EXT and write "credit card payment" directly above the payment amount box before mailing your extension request. When you file your Oregon return, be sure to **check box 7b** and enter this payment as an estimated payment on Form 40, line 43; Form 40N or Form 40P, line 60. Do not attach a copy of the extension to your Oregon return. Keep a copy of your Oregon extension with your records.

If you do not owe Oregon tax for 2007 and you have a federal extension, do not complete Form 40-EXT. Oregon will allow you the same extension. Be sure to **check box 7b** on your Oregon return when you file. Do not attach a copy of the federal extension to your Oregon return. Keep a copy of your federal extension with your records.

If you do not owe Oregon tax for 2007 but you need additional time to file your Oregon return and you do not have a federal extension, you do not need to complete Form 40-EXT. You have three years from the original due date of April 15, 2008 to file your return and claim a refund. There is no late filing penalty for a refund return. **However**, if there is a possibility you could owe Oregon tax for 2007, complete Form 40-EXT as a precaution against a late filing penalty. See "Penalties and interest" on this page. Fill out Form 40-EXT and enter -0- in the payment amount box. Detach and mail Form 40-EXT to the department's extension clerk by April 15, 2008. Be sure to **check box 7b** on your Oregon return when you file. Do not attach a copy of the extension to your Oregon return. Keep a copy of your Oregon extension with your records.

Were you stationed in a designated combat zone? Did you receive additional time to file your 2007 federal return and pay your 2007 federal tax? If so, Oregon allows you the same additional time to file and pay. You do not need to file Form 40-EXT. Write "**Combat zone**" in blue or black ink at the top of your tax return when you file.

Are you filing an extension for a composite return? If so, be sure to check the "Filing a composite return" box. Enter the entity's name in the last name field and the Oregon business identification number (BIN) in the SSN field. Do **not** enter the federal employer identification number (FEIN).

Penalties and interest. If you do not pay at least 90 percent of your total tax liability by April 15, 2008, a 5 percent late payment penalty plus interest may be added to your tax due. If you do not file your return within three months after the due date of the return, including extensions, a 20 percent late filing penalty plus interest may be added.

Payments. If you are sending a tax payment, make your check or money order payable to "**Oregon Department of Revenue.**" Be sure to write your daytime telephone number and "2007 40-EXT" on your check or money order. To help us speed the processing of your request, please use **blue or black** ball point ink. Do not use gel ink or the color red, and do not postdate your check. Detach and mail Form 40-EXT along with your check or money order to the department's extension clerk by April 15, 2008.

Credit card payments. You can pay your 2007 tax through a third-party service provider using your Visa, MasterCard, or Discover credit card. Contact the service provider listed below. The provider will charge you a convenience fee based on the amount of your tax payment. If you accept the credit card transaction, you will receive a confirmation number. Please keep this confirmation number as proof of payment.

Service provider:

Official Payments Corporation. Call 1-866-720-1327, or visit their website at www.officialpayments.com.

If you are paying the tax with a credit card, complete Form 40-EXT and write "credit card payment" directly above the payment amount box. Detach and mail Form 40-EXT to the department's extension clerk by April 15, 2008. Mail to:

**Extension Clerk
Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950**

Form 65

OREGON PARTNERSHIP RETURN OF INCOME

2007

For calendar year 2007 or fiscal year beginning _____ 200__ and ending _____ 200__.

For Office Use Only
Date Received

Please type or print clearly and answer all the questions below. No payment is due with this return.

Name of Partnership, Federal Employer Identification Number (FEIN), Current Mailing Address, Oregon Business Identification Number (BIN), City, State, ZIP Code, Date Activities Started In Oregon, Check if Form 24 is attached, Check if you have federal Form 8886, a REIT, or a RIC

Check all applicable boxes: Initial Return, Name Change, Extension Filed, Amended Return, Address Change, Partnership has Corporate Partners

Type of Entity: Partnership, Limited Partnership, Limited Liability Co., Limited Liability Partnership, Electing Large Partnership

1. Requirement to file Oregon partnership return.

A. Does the partnership have income derived from sources in Oregon? Yes No
B. Does the partnership have Oregon resident partners? Yes No

If you answered yes to A or B, you must file an Oregon partnership return. Attach a complete copy of your federal partnership return to this return. See question 2 to see if you need to include federal Schedule K-1s.

2. Attaching copies of partners' federal Schedule K-1s.

A. Did the partners' profit/loss sharing percentages change during the year? Yes No
B. Were the Oregon modifications not divided according to each partner's profit sharing percentage? Yes No

If the partnership had 10 or less partners, attach a copy of each partner's federal K-1.

If you answered yes to A or B, or had more than 10 partners, you must attach a summary of partner information. Your summary must include each partner's name, Social Security or federal employer identification number, address, profit/loss sharing percentage, and Oregon modifications.

3. Prior year return and final return.

A. Was a 2006 Oregon partnership return filed? Yes No
If no, give the reason:
If filed using a different name, give the name it was filed under:
B. Is this the final return for the partnership? Yes No
If yes, attach a schedule showing disposition and distribution of all partnership assets and liabilities. Show each asset's adjusted basis, fair market value, sale price, or if distributed, to which partner(s).

4. Changes to a prior year partnership return during this tax year.

A. Did an IRS audit change a prior year return during the 2007 tax year? Yes No
B. Was an amended federal return filed for a prior year? Yes No

If you answered yes to A or B, what tax year(s) were changed? Send us a copy of the federal revenue agent's report or the amended return separately from this return if not previously sent.

5. Business inside and outside of Oregon with out-of-state partners.

A. Did the partnership have business activity both inside and outside of Oregon during the year? Yes No
B. Did the partnership have any partners who were not Oregon residents at any time during the year? Yes No

If you answered yes to both A and B, use Oregon Schedule AP, Apportionment of Income, to figure your Oregon source income. Attach the schedule to this return. See page 2 of the instructions to order forms.

6. Oregon tax credits.

Are any partners eligible for Oregon tax credits based on costs the partnership paid or incurred? Yes No
If yes, identify the tax credits:



Instructions for Form 65

Oregon Partnership Return of Income

Which partnerships must file an Oregon partnership return?

- Every partnership having income derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

What must be attached to the Oregon partnership return?

Attach information in the following order:

- A copy of federal Form 1065, U.S. Partnership Return of Income, or Form 1065-B, U.S. Return of Income for Electing Large Partnerships. Include all pages and supporting schedules (for example, Schedule M-3).
- Schedule AP, Apportionment of Income, (form 150-102-171) if you answered yes to questions 5A and 5B on Form 65.
- An Oregon Depreciation Schedule (form 150-101-025), if Oregon depreciation differs from federal depreciation.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis and fair market value, sales price, or if distributed, to which partners.
- Federal Schedule K-1s, if less than 11 partners during the year. If you answered yes to questions 2A or 2B on Form 65, or you had more than 10 partners at any time during the year, attach a summary of partner information. If there are more than 50 partners, you may attach a statement that the K-1s are available upon request.
- Form 24, Oregon Like-Kind Exchanges/Involuntary Conversions if you had a 1031 exchange investing in out of state property.

Form 8886/REIT/RIC. Oregon now has a mandatory reporting requirement for participation in listed or reportable transactions. If you are required to report listed or reportable transactions to the IRS on Form 8886, you must check the "Form 8886/REIT/RIC" box. Retain the form with your Oregon tax records. Do not attach a copy of the form to your Oregon return. You must also check the box if you participated in a real estate invested trust (REIT) or regulated investment company (RIC) as defined in Senate Bill 39 of the 2007 Oregon Legislature.

Filing deadlines

Returns for the 2007 calendar year are due by April 15, 2008. Fiscal year returns are due by the 15th day of the fourth month after the end of the partnership's tax year.

Connection to federal law

Oregon is tied to the federal definition of taxable income. Oregon will automatically adopt future federal changes to

taxable income. The partnership's tax year for Oregon must be the same as for federal. Oregon doesn't have a required payment for partnerships choosing an alternative tax year.

Oregon recognizes the federal "check the box" regulations for unincorporated organizations. Also, Oregon treats the electing large partnership the same as federal.

Partnership failure-to-file penalty

A penalty may be assessed if a partnership doesn't file a return or fails to provide information to the Department of Revenue as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months. Each partner is personally liable for a portion of the penalty.

Individual income tax returns

A partnership generally is not subject to tax, but each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual income tax return.

Partners report their share of Oregon modifications on their Oregon Forms 40, 40N, or 40P. Increases to income go on the "Other additions" line of the Oregon individual return. Decreases to income go on the "Other subtractions" line. Label the line "OPM" (Oregon Partnership Modifications).

Nonresident partners can choose to file an individual nonresident return, Form 40N, or join together to file an Oregon composite tax return, Form OC. The Oregon individual income tax booklet lists filing requirements for partners' individual income tax returns. Visit our website to download tax forms and instructions, or to order, see page 2.

Oregon has new Oregon partnership withholding requirements for partners. See page 2.

Guaranteed payments

Guaranteed payments are treated as distributive shares of partnership income. For nonresident partners income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

Oregon modifications to federal partnership income

Complete Schedule I (on the back of Form 65) to figure Oregon modifications to federal partnership income. Attach schedules if necessary to explain and compute the modifications.

Generally, each partner's share of modifications is figured by using the profit sharing percentage shown on that partner's federal Schedule K-1. Each partner's share of the Oregon modifications must be reported on the partner's Schedule K-1 or equivalent.

Gain on voluntary and involuntary conversions. Oregon allows partnerships to elect for their partners to defer the gain on voluntary and involuntary conversions the same as for federal purposes.

Partnerships must make the election for all consenting partners. Attach Form 24, *Oregon Like-kind Exchanges/Involuntary Conversion*, 150-800-734, to your Oregon Partnership Return, Form 65 and check the box on the front of Form 65.

Credits

Partners may qualify for the following tax credits on their individual income tax returns even though the costs were paid by the partnership.

- Advanced telecommunications facilities.
- Business energy.
- Child care fund contribution.
- Crop donation.
- Diesel engine replacement.
- Dependent care assistance.
- Electronic commerce zone investment.
- Employer scholarship.
- Farmworker housing.
- Film production development contribution.
- First Break Program.
- Fish screening devices.
- Individual Development Accounts.
- Long-term care insurance premiums.
- On-farm processing machinery and equipment.
- Oregon Cultural Trust.
- Political contributions.
- Pollution control facilities.
- Reforestation of underproductive forestlands.
- Reservation enterprise zone.

Extension to time to file

If you filed a federal extension, Oregon will allow the same extension. You will need to file an Oregon only extension, on Form 40-EXT, if you need an extension for Oregon only. The maximum penalty imposed is \$50 per partner per month for a maximum of five months. Extensions must be filed by the due date of the return.

TriMet and Lane Transit District self-employment taxes

Self-employment earnings of taxpayers doing business or providing services within the TriMet and/or Lane Transit districts are subject to these taxes. A partnership may elect to file and pay the transit district self-employment tax on behalf of any or all the individual partners. Use the partnership's net self-employment earnings (including partners' guaranteed payments) to figure the tax.

Any 2007 TriMet or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 15, 2008. Fiscal year partnerships must file Form TM or Form LTD by April 15 of the year following the calendar year in which the fiscal year ends.

District boundary information

TriMet boundaries 503-962-6466
Lane Transit District boundaries 541-682-6100

Federal Privacy Act information

The request for Social Security numbers is made by authority of Section 405, Title 42, of the United States Code. You are required to give us this information. It is used to establish the identity of the partners. Unless allowed by law, all information in your tax return is confidential and cannot be disclosed by the department. Any violation is a class C felony.

Mail this return to: Oregon Department of Revenue
PO Box 14260
Salem OR 97309-5060

Withholding requirement for partnerships

For tax years beginning on or after January 1, 2006, a partnership with one or more nonresident partners that have no other Oregon source income is required to withhold tax unless the partner makes an election to join in the filing of a composite return or sends the department a signed Oregon affidavit for a nonresident owner in a pass-through entity. The partnership must withhold 9 percent of the partners' share of distributive income for partners who will file personal income tax returns, 6.6 percent for partners that are corporations. The partnership must send quarterly payments by the quarterly due dates for estimated tax payments, on Form 40-ESV, for each partner who will file a personal income tax return, or on Form 20-V for partners who will file corporate returns. Each payment voucher must include the partner's name and identification number. The due date for the annual payment is the date which the pass-through entity is required to issue a federal Schedule K-1 to its owners. For additional information or to download forms, visit our website, or see taxpayer assistance below.

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:

Salem 503-378-4988
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.

2007 OREGON

Elderly Rental Assistance Program Form 90R and Instructions



File your claim by
July 1, 2008

Before you mail Form 90R, check your ERA claim to make sure you:

- ✓ Fill in your date of birth on the front of your claim form.
- ✓ Complete the income section on the front of your claim.
- ✓ Complete the rent schedule and the household assets list on the back of your claim.
- ✓ Sign your claim.

If you have a disability and need special accommodations, see page 16 for numbers to call and places to get help.

We cannot process your claim without the information in the above checklist.

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

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Oregon Department
of Revenue

Elderly Rental Assistance (ERA) Program

Elderly Rental Assistance is for low-income people who rent their home and are age 58 or older. The property you rent must be subject to property tax. If the property you rent is exempt from property tax you are not eligible for ERA unless the property owner makes a “payment in lieu of tax” (PILOT). You must file a Form 90R to receive elderly rental assistance. **Form 90R can be found on pages 9–12** of this booklet. ERA is based on your income, assets, and the amount of rent, fuel, and utilities you paid. Be sure to keep your rent receipts with your records. We may request them at a later date.

Important information

ERA filing deadline. The deadline for filing an ERA claim (Form 90R) is July 1. If you file Form 90R after July 1, 2008, your claim will be processed the following year, and if you qualify, your ERA payment will be issued in November 2009.

Payment issue date. The payment issue date is November 2008 for claims received by July 1, 2008. **Do not** contact the department to find out how to calculate your payment. We will not know the assistance amount until November 2008.

Courtesy letter. You may receive a courtesy letter explaining a proposed change to your ERA claim. If you receive a courtesy letter and you disagree, it is important that you respond quickly. Otherwise we may not have time to process the additional information you provide about your claim before the November 2008 mailing. Objections to proposed changes must be sent to us in writing.

If you choose not to respond to the courtesy letter, you will still have formal appeal rights after the department issues a formal notice and/or a check in November 2008.

If you appeal the formal notice and it is determined that you are entitled to additional assistance, you will receive the additional payment in November 2009.

Amended claims

If you need to amend (change) your ERA claim, send in a Form 90R with the correct information along with an explanation of your changes. Write “Amended” at the top of the Form 90R in blue or black ink.

Single or married and living apart

You qualify for ERA if **all** the following are true:

- You were age 58 or older on December 31, 2007, **and**
- Your household income was under \$10,000, **and**
- You paid more than 20 percent of your household income for rent, fuel, and utilities (see “Special instructions” on page 3), **and**
- The value of your household assets is \$25,000 or less (if you are age 65 or older, there is no limit on the value of household assets), **and**
- You rented an Oregon residence that was subject to property tax or PILOT, **and**
- You lived in Oregon on December 31, 2007, **and**
- You didn’t own your residence on December 31, 2007 (if you live in a manufactured home, see page 4).

Married and living together

You qualify for ERA if **all** the following are true:

- You **or** your spouse were age 58 or older on December 31, 2007, **and**
- You and your spouse’s total household income was less than \$10,000, **and**
- You paid more than 20 percent of your total household income for rent, fuel, and utilities (see “Special instructions” on page 3), **and**
- The total value of both spouses’ household assets is \$25,000 or less (if either spouse is age 65 or older, there is no limit on the value of your household assets), **and**
- You rented an Oregon residence that was subject to property tax or PILOT, **and**

- You lived in Oregon on December 31, 2007, **and**
- You didn't own your residence on December 31, 2007 (if you live in a manufactured home, see page 4).

Household income includes all taxable and nontaxable income. See page 5.

Fuel and utilities includes the amount you paid during the year for lights, water, garbage, sewer, and heating. Do not include food expenses or the amount you paid for telephone, cable television, or Internet access.

Household assets include real and personal property described on page 7. See the list on the back of Form 90R.

When do I file Form 90R?

Claim Year	File By	Accepted Until
2007	July 1, 2008	July 1, 2011
2006	—	July 1, 2010
2005	—	July 1, 2009
2004	—	July 1, 2008

Where do I send Form 90R?

Mail your Form 90R to:

ERA CLAIMS
PO Box 14700
Salem OR 97309-0930

When will I get my assistance check?

If you file Form 90R by July 1, 2008, your ERA check will be mailed to you in November 2008. If your Form 90R is filed **after** July 1, 2008, your ERA claim will not be processed this year and your check will not be issued until November 2009.

Fraudulent claims

Filing a fraudulent Form 90R is against the law. You could be charged with a class C felony. You could be fined up to \$100,000 and serve a jail sentence. You would also be required to pay back twice the amount you received plus interest.

Special instructions

Single. If you were single on December 31, 2007, list only the rent, fuel, and utilities you actually paid.

Roommates. Each roommate can file for ERA. The amount of assistance is based on the rent, fuel, utilities, household income, and assets of each person who files Form 90R. List the name(s) of the other renter(s) on the rent schedule and the rent, fuel, and utilities you **alone** actually paid.

Recently married. Did you marry during 2007? If so, you must file jointly. Include the rent, fuel, and utilities for places you rented both separately and together.

Married—living together. If you were married and living in the same residence or facility on December 31, 2007, you must file jointly. The assistance is based on the rent, fuel, utilities, household income, and assets of both spouses.

Married—living apart. If you were married and permanently living apart on December 31, 2007, you may file separately. List only the rent, fuel, and utilities **you** actually paid. File jointly if you are only temporarily living apart.

Deceased persons. You cannot file a Form 90R for a deceased person.

Clergy. Members of the clergy who live in housing provided by the church may be eligible for assistance. You qualify for ERA if you paid rent for the use of the housing, **and the property was subject to Oregon property tax.**

Your minister's rental allowance must be included in household income even if the allowance is excluded from federal adjusted gross income.

Apartment managers. Include only the rent you actually paid on the Form 90R rent schedule. Don't include the value of free rent provided by your employer.

Special living places

The amount of assistance may depend on the kind of housing you lived in. **Caution: If your residence is exempt from property taxes, you**

are not eligible to file for ERA unless the property owners make a payment in lieu of tax (PILOT). Contact your landlord if you don't know if your residence is subject to property tax or PILOT.

Partially exempt property. If your residence is partially exempt from property taxes, you are allowed to file an ERA claim based on the percentage of property that is subject to Oregon property taxes. For example, if the property you rent is 75 percent exempt from property taxes, you may file a claim based on 25 percent of the rent you actually paid.

Manufactured homes. You are allowed to file a claim based on the rent you actually paid for your manufactured home, your land, or both.

If you owned both the manufactured home and the land on December 31, 2007, you don't qualify for ERA.

Low-income housing. You can file for ERA only on the rent you actually paid. **Caution:** If your low-income housing is exempt from property taxes, you can't file for ERA unless the property owners make a "payment in lieu of tax" (PILOT).

Nursing home residents. If you lived in a nursing home, you may file for ERA. Nursing home payments include medical care and other expenses, not just rent. Generally, 20 percent of your total payment is considered rent, and 3 percent is considered fuel and utilities. You may claim a higher percentage if you can show it is correct.

If you lived in a nursing home on December 31, 2007, while your spouse rented a separate residence, each of you can file a separate Form 90R for assistance. You may file for assistance based on your nursing home rent. Show only your own household income on Form 90R. Your spouse will file a separate Form 90R. Check with the nursing home to make sure it is subject to property tax.

If you lived in a nursing home on December 31, 2007, but your spouse lived in a home you owned, you may file for assistance based on

your nursing home rent. Show only your own household income on Form 90R. Your spouse doesn't qualify for ERA.

Retirement/rest home or center. Generally, 60 percent of your total payment is considered rent, and 10 percent is considered fuel and utilities. You may claim a higher percentage if you can show it is correct.

Group homes. Generally, 60 percent of your total payment is considered rent, and 10 percent is considered fuel and utilities. **Caution:** If your group home is exempt from property taxes, you can't file for ERA.

Boarders. Generally, 60 percent of your room and board payment is considered rent, and 10 percent is considered fuel and utilities. You may claim a higher percentage if you can show it is correct.

Renting from relatives. If you pay rent to a relative for the right to occupy property owned by your relative, you may qualify for ERA. You must have a signed rental agreement and the relative you pay rent to must report the rental income on his or her tax return. Keep a copy of the signed agreement along with your rent receipts for your records. We may request them at a later date.

Licensed trailers. If you lived in a licensed travel trailer that's not on the county property tax rolls, and you rented the land, you may file a claim based on the rent you actually paid for the land only.

You don't qualify for ERA if you lived in:

- Cooperative housing, **or**
- A nonprofit home for the elderly, **or**
- A condominium, a house, or an apartment you owned.

If you lived in one of the above types of housing, you're a homeowner, not a renter.

Form 90R instructions

Name and address section

Clearly print or type your name, address, Social Security number, and date of birth on Form 90R.

Important — If your address changes between the time you file and November 2008, please notify the Department of Revenue. See page 16 for numbers to call.

Social Security number. The request for your Social Security number(s) is authorized by Section 405, Title 42, of the United States Code. We will use this information only to establish your identity for tax purposes.

Date of birth. You or your spouse must be age 58 or older as of December 31, 2007, to qualify for ERA. **You must enter your date of birth and your spouse's date of birth at the top of Form 90R or your claim may be denied.**

Household income

Household income includes taxable and nontaxable income of both spouses living in the same household. It doesn't include your spouse's income if you were permanently living apart on December 31, 2007. It also doesn't include income of your children, roommates, or any other person living with you, other than your spouse.

Use Form 90R lines 1–19 to figure your household income. Some of the household income items come from your federal tax return, if you filed an income tax return, and other items come from your personal records.

See pages 13 through 15 for a household income checklist.

Nonresidents and part-year residents who lived in Oregon on December 31, 2007. Include all taxable and nontaxable income for the **entire** year. Include income from Oregon sources and income from sources outside of Oregon.

Line instructions

Instructions are for lines not fully explained on the form.

Note: Do not fill in cents. You must round off cents to the nearest dollar. For example, \$12.49 becomes \$12 and \$233.50 becomes \$234.

Work and investment income

For each of the following, fill in the total amount received during the year.

- 1. Wages, salaries, and other pay for work.** Fill in your wages, salaries, commissions, tips, barter income, fees, and other pay for work.
- 2. Interest and dividends.** Fill in your total taxable and nontaxable interest and dividends. Don't include "return of capital" dividends or insurance policy "return of premium" dividends.
- 3. Business net income.** Fill in your net profit. Net profit is the combined income and losses on all your business schedules. This includes business partnerships and S corporations. Did you have a net business loss? If so, you can subtract up to \$1,000 of the loss in figuring household income. For lines 3, 4, and 6, see note on page 6. Net operating loss carryovers and carrybacks can't be used to reduce household income.
- 4. Farm net income.** Fill in your net farm profit. Net farm profit is the combined income and losses on all your farm schedules. This includes farm partnerships and S corporations. If you had a net farm loss, you can subtract up to \$1,000 of the loss in figuring household income. For lines 3, 4, and 6, see note on page 6. Net operating loss carryovers and carrybacks can't be used to reduce household income.
- 5. Total gain on property sales.** Fill in your total gain from any property sales: stocks, bonds, land, or other property. If you had a net loss, you can subtract up to \$1,000 in figuring household income. Don't include any gain you deferred or excluded from the sale of your house. Did you sell property you placed into service after December 31, 1980 and before January 1, 1985? If so, you may need to refigure your gain for Oregon. Did you take the federal investment tax credit? If so, you may have a difference between Oregon basis and federal basis. You will need to refigure your gain or loss for the

assets, using the Oregon basis. See page 16 for telephone numbers to call for help.

6. Rental net income. Fill in your rental net income. Rental net income is the combined income or losses from all your rentals. This includes rental partnerships and S corporations. If you had a net loss, you can subtract up to \$1,000 in figuring household income. For lines 3, 4, and 6, see note below.

Note for lines 3, 4, and 6:

Does the combined total of your depreciation, depletion, and amortization deductions from all businesses exceed \$5,000? If so, you must refigure these items, limiting your total deduction to \$5,000.

Example: Jackson has a business that had gross income of \$22,000 in 2007. He had a \$10,000 depreciation deduction and other business expenses of \$15,000. Jackson figures his \$3,000 business loss for federal purposes as follows:

Business gross income	\$22,000
Less	
Depreciation.....	\$10,000
Other business expenses	+ 15,000
	(25,000)
Federal business loss	\$(3,000)

Jackson figures his business income for ERA purposes as follows:

Business gross income	\$22,000
Less	
Depreciation limited to \$5,000	\$5,000
Other business expenses	+ 15,000
	(20,000)
ERA business income	\$ 2,000

7. Other income from your federal return. Fill in any other taxable income you received in 2007 that is on your federal return. This includes:

- Alimony received from federal Form 1040, line 11.
- Awards, bonuses, prizes, gambling winnings (including Oregon lottery winnings), and other income from federal Form 1040, line 21. Identify the other income.

Don't include:

- Oregon income tax refunds.

- Federal income tax refunds.
- Unemployment benefits. Instead, enter your unemployment benefits on Form 90R, line 13.

Retirement income

For each of the following, fill in the total amount received during the year.

- 9. Social Security, supplemental security income (SSI), and railroad retirement.** Fill in the **total** taxable and nontaxable Social Security, SSI, and Railroad Retirement Board benefits you received in 2007. Include Medicare premiums for 2007, but don't include reimbursed medical expenses. Also include any amounts you received in your name from Social Security for the benefit of a minor child.
- 10. Pensions and annuities.** Fill in the total pension and annuity income you received in 2007. This will usually be the taxable portion of your pension. **Federal pensions:** Be sure to include your **total** taxable and nontaxable pension income. Don't include your contribution to the plan. You should have a statement, Form 1099-R, from the payer that shows your contribution. Include lump-sum distributions and death benefits.

Other income

For each of the following, fill in the total amount received during the year:

- 12. Children, Adults, and Families (CAF).** Fill in the **total** amount of public assistance you received. Include assistance you received from Seniors and People with Disabilities. Also include Temporary Assistance for Needy Families. You should have received an Assistance Summary statement that shows the amount you received. **Don't include:**
 - Special Shelter Allowance.
 - Amounts for food stamps or surplus foods.
 - Payments for medical care, drugs, medical supplies, and services related to medical care for which you received no direct payment.

- In-home services approved by the Oregon Department of Human Services.
- Reimbursement of expenses from participating in work or training programs.

If you receive public assistance benefits for your nursing home costs, include 23 percent of that payment as public assistance income. Generally, 23 percent of the payment represents your rent plus utilities and fuel (see “Special living places” on page 3). Don’t include public assistance payments to your nursing home for medical care, drugs, or medical supplies.

- 13. Unemployment benefits.** Fill in your total unemployment benefits.
- 14. Veteran’s and military benefits.** Fill in your **total** taxable and nontaxable veteran’s benefits, GI Bill benefits, family allowances, and educational allowances.
- 15. Family support, gifts, and grants.** Add together **all** the gifts, grants, and scholarships you received. Include any amounts you received from your children and others to help pay your expenses. You can exclude up to \$500 from household income. Fill in the total in excess of \$500. This also includes gifts and grants from a foreign country. Don’t include federal grants to improve your home.

Example: You received \$250 from your child, a \$600 gift, and a \$300 state grant during the year. You must include a total of \$650 in your household income:

Money received from child.....	\$ 250
Gift.....	\$ 600
Grant	<u>\$ 300</u>
Total received.....	\$ 1150
Less: exclusion amount	<u> 500</u>
Include in household income.....	\$ 650

- 16. Other sources.** Fill in amounts from any other sources of household income, including:
- Child support.
 - Minister’s rental allowance.
 - Foreign earned income.
 - Disability pay.
 - Life insurance proceeds.

- Personal injury damages.
- Strike benefits.
- Workers’ compensation.
- Accident and health insurance payments.
- Total inheritances. This includes anything that changed ownership because of death. It may be cash or property. Figure the fair market value of property as the amount you’d get if the property had been sold on the date of death. Don’t include property you received due to the death of your spouse.

19. Adjustments to income. Fill in the amount from Form 1040, line 36, or Form 1040A, line 20. If you filed Form 1040EZ, fill in -0-.

21. Household assets. If you or your spouse are age 65 or older, the limitations do not apply.

Single or married—living apart. If you are under age 65, you must complete the household assets list on the back of your Form 90R. If the total value of your household assets is more than \$25,000 you don’t qualify for ERA.

Married—living together. If **both** you and your spouse are under age 65, you must complete the household assets list on the back of your Form 90R. If the total value of both spouses’ household assets is more than \$25,000 you don’t qualify for ERA. Household assets include property you own together and separately.

Household assets include the fair market value as of December 31, 2007, of the following:

- **Real property**, such as a vacant lot, farm land, mobile home, or rental property.
- **Personal property**, such as money on hand, shares of stock, money owed to you by others, and funds on deposit. Don’t include the value of retirement plans.
- **Personal property used in a trade or business** in which you are an owner. Examples include, but are not limited to, an automobile used in your business, your office equipment, inventory, and your percentage of partnership assets.

Note: Examples of items **not** to include as household assets: TV, VCR, personal computer, personal vehicle, furniture, wedding ring, bicycle. (This is not intended to be a complete list.)

Qualifying rent

22. Total Oregon rent you paid during 2007. Complete the rent schedule on the back of Form 90R.

Fill in the Oregon rent you paid during 2007. Include all Oregon rent you paid for each residence you rented in 2007. Rent doesn't include advance rent or deposits for keys, cleaning, or security. Keep your rent receipts with your records for at least three years from the due date of your claim or when you file it, whichever is later.

If the property you rented was partially exempt from property taxes, or you lived in a nursing home, retirement/rest home or center, group home, or pay room and board, only a portion of your payment is considered qualifying rent. See "Special living places" on page 3.

23. Special Shelter Allowance. Did you receive a Special Shelter Allowance (public assistance)? If you did, the Assistance Summary statement you received will show the amount of your Special Shelter Allowance. Fill in the amount from the notice on this line. This allowance is an advance payment of your ERA claim so it will reduce the amount of assistance you receive.

24. Fuel and utilities. Include the amount you paid during 2007 for lights, water, garbage, sewer, and heating while living in Oregon. **Don't** include the amount you paid for telephone, cable television, or Internet access as utilities.

Lights (electricity)	\$ _____
Water and sewer	\$ _____
Garbage.....	\$ _____
Heating (gas, oil, wood, etc.)	\$ _____
Total.....	\$ _____

Enter the total on line 24. If the total of lines 22 and 24 is 20 percent or less of your total household income on line 20, then you don't qualify for ERA.

If you lived in a nursing home, retirement/rest home or center, group home, or paid room and board, only a portion of your total payment is for fuel and utilities. See "Special living places" on page 3.

25. Nursing home, retirement/rest home or center, or group home. If you paid rent to a nursing home, retirement/rest home, or group home, check the box that applies. Generally, a nursing home provides medical care, but retirement/rest homes or centers and group homes don't.

ERA payment. The Oregon Department of Revenue will figure your assistance for you. Remember your assistance will be reduced by any Special Shelter Allowance you already received in 2007.

Sign and mail Form 90R

Before you mail Form 90R, check your claim.

- ✓ Were you **or** your spouse age 58 or older on December 31, 2007? Did you fill in your date of birth and your spouse's date of birth at the top of Form 90R?
- ✓ Did you sign and date Form 90R on the front page? Both spouses must sign a joint claim.
- ✓ Did you complete the entire form?
 - All income sections on the front page of 90R?
 - The rent section on the back page of 90R?
 - The household assets on the back page of 90R? (Asset list required if you **and** your spouse were under age 65 on December 31, 2007.)

Be sure to complete the entire claim form. An incomplete claim could delay your assistance until next year.

Remember—you must file your Form 90R by July 1, 2008 so we can process and issue your payment in November 2008.

FORM 90R OREGON ELDERLY RENTAL ASSISTANCE 2007

For department use only
Date received

You must fill in your date of birth in order to receive assistance.

Last name	First name and initial	Enter your Social Security No. (SSN) - -	Date of birth (mm/dd/yyyy)
Spouse's last name if joint claim	Spouse's first name and initial	Enter spouse's Social Security No. - -	Date of birth (mm/dd/yyyy)
Current mailing address			For department use only
City	State	ZIP code	Telephone number ()
			1
			2
			3

WORK AND INVESTMENT INCOME—Totals for the entire year

1	Wages, salaries, and other pay for work	1		.00
2	Interest and dividends (total taxable and nontaxable).....	2		.00
3	Business net income (loss limited to \$1,000)	3		.00
4	Farm net income (loss limited to \$1,000)	4		.00
5	Total gain on property sales (loss limited to \$1,000)	5		.00
6	Rental net income (loss limited to \$1,000)	6		.00
7	Other income from your federal return. Identify _____	7		.00
8	Add lines 1 through 7	• 8		.00

RETIREMENT INCOME—Totals for the entire year

9	Social Security, supplemental security income (SSI), railroad retirement (total for 2007).....	• 9		.00
10	Pensions and annuities (see instructions)	• 10		.00
11	Add lines 9 and 10	11		.00

OTHER INCOME—Totals for the entire year

12	Children, Adults, and Families (public assistance, not including food stamps).....	• 12		.00
13	Unemployment benefits	• 13		.00
14	Veteran's and military benefits.....	14		.00
15	Family support, gifts, and grants: Total received minus \$500	15		.00
16	Other sources: Identify _____	16		.00
17	Add lines 12 through 16	• 17		.00
18	Add lines 8, 11, and 17	18		.00
19	Adjustments to income from federal Form 1040, line 36 or federal Form 1040A, line 20.....	• 19		.00
20	YOUR TOTAL HOUSEHOLD INCOME. Line 18 minus line 19. If your household income is \$10,000 or more, STOP HERE! You don't qualify for elderly rental assistance	• 20		.00
21	YOUR TOTAL HOUSEHOLD ASSETS. Fill in your total household assets from the back of this form. (If you or your spouse are age 65 or older, the limitations do not apply. Fill in -0- on line 21.) If your household assets exceed \$25,000, STOP HERE! You don't qualify for elderly rental assistance	• 21		.00

QUALIFYING RENT

22	Total Oregon rent you paid during 2007 (from box 7 of rent schedule on the back)	• 22		.00
23	Special Shelter Allowance (see page 8).....	• 23		.00
24	Total fuel and utilities only (not telephone). Don't include rent! (see page 8)	• 24		.00
25	Check the box if you paid rent to a: <input type="checkbox"/> nursing home <input type="checkbox"/> retirement/rest home or center <input type="checkbox"/> group home			

Under penalties for false swearing, I declare that I have examined this claim, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	<p>→ _____ Your signature Date</p> <p>→ _____ Spouse's signature (If filing jointly, BOTH must sign)</p>	<p>_____ Signature of preparer other than taxpayer License No.</p> <p>_____ Address</p>
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Mail your completed 90R to: ERA CLAIMS, PO BOX 14700, SALEM OR 97309-0930

RENT SCHEDULE

List the places you rented in Oregon during 2007. Attach additional schedules if needed.

	Residence A	Residence B (if needed)
1. Your street address, city, state, ZIP code	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
2. Full name of each roommate	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
3. Landlord's name, street address, city, state, ZIP code, and telephone number	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
4. 2007 rental period	From: <div style="border: 1px solid black; width: 150px; height: 15px;"></div> To: <div style="border: 1px solid black; width: 150px; height: 15px;"></div>	From: <div style="border: 1px solid black; width: 150px; height: 15px;"></div> To: <div style="border: 1px solid black; width: 150px; height: 15px;"></div>
5. Rent you paid per month..... 5A	\$ <div style="border: 1px solid black; width: 100px; height: 20px;"></div>5B \$ <div style="border: 1px solid black; width: 100px; height: 20px;"></div>
6. Total rent you paid (per address)..... 6A	\$ <div style="border: 1px solid black; width: 100px; height: 20px;"></div>6B \$ <div style="border: 1px solid black; width: 100px; height: 20px;"></div>
7. TOTAL RENT PAID IN 2007. Add boxes 6A and 6B and enter the total here. Also enter this amount in box 22 on the front of this form..... 7	\$ <div style="border: 1px solid black; width: 150px; height: 20px;"></div>	

2007 HOUSEHOLD ASSETS LIST

Use Fair Market Value of your assets as of December 31, 2007. If you or your spouse are age 65 or older, this list is **not** required.

1. Real property (includes fair market value of mobile home).....	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
2. Personal property:	
A. Money on hand: Currency and bills of exchange or others (identify).....	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
B. Money on deposit:	
Checking and savings account	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
Certificates of deposit or others (identify).....	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
C. Funds on deposit:	
Funds accruing due to death of the insured where withdrawal is at your option (insurance)	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
Funds accruing due to original maturity of a policy contract where withdrawal is at your option	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
D. Money owed to you: Personal or business notes receivable or others (identify)	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
E. Value of shares of stock:	
Capital, common, and preferred	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
Shares in mutual funds and investment trusts or others (identify)	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
F. Value of assets or property used in a trade or business in which you or your spouse have an ownership interest	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>
TOTAL HOUSEHOLD ASSETS. Fill in the total here and on line 21 on the front of this form	\$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>

FORM 90R OREGON ELDERLY RENTAL ASSISTANCE 2007

For department use only		
Date received		

You must fill in your date of birth in order to receive assistance.

Last name		First name and initial		Enter your Social Security No. (SSN) - -		Date of birth (mm/dd/yyyy)	
Spouse's last name if joint claim		Spouse's first name and initial		Enter spouse's Social Security No. - -		Date of birth (mm/dd/yyyy)	
Current mailing address							For department use only
City	State	ZIP code	Telephone number ()			1	2
						3	

WORK AND INVESTMENT INCOME—Totals for the entire year

1	Wages, salaries, and other pay for work	1		.00
2	Interest and dividends (total taxable and nontaxable).....	2		.00
3	Business net income (loss limited to \$1,000)	3		.00
4	Farm net income (loss limited to \$1,000)	4		.00
5	Total gain on property sales (loss limited to \$1,000)	5		.00
6	Rental net income (loss limited to \$1,000)	6		.00
7	Other income from your federal return. Identify _____	7		.00
8	Add lines 1 through 7	8		.00

RETIREMENT INCOME—Totals for the entire year

9	Social Security, supplemental security income (SSI), railroad retirement (total for 2007).....	9		.00
10	Pensions and annuities (see instructions)	10		.00
11	Add lines 9 and 10	11		.00

OTHER INCOME—Totals for the entire year

12	Children, Adults, and Families (public assistance, not including food stamps).....	12		.00
13	Unemployment benefits	13		.00
14	Veteran's and military benefits.....	14		.00
15	Family support, gifts, and grants: Total received minus \$500	15		.00
16	Other sources: Identify _____	16		.00
17	Add lines 12 through 16	17		.00
18	Add lines 8, 11, and 17	18		.00
19	Adjustments to income from federal Form 1040, line 36 or federal Form 1040A, line 20.....	19		.00
20	YOUR TOTAL HOUSEHOLD INCOME. Line 18 minus line 19. If your household income is \$10,000 or more, STOP HERE! You don't qualify for elderly rental assistance	20		.00
21	YOUR TOTAL HOUSEHOLD ASSETS. Fill in your total household assets from the back of this form. (If you or your spouse are age 65 or older, the limitations do not apply. Fill in -0- on line 21.) If your household assets exceed \$25,000, STOP HERE! You don't qualify for elderly rental assistance	21		.00

QUALIFYING RENT

22	Total Oregon rent you paid during 2007 (from box 7 of rent schedule on the back)	22		.00
23	Special Shelter Allowance (see page 8).....	23		.00
24	Total fuel and utilities only (not telephone). Don't include rent! (see page 8)	24		.00
25	Check the box if you paid rent to a: <input type="checkbox"/> nursing home <input type="checkbox"/> retirement/rest home or center <input type="checkbox"/> group home			

Under penalties for false swearing, I declare that I have examined this claim, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.

SIGN HERE	→ _____ Your signature Date	Signature of preparer other than taxpayer License No.
	→ _____ Spouse's signature (If filing jointly, BOTH must sign)	Address

Mail your completed 90R to: ERA CLAIMS, PO BOX 14700, SALEM OR 97309-0930

RENT SCHEDULE

List the places you rented in Oregon during 2007. Attach additional schedules if needed.

	Residence A	Residence B (if needed)
1. Your street address, city, state, ZIP code	<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>
2. Full name of each roommate	<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>
3. Landlord's name, street address, city, state, ZIP code, and telephone number	<div style="border: 1px solid black; height: 80px;"></div>	<div style="border: 1px solid black; height: 80px;"></div>
4. 2007 rental period	From: <input style="width: 150px;" type="text"/> To: <input style="width: 150px;" type="text"/>	From: <input style="width: 150px;" type="text"/> To: <input style="width: 150px;" type="text"/>
5. Rent you paid per month..... 5A	\$ <input style="width: 100px;" type="text"/>5B \$ <input style="width: 100px;" type="text"/>
6. Total rent you paid (per address)..... 6A	\$ <input style="width: 100px;" type="text"/>6B \$ <input style="width: 100px;" type="text"/>
7. TOTAL RENT PAID IN 2007. Add boxes 6A and 6B and enter the total here. Also enter this amount in box 22 on the front of this form..... 7	\$ <input style="width: 150px; height: 20px;" type="text"/>	

2007 HOUSEHOLD ASSETS LIST

Use Fair Market Value of your assets as of December 31, 2007. If you or your spouse are age 65 or older, this list is **not** required.

1. Real property (includes fair market value of mobile home).....	\$ <input style="width: 100px;" type="text"/>
2. Personal property:	
A. Money on hand: Currency and bills of exchange or others (identify).....	\$ <input style="width: 100px;" type="text"/>
B. Money on deposit:	
Checking and savings account	\$ <input style="width: 100px;" type="text"/>
Certificates of deposit or others (identify).....	\$ <input style="width: 100px;" type="text"/>
C. Funds on deposit:	
Funds accruing due to death of the insured where withdrawal is at your option (insurance)	\$ <input style="width: 100px;" type="text"/>
Funds accruing due to original maturity of a policy contract where withdrawal is at your option	\$ <input style="width: 100px;" type="text"/>
D. Money owed to you: Personal or business notes receivable or others (identify)	\$ <input style="width: 100px;" type="text"/>
E. Value of shares of stock:	
Capital, common, and preferred	\$ <input style="width: 100px;" type="text"/>
Shares in mutual funds and investment trusts or others (identify)	\$ <input style="width: 100px;" type="text"/>
F. Value of assets or property used in a trade or business in which you or your spouse have an ownership interest	\$ <input style="width: 100px;" type="text"/>
TOTAL HOUSEHOLD ASSETS. Fill in the total here and on line 21 on the front of this form	\$ <input style="width: 100px;" type="text"/>

HOUSEHOLD INCOME CHECKLIST

Use this list to figure what must be included in total household income.

Household Income		Household Income	
Yes	No	Yes	No
Alimony and separate maintenance.....	×	Depreciation, depletion, and amortization in excess of \$5,000.....	×
Annuities and pensions (reduced by cost recovery).....	×	Disability income (entire amount).....	×
*Business income (reduced by expenses).....	×	Dividends, taxable and nontaxable	×
Cafeteria plan benefits.....	×	Credit union savings account “dividends” (interest)	×
*Capital loss carryover	×	Insurance policy “dividends” (return of premium)	×
*Capital losses (in year determined)	×	Return of capital dividends.....	×
Child support.....	×	Stock dividends.....	×
Child support included in public assistance	×	Tax-exempt dividends.....	×
Clergy’s rental or housing allowance, in excess of expenses claimed to determine federal AGI.....	×	Earned income credit, advanced.....	×
Compensation for services performed		*Estate and trust income (also see Inheritance)	×
Back pay	×	*Farm income (reduced by expenses)	×
Bonuses.....	×	Agricultural program payments.....	×
Clergy’s fees.....	×	Patronage dividends.....	×
Commissions	×	Proceeds from sale of crops and livestock.....	×
Director’s fees.....	×	Rents	×
Fees in general (trustee, executor, jury duty).....	×	Sale of services.....	×
Lodging for convenience of employer.....	×	Fellowships	×
Meals for convenience of employer	×	Foreign income excluded from federal AGI.....	×
Salaries.....	×	Foster child care (reduced by expenses)	×
Severance pay	×	Funeral expenses received	×
Tips.....	×	Gains on sales (receipts less cost).....	×
Wages.....	×	Excluded gain for Oregon on sale of residence	×
Deferred compensation		Gambling winnings (without reduction for losses)	×
Contributions made.....	×		
Payments received.....	×		
Depletion in excess of basis	×		

*Losses limited to \$1,000.

	Household Income			Household Income	
	Yes	No		Yes	No
Gifts and grants (totaling more than \$500 in value).....	×		Property damage if included in federal income	×	
Cash	×		Reimbursement of medical expense	×	
Gifts from nonspouse in the same household	×		Sick pay (employer sickness and injury pay).....	×	
Gifts from spouse in the same household	×		Strike benefits	×	
Gifts other than cash (report at fair market value).....	×		Unemployment compensation.....	×	
Payment of indebtedness by another person.....	×		Workers' compensation.....	×	
Grants and payments by foreign governments not included in federal adjusted gross income.....	×		Interest, taxable and nontaxable	×	
Grants by federal government for rehabilitation of home	×		Contracts	×	
Gratuities	×		Municipal bonds and other securities ...	×	
Hobby income	×		Savings accounts.....	×	
Honorariums.....	×		Tax-exempt interest.....	×	
Individual Retirement Arrangement (IRA)			U.S. Savings Bonds	×	
<i>Conventional IRA</i>			*Losses on sales (to extent used in determining adjusted gross income).....	×	
Payments received.....	×		From sales of real or personal property (nonbusiness).....	×	
Payments contributed	×		Lottery winnings.....	×	
Rollovers or conversions	×		Lump-sum distribution (less cost recovery)	×	
<i>Roth IRA</i>			Military and veteran's benefits (taxable and nontaxable)		
Payments received.....	×		Combat pay.....	×	
Payments contributed	×		Disability pensions	×	
Rollovers or conversions	×		Educational benefits (GI Bill)	×	
Inheritance.....	×		Family allowances	×	
From spouse who resided in the same household	×		Pensions.....	×	
Insurance proceeds			Net operating loss carryback and carryover.....	×	
Accident and health.....	×		*Partnership income (reduced by expenses)	×	
Disability payments.....	×		Parsonage (rental value) or housing allowance received by clergy in excess of expenses used in determining federal AGI.....	×	
Employee death benefits.....	×				
Life insurance	×				
Personal injury damages (less attorney fees)	×				

*Losses limited to \$1,000.

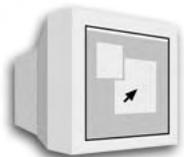
	Household Income			Household Income	
	Yes	No		Yes	No
Pensions and annuities (taxable and nontaxable) (reduced by cost recovered in the current year)	×		Rental allowances paid to ministers and not included in federal adjusted gross income	×	
Prizes and awards	×		*Rental and royalty income (reduced by expenses)	×	
Public assistance benefits	×		Residence sales (see gains on sales)	×	
Aid to blind and disabled	×		Retirement benefits (see pensions, Social Security, and Railroad Retirement Board benefits)		
Aid to dependent children	×		Sales (see gains on sales and losses on sales)		
Child care payments	×		Scholarships (excess over \$500)	×	
Child support included in public assistance	×		Sick pay	×	
Direct payments to nursing home	×		Social Security and Railroad Retirement Board Benefits (taxable and nontaxable)	×	
Food stamps (or cash payments in lieu of food stamps)	×		Children's benefits paid to parent	×	
Fuel assistance	×		Children's benefits paid to your child	×	
In-home services approved by the Department of Human Services	×		Disability pension	×	
Medical payments to doctors	×		Medicare payments of medical expenses	×	
Payments for medical care, drugs, medical supplies, and services for which no direct payment is received	×		Medicare premiums deducted from Social Security	×	
Reimbursements of expenses paid or incurred by participants in work or training programs	×		Old-age benefits	×	
Seniors and People with Disabilities assistance	×		Supplemental Security income	×	
Special shelter allowance	×		Survivor benefits	×	
Surplus food	×		Stipends (excess over \$500)	×	
Women, Infants, and Children program (WIC)	×		Strike benefits	×	
Railroad Retirement Board benefits (see Social Security and Railroad Retirement Board benefits)	×		Support from parents who don't live in your household	×	
Refunds			Trust income	×	
Earned income credit	×		Unemployment compensation	×	
Federal tax	×		Wages	×	
Property tax	×				
Oregon income tax	×				
Other states' income tax (if included in federal AGI)	×				
Reimbursements (in excess of expenses incurred)	×				
For moving expense	×				
For travel	×				

*Losses limited to \$1,000.

Taxpayer assistance

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. Do not send any personal information. General questions only.

Field offices

Visit a field office to get forms and assistance. **Do not send your claim form to these addresses.**

- Bend**.....951 SW Simpson Avenue, Suite 100
- Eugene**.....1600 Valley River Drive, Suite 310
- Gresham**1550 NW Eastman Parkway, Suite 220
- Lake Oswego** 6405 SW Rosewood St, Suite A
- Medford**.....3613 Aviation Way, Suite 102
- Newport**119 NE 4th St, Suite 4
- North Bend**...3030 Broadway
- Pendleton**.....700 SE Emigrant, Suite 310
- Portland**.....800 NE Oregon Street, Suite 505
- Salem**Revenue Building, 955 Center St NE,
Room 135
- Salem**4275 Commercial St SE, Suite 180

To get forms

Income tax booklets are available at many post offices, banks, and libraries. For booklets and other forms and publications, you can also access our website, order by telephone, or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

Questions?

Write

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



Include your Social Security number and a day-time telephone number for faster service.

Telephone

Salem area or outside Oregon..... 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 2007 personal income tax refund.
- Order tax forms.
- Hear recorded tax information.
- Speak with a representative.



Monday through Friday7:30 a.m.–5:00 p.m.
Closed Thursdays from 9:00 a.m. –11:00 a.m. Closed on holidays.

Extended hours during tax season (wait times may vary):

April 1–April 15, Monday–Friday7:00 a.m.–7:00 p.m.
Saturday, April 129:00 a.m.–3:00 p.m.

Asistencia en español:

En Salem o fuera de Oregon.....503-378-4988
Gratis de prefijo de Oregon1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon503-945-8617
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.



**FORM
243**

CLAIM TO REFUND DUE A DECEASED PERSON

For Calendar Year _____

(or other taxable year beginning _____, _____ and ending _____, _____)

FOR OFFICE USE ONLY
Date received

• Please attach a photocopy of the death certificate.

Decedent			Claimant		
Name of Decedent			Name of Claimant		
Date of Death	Decedent's Social Security Number*		Claimant's Social Security Number	Telephone Number ()	
Street Address (permanent residence or domicile on date of death)			Street Address		
City	State	ZIP Code	City	State	ZIP Code

Claimant: If you have the original refund check, send it back with this form.

1. Has a personal representative for the estate been appointed by the court?..... Yes No
Note: If "Yes," the personal representative must claim the refund.
2. Has a Small Estate Affidavit been filed with the county clerk? (ORS 114.515) Yes No
Note: If "Yes," the responsible party on the Small Estate Affidavit must claim the refund.
3. Has the probate or small estate closed? Yes No
Note: If "Yes," claimant from number 6 below must claim the refund.
4. If the estate is to be probated, I am filing this statement as (check one box only):
 (a) Personal representative of estate. **(Attach a copy of court appointment.)**
 (b) Responsible party filing affidavit for a small estate. (ORS 114.515) **(Attach a copy of the affidavit.)**

For Nonprobated or Closed Estates—

5. Does the total due the decedent (except for salary or wages) from all state of Oregon agencies exceed \$10,000? Yes No
Note: If "Yes," you must file a Small Estate Affidavit or open a probate to receive the refund.
6. If the estate is not to be probated or probate has closed, I qualify for payment under one of the following kinship groups (check one box only):
 Surviving spouse.
 Children of the decedent or children of a deceased child of the decedent.
 Parents of the decedent.
 Brothers and/or sisters of the decedent.
 Nephews and/or nieces of the decedent.

Signature and Verification

I promise to use all of the money to pay the expenses of the last illness and funeral of the decedent if necessary.

If, after payment of the check by the state treasurer, the decedent's estate is probated, I promise to account fully to the personal representative.

If nonprobated, I promise to account fully to other persons entitled to share in this refund. I understand that the state of Oregon is not responsible for such accounting. I declare that there are not kin who are more closely related to the decedent.

I declare under the penalties of false swearing that the statements herein are true.

Signature of Claimant X	Telephone Number ()	Date
-----------------------------------	------------------------------	------

*Social Security number is required for identification purposes. OAR 150-305-100.

Return this form to: **Oregon Department of Revenue**
955 Center Street NE
Salem OR 97301-2555

General instructions

Purpose of this form

Use **Form 243, Claim to Refund Due a Deceased Person**, to claim a tax refund on behalf of a deceased taxpayer.

Who should use this form?

An heir of a deceased taxpayer **must** file Form 243 to claim a refund when there is no court appointed representative.

If the court has appointed a personal representative, or a small estate affidavit has been filed, Form 243 is **not required**.

If you are a trustee of a revocable inter vivos trust, you should be able to cash a refund check issued in the name of the decedent. If you are unable to cash the check, return it with the completed Form 243 and a copy of the death certificate.

What you need to know

For nonprobated or closed estates:

You may file this form at the time you file the return. Staple the form and a **copy of the death certificate** to the front of the return below line 8. Mail to the address on the return.

If you have received a check in the decedent's name and are unable to cash it, return the check and the completed Form 243 with a **copy of the death certificate attached**. The refund check will be reissued in the name of the claimant as indicated on Form 243.

For probated estates:

If the personal representative files this form to claim the deceased person's refund for the estate, attach a copy of the court appointment or a copy of the affidavit. The refund check will be issued in the deceased person's name, in care of the personal representative.

To avoid refund delays, remember to:

- Check **all** the boxes (either yes or no).
- Attach a copy of the death certificate.
- Attach a copy of the court appointment, if any.
- Have claimant sign the form.

Taxpayer assistance

General tax information.....www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix.....1-800-356-4222

Correspondence: Estate Audit, Business Division
Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

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.

Oregon income tax withholding



November 2006

www.oregon.gov/DOR

By law (ORS 316.167), all Oregon employers must withhold tax from employee wages at the time employees are paid. The Oregon Department of Revenue provides tables to figure the amount of tax to withhold each pay period. The amount withheld depends on the employee's wages, filing status, and number of withholding allowances claimed.

What are the tables designed to do?

Oregon's withholding tables estimate the tax due on your wages. The tables consider your wages, filing status, and number of withholding allowances claimed. Your employer gets this information from your federal Form W-4. It is the same information used for the federal withholding calculation, unless you ask that different information be used for Oregon withholding.

In some cases, the tables might not represent your total tax liability. If you meet one of the following qualifications, the amount of withholding might be higher or lower than your actual tax liability:

- You are in a dual-earner household filing a joint return;
- You have more than one job;
- You have large amounts of nonwage income;
- You have large deductions;
- You claim federal credits that don't apply to Oregon, such as federal child tax credit; or
- You claim Oregon credits not accounted for on the federal tax form, such as Oregon Working Family Child Care Credit.

Does the amount withheld equal your tax liability?

In most cases, Oregon withholding is close to your actual Oregon tax liability. However, there are some cases when Oregon withholding may be too high or too low. The most common cases are discussed below.

- When a household has two wage earners or a wage earner with more than one job, Oregon withholding might be too low. This is because the withholding tables are designed for households with a single wage earner with a single job. When a household has two workers filing a joint return, or a worker with more than one job, the withholding tables apply the top tax rate of 9 percent to too little of the combined income. Also, the subtraction for federal income taxes paid will be made for each job, but it

should be made only once. These conditions cause Oregon withholding to be lower than the taxpayer's actual Oregon tax liability.

- When you have large amounts of nonwage income such as interest, dividends, or capital gains, withholding will be too low. That is because no withholding is made for the nonwage income. For example, if you receive half of your income from wages and half from capital gains, then your Oregon withholding will be only about half of your actual tax liability because no withholding is made for capital gains.
- When you have unusually large deductions, federal and Oregon withholding will be too high. That's because the withholding tables do not take into account your larger deductions. Even if you adjust federal Form W-4 to claim more withholding allowances, Oregon withholding might still be too high. That is because an additional withholding allowance reduces federal withholding proportionally more than Oregon withholding. This means if you adjust your withholding allowances to make federal withholding accurate, Oregon withholding might still be too high.

What can you do if your Oregon withholding is too high or too low?

If Oregon **and** federal withholding are too high or too low, file a revised federal Form W-4 with your employer. If withholding is too high, claim more withholding allowances. If withholding is too low, claim fewer allowances. The revised W-4 will affect both Oregon and federal withholding in the same direction.

If federal withholding is close to your tax liability but Oregon withholding is not, the adjustment can still be made by filing a revised federal Form W-4. Write "For Oregon Only" across the top of the form. This will tell your employer to change your Oregon withholding only. Again, if Oregon withholding is too high, claim more withholding allowances. Each additional allowance will reduce your withholding for the year by approximately \$100. If withholding is too low, claim fewer allowances or show an additional dollar amount to be withheld. If you choose to have an additional amount withheld, the guidelines in the chart shown below may help you calculate the correct amount.

If you claim federal credits that don't apply to Oregon such as the federal child tax credit or you claim Oregon credits not allowed on the federal tax form,

such as the Oregon Working Family Child Care Credit, use the Oregon Personal Allowances Worksheet below to adjust your Oregon withholding.

Withholding adjustment guidelines

Caution: Use these guidelines **only** if you did not have enough withholding taken out last year to cover your state income tax. Or, use them if your income has changed so that you will not have enough withholding taken out this year.

If you file “married filing jointly,” only **one** spouse should use these guidelines. If you file any other status, use the guidelines for only **one** job.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem503-378-4988
 Toll-free from Oregon prefix..... 1-800-356-4222

Asistencia en español:
 Salem503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):
 Salem503-945-8617
 Toll-free from Oregon prefix..... 1-800-886-7204

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

If you are paid →	DAILY	WEEKLY	2 WEEKS	TWICE/MONTH	MONTHLY	ANNUALLY
Withhold:	Add'l \$1/day	Add'l \$5/wk	Add'l \$10/2 wks	Add'l \$11/twice mo	Add'l \$23/mo	Add'l \$270/yr
	AND	AND	AND	AND	AND	AND
If 2nd income more than:	\$39/day	\$195/wk	\$390/2 wks	\$423/twice mo	\$845/mo	\$10,140/yr
Withhold add'l:	\$1	\$4	\$8	\$8	\$17	\$203
Total extra withheld:	\$2	\$9	\$18	\$19	\$40	\$473

OREGON PERSONAL ALLOWANCES WORKSHEET (W-4)

Purpose: Oregon taxpayers should use this worksheet if: (a) they claim federal credits that don't apply to Oregon, such as the federal Child Tax Credit (Line G on the W-4 Form) or (b) they claim Oregon credits not allowed on the federal tax form, such as the Oregon Working Family Child Care Credit.

Caution: This will approximate the number of allowances for Oregon but may still result in a tax due or a refund.

1. Enter the number of federal allowances claimed on federal Form W-4 personal allowances worksheet, Line H _____
2. Enter the number of allowances included in Line 1 (above) for federal credits (Line F & G on federal W-4 personal allowances worksheet Page 1) **AND/OR** (Line 5 on federal W-4 deductions and adjustments worksheet Page 2) _____
3. Subtotal. Line 1 minus line 2 _____
4. Enter estimated amounts for your Oregon credits

Earned Income	\$ _____
Working Family Child Care	\$ _____
Retirement Income	\$ _____
Child/Dependent Care	\$ _____
Credit for Elderly/Disabled	\$ _____
Political Contribution	\$ _____
Income Tax Paid to Another State	\$ _____
Other	\$ _____
Total Oregon Credits	\$ _____
5. Compute allowances for Oregon credits. Divide total Oregon credits estimate (above) by \$165. Drop any fraction and enter result here _____
6. Oregon Allowances. Line 3 plus Line 5 _____

Enter this figure on Line 5 of Form W-4 and label “For Oregon Only”



LOW-INCOME CAREGIVER CREDIT

For Home Care of a Low-income Person Age 60 or Older

Your Last Name	Your First Name and Initial	Your Social Security No. — —
Spouse's Last Name (if a joint return)	Spouse's First Name and Initial	Spouse's Social Security No. — —
Your Home Address Where the Care was Provided (include city, state, and ZIP code)		

GENERAL INSTRUCTIONS

The person you care for must be certified by the Department of Human Services. To do this, fill in Part I of this form. Send it to: Seniors and People with Disabilities, Department of Human Services, 500 Summer St NE, E02, Salem OR 97301-1073. The form will be returned to you showing whether the person you care for is certified. If the person you care for is already certified, fill in Part II on the back of this form. **NOTE: To qualify for the credit, your household income must be less than \$17,500 and the person you care for must have household income of \$7,500 or less.**

PART I

The questions below are about the person you care for.

1. Name _____ Birth Year _____ Social Security No. _____
2. Did the person stay in a nursing home, rehabilitation facility, or other long-term care facility during the year?
 YES NO If yes, list the dates _____
3. Did the person receive home care services from Oregon Project Independence during the year?
 YES NO If yes, list the dates _____
4. Did the person receive any medical assistance from Seniors and People with Disabilities during the year?
 YES NO If yes, list the dates _____
5. Check each of the seven conditions that existed for the person you care for during the year:
 - A. Problems with **communication**. These include severely limited vision, hearing, speaking, or ability to identify oneself to others.
 - B. Problems with **mobility**. These include having great difficulty in traveling inside or outside the home even with a cane, walker, or wheelchair.
 - C. Problems with **managing a household or nutrition**. These include having great difficulty in doing housekeeping, shopping, or following a special diet.
 - D. Problems with **maintaining personal independence or relationships**. These include great difficulty in handling changes, personal problems, and emotional situations. It also includes great difficulties with friends and living arrangements.
 - E. Problems with **managing money**. These include being unable to write checks, pay bills, or keep expenses within income.
 - F. Problems with **health**. These include several medical problems requiring regular visits with a doctor or nurse. It also includes being unable to take prescribed medicine.
 - G. Problems with **personal care tasks**. These include bathing, toileting, dressing, and feeding.
6. Based on the condition(s) you checked above, would the person you care for normally be placed in a nursing home?
 YES NO If yes, during which months did the condition(s) exist? _____

I certify that the above questions were answered truthfully to the best of my knowledge. X
 Taxpayer's Signature

For Official Department Use Only

CERTIFIED: <input type="checkbox"/> Total tax year 20 _____ <input type="checkbox"/> Partial tax year 20 _____	Reason: <input type="checkbox"/> Not Certified Authorized Signature X
Dates: _____	

PART II

HOUSEHOLD INCOME

List your household income and the household income of the person you care for in the space below. Household income is the taxable and nontaxable income of both spouses (living in the same household). See the Elderly Rental Assistance (ERA) Form 90R instructions for more information on household income.

TYPE OF INCOME	YOUR HOUSEHOLD INCOME	HOUSEHOLD INCOME OF PERSON YOU CARE FOR
1. Wages, salaries, and other pay for work.....	1a. _____	1b. _____
2. Interest, dividends (total taxable and nontaxable)	2a. _____	2b. _____
3. Business net income (loss limited to \$1,000).....	3a. _____	3b. _____
4. Total gain on property sales (loss limited to \$1,000).....	4a. _____	4b. _____
5. Social Security, SSI, and Railroad Retirement	5a. _____	5b. _____
6. Pensions, annuities (taxable and nontaxable).....	6a. _____	6b. _____
7. Children, Adult, and Families (public assistance).....	7a. _____	7b. _____
8. Gifts and grants over \$500.....	8a. _____	8b. _____
9. Other (specify)	9a. _____	9b. _____
10. TOTAL HOUSEHOLD INCOME	10a. _____	10b. _____

If your household income is \$17,500 or more, **or** if the person you care for has household income of more than \$7,500, you are not eligible for the credit.

11. You may claim food, clothing, medical, and transportation expenses you pay or incur for the person you care for. The expenses must be paid or incurred during the period of care certified by the Seniors and People with Disabilities Division. Amounts you pay for lodging don't qualify. Subtract any reimbursement received from insurance or from the person you care for when you figure the costs you paid.

- A. Food..... \$ _____
- B. Clothing (includes cost of purchase, cleaning, and repairing)..... \$ _____
- C. Medical care (includes doctor fees, medicine, special equipment, etc.)..... \$ _____
- D. Transportation (includes transportation for medical and personal needs)..... \$ _____

12. Total expenses you paid (add the amounts on lines A, B, C, and D)..... 12. _____

Note: The expenses you paid for the person you care for are considered a gift. The amount you paid over \$500 must be included in their household income. If the amount on line 12 is more than \$500, include the excess on line 8b.

13. Multiply the amount on line 12 x .08 (8 percent)..... 13. _____

14. Maximum credit 14. \$250

15. Allowable credit (lesser of line 13 or line 14). Enter result here and on "Other credits" line of your tax return. Identify using code 718 and enter your credit amount 15. _____

**Schedule AP
Apportionment of Income for Corporations and Partnerships**

Tax Year: _____

Name of entity as shown on your Oregon return	Oregon business identification number	Federal employer identification number
---	---------------------------------------	--

Describe the nature and location(s) of your Oregon business activities: _____

Schedule AP-1—Apportionment information

(Do not enter an amount of less than zero)

Property/real estate income and interest factor

	(A) Oregon	(B) Everywhere
1. Inventories..... 1		
2. Buildings and other depreciable assets..... 2		
3. Land 3		
4. Other assets 4		
5. Minus: Construction in progress..... 5		
6. Rented property (capitalize at 8 times the rental paid) 6		
7. Net income from real property (insurance only) 7		
8. Interest received on loans secured by real property (insurance only)..... 8		
9. Total property or real estate income and interest..... 9	●	●

Wage and commission factor

10. Compensation of officers..... 10		
11. Other wages, salaries, and commissions 11		
12. Total wages and compensation 12	●	●

Sales factor

13. Shipped from outside Oregon..... 13		
14. Shipped from inside Oregon 14		
15. Shipped from Oregon to the United States government 15	●	
16. Shipped from Oregon to purchasers where corporation is not taxable..... 16	●	
17. Other business receipts 17		
18. Direct premiums (insurance only)..... 18		
19. Annuity considerations (insurance only)..... 19		
20. Finance and service charge (insurance only) 20		
21. Total sales 21	●	●

22. **Oregon apportionment percentage**..... 22 _ . _ _ %

Schedule AP-2—Taxable income computation

1. Net income from business both in Oregon and other states 1		
2. Subtract: Net nonbusiness income included in line 1. Attach schedule 2	●	
3. Subtract: Gains from prior year installment sales included in line 1. Attach schedule 3	●	
4. Total net income subject to apportionment 4		
5. Oregon apportionment percentage (from Schedule AP-1, line 22)..... 5	x	%
6. Income apportioned to Oregon (line 4 times line 5)..... 6		
7. Add: Net nonbusiness income allocated entirely to Oregon. Attach schedule 7	●	
8. Add: Gain from prior year installment sales apportioned to Oregon. Attach schedule 8	●	
9. Total of lines 6, 7, and 8..... 9		
10. (a) Oregon apportioned net loss from prior years.....		
(b) Net capital loss from other years [from tax year(s) _____].....		
Total loss (line 10a plus line 10b)..... 10	●	
11. Oregon taxable income (line 9 minus line 10) 11		

Worksheets for computing Oregon apportionment percentage

These worksheets are for businesses having business activities both inside and outside of Oregon. If the entity's business activities are all within Oregon, do not use this form.

Oregon standard apportionment method

Business income is apportioned to Oregon by multiplying the income by a multiplier equal to Oregon sales and other receipts as determined by Schedule AP-1, divided by total sales and other receipts from the federal return. See ORS 314.650.

	(A)	(B)	(C) = (A ÷ B) X 100
1. Total sales and other receipts (Schedule AP-1, line 21)..... 1	[]	[]	
2. Oregon apportionment percentage (enter on Schedule AP-1, line 22) 2			%

Alternative apportionment method (double-weighted sales factor formula) for utility or telecommunication taxpayers and qualified forest products taxpayers

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Qualifying forest products industry taxpayers must apportion business income using the double-weighted sales factor formula provided in ORS 314.650(2) (2005 edition) for tax years beginning on or after July 1, 2005.

Check the box on front of your return if you're using the alternative apportionment method (Form 20, question M; Form 20-I, question L; Form 20-S, question J). All others use the appropriate Oregon standard apportionment schedule above.

	(A)	(B)	(C) = (A ÷ B) X 100
1. Total owned and rented property (Schedule AP-1, line 9) 1	[]	[]	%
2. Total wages and salaries (Schedule AP-1, line 12) 2	[]	[]	%
3. Total sales and other receipts (Schedule AP-1, line 21)..... 3	[]	[]	%
4. Total sales and other receipts (same as line 3 above)..... 4	[]	[]	%
5. Total percent (add lines 1-4, column C above) 5			%
6. Number of factors with a positive number in column B..... 6			
7. Alternative apportionment percentage (divide line 5 by line 6; enter on Schedule AP-1, line 22)..... 7			%

For instructions to Schedule AP and worksheets go to:
www.oregon.gov/DOR/BUS/102-171-07i.shtml

Corporation/Partnership Apportionment

[New information](#)

[Schedule AP-1—Line instructions](#)

[Schedule AP-2—Taxable income computation](#)

[Schedule AP and Worksheet](#)

New information

Schedule AP is now used for all corporations and partnerships that are doing business in more than one state. Use this form if you are filing one of the following forms: corporate excise and income tax (Forms 20, 20-I, and 20-S); insurance excise tax (Form 20-INS); or partnership information return (Form 65). There will no longer be a separate apportionment schedule for each form type. **Be sure to follow these instructions as many of the line numbers have changed.**

General information

These instructions are a guide, not a complete statement of Oregon Revised Statutes (ORS) or Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules on our [website](#).

Apportionment and allocation. **Apportionment** is dividing business income among the states by use of a formula. **Allocation** is the assignment of specific nonbusiness income to a state. Most business entities having unitary business activities, as defined in ORS 317.705, both inside and outside Oregon must use the apportionment and allocation methods provided in the Uniform Division of Income for Tax Purposes Act (ORS 314.605 through 314.690). Certain types of business entities are required to use modified apportionment factors as specified below.

Modified factors. The following businesses use modified apportionment factors as provided in the following OARs and ORSs:

Airlines	OAR 150-314.280-(I)
Electricity and natural gas	OAR 150-314.665(2)-(C)
Forest products industry	ORS 314.650(2)
Financial corporations	OAR 150-314.280-(N)
Health care service contractors	OAR 150-314.280-(E)
Insurance companies	ORS 317.660
Interstate broadcasters	ORS 314.682–314.686
	OAR 150-314.684(4)
	OAR 150-314.686
Interstate river transportation companies	OAR 150-314.280-(L)
Long-term construction contractors	OAR 150-314.615-(F)
Movie and television production companies	OAR 150-314.615-(H)

Publishing companies	OAR 150-314.670-(A)
Railroads	OAR 150-314.280-(H)
Sea transportation companies	OAR 150-314.280-(K)
Title insurance companies incorporated in Oregon	OAR 150-314.280-(E)
Trucking companies	OAR 150-314.280-(J)

Oregon income is the total of the business entity's apportioned and allocated income assigned to Oregon. Schedule AP must be completed by each business carrying on a unitary business both inside and outside Oregon. If another method of assigning income is proposed, Schedule AP still must be completed. A full explanation of the other method must be made.

Utility and telecommunication taxpayers. Taxpayers primarily engaged in utilities and telecommunications as defined in ORS 314.280(3)(e) may elect to use the alternative apportionment method provided in ORS 314.650 (1999 edition). You must check the box on the following forms if you are making this election: Form 20, question M; Form 20-I, question L; or Form 20-S, question J.

Forest products industry taxpayers. For tax years beginning on or after July 1, 2005, taxpayers in the forest products industry that own or manage at least 300,000 but not more than 400,000 acres and process at least 20 percent of the total wood chip supply for papermaking from sawmill residue generated within the state are required to use the alternative apportionment method provided in ORS 314.650. You must check the box on the following forms if you meet this requirement: Form 20, question M; Form 20-I, question L; or Form 20-S, question J.

Schedule AP-1—Line instructions

Consolidated returns. The denominators of the property, payroll, and sales factors include only amounts from corporations that are included in the consolidated federal return **and** are part of the unitary group. The numerators of the factors must include the Oregon property, payroll, and sales from each of the corporations taxable by Oregon.

Rounding. When computing the property, payroll, and sales factor percentages, as well as the Oregon apportionment or alternative apportionment, round the percentage to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Line instructions

Property factor (all companies except insurance companies). Enter all owned or rented business property in column B of Schedule AP-1. Enter business property owned or rented within Oregon in column A. See ORS 314.655 and administrative rules.

Lines 1 through 5. Value owned property at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and end of the tax period. An average of the monthly values may be required if a more reasonable value results.

Line 6. Value rented property at eight times the annual rental value. Reduce the annual rental value by nonbusiness sub rentals.

Real estate income (insurance companies only).

Line 7.

- Life companies—Annual statement, page E-01, Schedule A, part 1, column 15 minus column 16, and page E-03, Schedule A, part 3, column 16 minus column 17.
- P&C companies—Annual statement, Schedule A, part 1, pages E-01 and E-03, column 15 minus column 16, and Schedule A, part 3, column 16 minus column 17.

If you have income from a joint venture, partnership, or LLC, include real estate income and interest included on:

- Life companies—Annual statement, page 8, exhibit of net investment income, line 8, column 1 of the Net Investment Income schedule.
- P&C companies—Annual statement, page 12, exhibit of net investment income, line 8, column 1 of the Underwriting and Investment Exhibit.

Real estate interest (insurance companies only).

Line 8.

- Life companies— Annual statement, page 8, exhibit of net investment income, line 3, column 1.
- P&C companies— Annual statement, page 12, exhibit of net investment income, line 3, column 1.

Line 9.

All companies except insurance companies total lines 1 through 6. Insurance companies only total lines 7 and 8.

Payroll factor (all companies).

Lines 10 and 11. Assign payroll to Oregon if:

- The services are performed entirely inside Oregon; or
- The services are both inside and outside Oregon but those services outside are only incidental; or
- Some of the services are performed in Oregon and (a) the base of operation or control is located in Oregon, or (b) the base of operation or control is not in any state in which the services are performed, and the employee's residence is in Oregon. See ORS 314.660 and administrative rules.

Insurance companies should use the wage and commission amounts from the annual statement.

Sales factor (all companies except insurance companies complete lines 13 through 17).

Assign sales to Oregon if:

- **Lines 13 and 14.** The property is shipped or delivered to a purchaser in Oregon other than the United States Government; or
- **Lines 15 and 16.** The property is shipped from a warehouse or other place of storage in Oregon; and (a) the purchaser is the United States Government or (b) the business is not taxable in the state of the purchaser. See ORS 314.665(3) for exception.

See ORS 314.620 and Public Law 86-272 to determine if a business is taxable in another state. Charges for services are Oregon sales if a greater proportion of the income-producing activity is performed in Oregon than in any other state, based on cost of performance. See ORS 314.665 and administrative rules. Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity. For taxpayers other than financial organizations, as defined in ORS 317.010(11), the net gain from sales, exchanges, or redemption of intangible assets that are not derived from your primary business activity are included in the sales factor if the gains are business income.

Insurance sales factor (insurance companies only).

Lines 18 through 20. Use total premiums written including Oregon premiums written.

- Life companies—Annual statement, "Premiums and Annuity Considerations," page 62, schedule T, lines 38 and 95. Insurance premiums include life insurance in column 2, annuity considerations in column 3, and accident and health insurance premiums in column 4.
- P&C companies—Annual statement, "Schedule of Premiums Written," page 104, schedule T, lines 38 and 59, columns 2 and 8. Finance and service charges are included in the apportionment factor for premiums.

ORS 317.660 provides that the insurance sales factor does not include reinsurance accepted and there is no deduction of reinsurance ceded. If the exclusion of reinsurance premiums results in an apportionment formula that does not fairly represent the extent of the insurance company's activity in Oregon, you may include reinsurance premiums in the insurance sales factor. You **must** request and receive permission from the Oregon Department of Revenue to include these premiums in the insurance factor **before** you file your return. Send your request to the **Oregon Department of Revenue, 955 Center Street NE, Salem OR 97301-2555.**

Apportionment percentage

Line 21.

All companies except insurance companies total lines 13 through 17. Insurance companies total lines 18 through 20.

Line 22.

Use the worksheets to compute your Oregon apportionment percentage.

Schedule AP-2—Taxable income computation

Lines 2 and 7. Business and nonbusiness income (all companies except insurance companies). "Business income" is income arising from transactions and activities in the regular course of the taxpayer's business. It includes income from tangible and intangible property related to the regular business operation.

Examples of business income are:

- Sales of products or services;
- Rents, if property rental is a related business activity;
- Royalties, if the patent, processes, etc., were developed by or used in the business operation;
- Gain or loss on the disposal of business property; and
- Interest income on trade receivables or installment contracts arising out of the business or from the investment of working capital.

"Nonbusiness income" means all income other than business income. Rents, royalties, gains or losses, and interest also can be nonbusiness income if they arise from investments not related to the taxpayer's business. Nonbusiness income is allocated to a particular state based upon the source of the income. Gain or loss from the sale of a partnership interest may be allocable to Oregon [ORS 314.635(4)]. **A schedule of nonbusiness income must be attached to the return.** The amounts allocable to Oregon must be added to Oregon's apportioned income. See ORS 314.610 and administrative rules.

Line 3. Subtract: Gains from prior year installment sales included in line 1. OAR 150-314.615-(G) requires that installment gains be apportioned to Oregon using the average percent from the year of the sale rather than the year payment is received.

Line 8. Add: Gains from prior year installment sales apportioned to Oregon. Multiply the installment gains subtracted on line 3 by the average percent from the year of the sale.

Line 10. Net loss and net capital loss deduction (all companies except partnerships). See instructions for Form 20, line 14.

Line 11. Carry this amount to the appropriate line on your tax return: Form 20, line 15; Form 20-I, line 16; Form 20-S, line 6; or Form 20-INS, line 21.

Updated November 2007

2007

MOBILE HOME PARK CLOSURE

Schedule MPC

You may qualify for this credit if you moved out of a mobile (or manufactured) home park because it closed or was closing.

To qualify, you must have:

- Owned your mobile home;
- Rented space in the closing park for your mobile home;
- Occupied your mobile home as your principal residence;
- Received a notice that the park was closing while you owned and occupied the mobile home; and
- Moved out, along with all members of your household, of the mobile home park because of the park closure notice.

Important: This credit is different than the credit available in 2006, Involuntary Move of a Mobile Home. For more information, visit our website at www.oregon.gov/DOR or contact us at 503-378-4988 (or toll-free from an Oregon prefix at 1-800-356-4222).

Last name	First name and initial	Social Security number (SSN) - -
Spouse's last name, if married (even if filing separate returns)	Spouse's first name and initial	Spouse's Social Security number - -
Name of closing park	Manager's name and phone number	
Address of your mobile home at closing park (include city, state, and ZIP code)	Dates you occupied your mobile home as principal residence at the closing park From <small>mm / dd / yyyy</small> To <small>mm / dd / yyyy</small>	
Date the park owner or landlord gave you the park closure notice (mm/dd/yyyy)	Date you and all members of your household moved out of mobile home park (mm/dd/yyyy)	

List the name(s) and Social Security Number(s) of all owners of your mobile home:

Name of other owner(s)	SSN of other owner(s)	Did they live with you at any time during the year?
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No

1	Maximum credit amount for 2007	1	5,000	.00
2	Enter the amount that was paid to you because the park closed due to eminent domain	2		.00
3	Line 1 minus line 2	3		.00
4	Enter the total credit amount claimed by all other owners of your mobile home	4		.00
5	Your credit: Line 3 minus line 4. Enter this amount on Form 40S, line 22; Form 40, line 46; or Form 40N or 40P, line 64.....	5		.00

Members of your **household** include you, your spouse (unless you lived apart the entire year), and anyone else who lived in your home with you during any part of the year.

Important. If you claim this credit, you must keep the important documents listed below with your tax records for three (3) years after the year the credit has been claimed. DO NOT send these items to the Oregon Department of Revenue unless requested.

Important documents to keep with your tax records to support your claim:

- Copy of the written notice that you received telling you that the park is closing and the closing date.
- Lease agreement with the closing park showing the address where you resided in that park and listing you as the occupant.
- Proof of ownership of the mobile or manufactured home.
- Proof that you moved out of the mobile home park.

— ATTACH THIS SCHEDULE TO YOUR OREGON RETURN —

Schedule OR-A

Oregon Adjustments for Form 40 Filers

2007

Last name	First name and initial	Social Security No. (SSN) - -
Spouse's last name	Spouse's first name and initial	Spouse's Social Security No. (SSN) - -

Instructions: Use this form to claim more than one of the following on your return:

- Other additions.
- Other subtractions.
- Credits for income taxes paid to another state.
- Other credits.

Identify the code and amount for each item you are claiming. If you are not claiming more than one of each item, do not use this form; instead identify the item on your return. If you have more items than will fit on a single schedule, provide the codes and amounts on additional schedules and add the total to your tax return. **Attach** this schedule immediately behind your Form 40.

Remember: Check the "Schedule Attached" box on your Form 40 for other additions, other subtractions, credit for income taxes paid to another state, or other credits you claim below.

**FOR FUTURE
COMPUTER USE ONLY**

Other additions (codes 100–122)

Code		Amount	
●10a		●10b	
●10c		●10d	
●10e		●10f	
●10g		●10h	
●10i		●10j	
Enter total on Form 40, line 10		\$	

Credit for income taxes paid to another state

State abbreviation		Amount	
●38a		●38b	
●38c		●38d	
●38e		●38f	
●38g		●38h	
●38i		●38j	
Enter total on Form 40, line 38		\$	

Other subtractions (codes 300–344)

Code		Amount	
●18a		●18b	
●18c		●18d	
●18e		●18f	
●18g		●18h	
●18i		●18j	
Enter total on Form 40, line 18		\$	

Other credits (codes 700–744)

Code		Amount	
●39a		●39b	
●39c		●39d	
●39e		●39f	
●39g		●39h	
●39i		●39j	
Enter total on Form 40, line 39		\$	

— YOU MUST ATTACH THIS SCHEDULE TO YOUR OREGON INCOME TAX RETURN —

Schedule OR-A-N/P

Oregon Adjustments for Form 40N and Form 40P Filers

2007

Last name	First name and initial	Social Security No. (SSN) - -
Spouse's last name	Spouse's first name and initial	Spouse's Social Security No. (SSN) - -

Instructions: Use this form to claim more than one of the following on your return:

- Federal adjustments to income.
- Other additions.
- Other subtractions.
- Other deductions and modifications.
- Credit for income taxes paid to another state.
- Other credits.

Identify the code and amount for each item you are claiming. If you are not claiming more than one of each item, do not use this form; instead identify the item on your return. If you have more items than will fit on a single schedule, provide the codes and amounts on additional schedules and add the total to your tax return. **Attach** this schedule immediately behind your Form 40N or Form 40P.

Remember: Check the "Schedule Attached" box on your Form 40N or 40P for federal adjustments to income, other additions, other subtractions, other deductions and modifications, credit for income taxes paid to another state, or other credits you claim below.



Federal adjustments to income (codes 002–006)

Code		Amount in federal column	
●28a		●28b	
●28c		●28d	
●28e		●28f	
●28g		●28h	
●28i		●28j	
Enter total on Form 40N/P, line 28F		\$	

Other deductions and modifications (codes 600–608)

Code		Amount	
●46a		●46b	
●46c		●46d	
●46e		●46f	
●46g		●46h	
●46i		●46j	
Enter total on Form 40N/P, line 46		\$	

Other additions (codes 100–122)

Code		Amount in federal column	
●33a		●33b	
●33c		●33d	
●33e		●33f	
●33g		●33h	
●33i		●33j	
Enter total on Form 40N/P, line 33F		\$	

Credit for income taxes paid to another state

State abbreviation		Amount	
●55a		●55b	
●55c		●55d	
●55e		●55f	
●55g		●55h	
●55i		●55j	
Enter total on Form 40N/P, line 55		\$	

Other subtractions (codes 300–344)

Code		Amount in federal column	
●37a		●37b	
●37c		●37d	
●37e		●37f	
●37g		●37h	
●37i		●37j	
Enter total on Form 40N/P, line 37F		\$	

Other credits (codes 700–745)

Code		Amount	
●56a		●56b	
●56c		●56d	
●56e		●56f	
●56g		●56h	
●56i		●56j	
Enter total on Form 40N/P, line 56		\$	

— YOU MUST ATTACH THIS SCHEDULE TO YOUR OREGON INCOME TAX RETURN —

Oregon Form **Verification of Disabled Parent or Guardian** WFC-DP **for Oregon Working Family Child Care Credit**

For tax year

--

Last name of disabled taxpayer	First name of disabled taxpayer	Social Security No. (SSN) of disabled taxpayer - -
--------------------------------	---------------------------------	---

Important: The law was changed in 2007 to allow an exception if a **spouse** is disabled as described in ORS 315.262. This exception is not available for tax year 2006 or earlier. This form is for tax years 2007 or later.

Instructions: Enter the name and Social Security number of the disabled taxpayer above. If the disability is **not permanent**, enter the tax year. If the disability is **permanent** and the physician identifies that the taxpayer will permanently meet the criteria listed below, enter "Permanent" instead of the tax year. Your physician will need to complete Section B and keep a copy of this form signed by you, so that we may verify the information provided.

Section A—To be completed by patient

I give permission for the physician and the physician's employees to verify the existence and severity of my disability and other information on this form with the Oregon Department of Revenue. This authorization for **this tax year** expires four years from the date received by the Oregon Department of Revenue.

Signature of disabled taxpayer X	Date
---	------

Important:

- If your disability is **not permanent**, you will need to obtain a **new** verification form for **each** tax year you have a qualifying disability for the working family child care credit.
- If your disability is **permanent**, you are not required to fill out a new Form WFC-DP each year that you claim this credit. When your physician has completed this form verifying that you have a permanent qualifying disability, keep the original form and attach a copy of it to your return each year that you claim the working family child care credit. Write "Permanent" in the tax year box at the top of this form.
- **Attach this form to your tax return.** If you file your return electronically, fax this completed form to: 503-945-8786, Attn: Suspense; or mail it to: COR-TROL, Attn: Suspense, PO Box 14999, Salem OR 97309-0990.
- To revoke this authorization to disclose, write "revoked" across this form and send a copy to both the physician and the Oregon Department of Revenue.
- Keep this form with your records for at least four years after you file your tax return. We may ask you for a copy of this form during that time.

Section B—To be completed by physician

I verify that the above person was unable to care for him or herself and had a disability that required assistance with one or more activities of daily living during the tax year indicated at the top of this form. This disability kept the person from doing **all** of the following:

- Providing child care;
- Being gainfully employed; and
- Attending school.

Check the activities of daily living that your patient required assistance with:

Dressing Feeding Toileting Other activity of daily living: _____ .

Did your patient meet the criteria listed above for the entire tax year indicated at the top of this form? Yes No

If not, enter the dates during the year that your patient met the above criteria: _____ to _____

Do you expect your patient to continue to meet the criteria listed above for the foreseeable future because the disability is permanent? Yes No

Physician's signature X	Date
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Please print or type:

Physician's last name	Physician's first name
Physician's office address	Physician's office phone ()

Note to physician: The Department of Revenue may contact you to verify this information.

— YOU MUST ATTACH THIS FORM TO YOUR OREGON INCOME TAX RETURN —

**TAX INFORMATION AUTHORIZATION
and
POWER OF ATTORNEY FOR REPRESENTATION**

FOR OFFICE USE ONLY
Date Received

- Please print. • Use only blue or black ink. • See additional information on the back.

Taxpayer Name		Identifying Number (SSN, BIN, FEIN, etc.)	
Spouse's Name, if joint return		Spouse's Identifying Number (SSN, etc.)	
Address	City	State	ZIP Code

Check only one:

- Tax Information Authorization:** This form allows the department to disclose your confidential tax information to your designee. You may designate a person, agency, firm, or organization.
- Power of Attorney for Representation: (See qualification requirements on the back).** Check if you want a person to "represent" you. This means the person may receive confidential information and may make decisions on your behalf. The person you designate **must** meet the ORS 305.230 qualifications listed on the back of this form.

Representative's title and **Oregon** license number or relationship to taxpayer: _____

For **All tax years,** or **Specific tax years:** _____,

I hereby appoint the following person as designee or authorized representative:

Name	Telephone Number ()	Fax Number ()
Mailing Address	City	State ZIP Code

The above named is authorized to receive my confidential tax information and/or represent me before the Oregon Department of Revenue for:

- All tax matters, or
- Specific tax matters. Enter tax program name(s): _____

SIGNATURE OF TAXPAYER(S)

- I acknowledge the following provision: Actions taken by an authorized representative are binding, even if the representative is not an attorney. Proceedings cannot later be declared legally defective because the representative was not an attorney.
- Corporate officers, partners, fiduciaries, or other qualified persons signing on behalf of the taxpayer(s): By signing, I also certify that I have the authority to execute this form.
- If a tax matter concerns a joint return, both spouses must sign if joint representation is requested. Taxpayers filing jointly may authorize separate representatives.

Signature X	Print Name	Date
Title (if applicable)	Daytime Telephone Number ()	
Spouse (if joint representation) X	Print Name	Date

150-800-005 (Rev. 12-07)

Qualifications for representation are on the back →

Note: This authorization form automatically revokes and replaces all earlier tax authorizations and/or all earlier powers of attorney on file with the Oregon Department of Revenue for the **same** tax matters and years or periods covered by this form. If you **do not** want to revoke a prior authorization, initial here _____.

Attach a copy of any other tax information authorization or power of attorney you want to remain in effect.

Please complete the following, if known (for routing purposes only):

Revenue Employee: _____
 Division/Section: _____
 Telephone/Fax: _____

Send to: Oregon Department of Revenue
 955 Center St NE
 Salem OR 97301-2555

If this tax information authorization or power of attorney form is not signed, it will be returned.

ADDITIONAL INFORMATION

This form is used for two purposes:

- **Tax Information Disclosure Authorization.** Allows the department to disclose your confidential tax information to whomever you designate. This person will not receive original notices we send to you.
- **Power of Attorney for Representation.** Your notice to the department that another person is authorized to represent you and act on your behalf. The person must meet the qualifications below. Unless you specify differently, this person will have full power to do all things you might do, with as much binding effect, including, but not limited to providing information, preparing, signing, executing, filing, and inspecting returns and reports, and executing statute of limitation extensions and closing agreements.

This form is effective on the date signed. Authorization terminates when the department receives written revocation notice or a new form is executed (unless the space provided on the front is initialed indicating that prior forms are still valid).

Unless the appointed representative has a fiduciary relationship to the taxpayer (i.e., personal representative, trustee, guardian, conservator), original Notices of Deficiency or Assessment will be mailed to the taxpayer as required by law. A copy will be provided to the appointed representative when requested.

For corporations, “taxpayer” as used on this form, must be the corporation that is subject to Oregon tax. List fiscal years by year end date.

QUALIFICATIONS TO REPRESENT TAXPAYER(S) BEFORE DEPARTMENT OF REVENUE

Under Oregon Revised Statute 305.230 and Oregon Administrative Rule 150-305.230, a person must meet one of the following qualifications in order to represent you before the Department of Revenue.

1. For all tax programs:

- a. An adult immediate family member (spouse, parent, child, or sibling).
- b. Same-sex domestic partner as defined in OAR 150-316.007-(B).
- c. An attorney qualified to practice law in Oregon.
- d. A certified public accountant (CPA) or public accountant (PA) qualified to practice public accountancy in Oregon, and their employees.
- e. An IRS enrolled agent (EA) qualified to prepare tax returns in Oregon.
- f. A designated employee of the taxpayer.
- g. An officer or employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group for that entity.
- h. An employee of a trust, receivership, guardianship, or estate for that entity.
- i. An individual outside the United States if representation takes place outside the United States.

2. For income tax issues:

- a. All those listed in (1), plus
- b. A licensed tax consultant (LTC) or licensed tax preparer (LTP) licensed by the Oregon State Board of Tax Practitioners.

3. For ad valorem property tax issues:

- a. All those listed in (1), plus
- b. An Oregon licensed real estate broker or a principal real estate broker, or

- c. An Oregon certified, licensed, or registered appraiser, or
- d. An authorized agent for designated utilities and companies assessed by the department under ORS 308.505 through 308.665 and ORS 308.805 through 308.820.

4. For forestland and timber tax issues:

- a. All those listed in (1), (2), and (3)(b) and (c), plus
- b. A consulting forester.

An individual who prepares and either signs your tax return or who is not required to sign your tax return (by the instructions or by rule), may represent you **during an audit of that return. That individual may not represent you for any other purpose unless they meet one of the qualifications listed above.**

Out-of-state CPAs and attorneys may contact their respective regulatory body in Oregon (Oregon Board of Accountancy or Oregon State Bar) for information on becoming qualified to practice in Oregon. If your out-of-state designee receives authorization to practice in Oregon, please attach proof to this form.

Generally, declarations for representation in cases appealed beyond the Department of Revenue must be in writing to the Tax Court Magistrate. A person recognized by a Tax Court Magistrate will be recognized as your representative by the department.

Tax matters partners and S corporation shareholders. See OARs 150-305.242(2) and (5) and 150-305.230 for additional information. Include the partnership or S corporation name in the taxpayer name area.

CR

**CLAIM OF RIGHT
INCOME REPAYMENTS**
ORS 315.068

For Tax Year

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- Use this worksheet to determine whether to take a subtraction or a credit for Oregon.

Worksheet CR, Claim of Right Income Repayments

1. Refigure your Oregon tax* for the year of repayment, after deducting the amount you repaid from income	1		
2. Enter your Oregon tax* for the year of repayment, as shown on your return	2		
3. Enter your Oregon tax* from the year the income was taxed, plus any deficiency assessments and adjustments from any amended returns	3		
4. Refigure your Oregon tax* for the year the income was taxed, after deducting the amount you repaid from income	4		
5. Line 3 minus line 4. Enter result here (credit amount)	5		
6. Line 2 minus line 5. Enter result here	6		

INSTRUCTIONS

Oregon allows a subtraction or a credit if you repaid money during the year and you reported that money as taxable income in an earlier year. This must also be the same year that you claim the repayment as either a **deduction** or a **credit** on your federal return.

- **If line 1 is equal to line 6, claim either a subtraction or a credit**, your tax benefit will be the same. See below for instructions to claim the subtraction or the credit.
- **If line 1 is less than line 6**, you will receive the greatest tax benefit by claiming the amount you repaid as a subtraction. However, you can **only** claim the subtraction on your Oregon return if you claimed your repayment as a credit on your federal return. Identify your repayment as an "Other subtraction" using code 302 and enter the dollar amount of your subtraction. For example, if you are claiming a \$1,500 subtraction for claim of right on Form 40, enter 302 on line 18a and enter \$1,500 on line 18b.
If you claim your repayment as a deduction on your federal return, this deduction will flow through to your Oregon return. Because of this, no adjustment to your Oregon income is necessary.
- **If line 1 is more than line 6**, you will receive the greatest tax benefit by claiming the amount you repaid as a credit. Claim your repayment credit on the estimated tax payment line and write "Claim of Right" in the margin next to this line on your return. Also, identify

your repayment as an "Other credit" using code 706 but **do not** enter the credit amount. For example, if you are claiming a \$200 credit for claim of right on Form 40, enter 706 on line 39a, include \$200 with your estimated payments on line 43, and write "Claim of Right" next to line 43. A claim of right credit is refundable. If your credit is more than your tax liability, it will be refunded to you.

If you claim your repayment as a credit on your federal return **and** as a credit for Oregon, no adjustment to your Oregon income is necessary.

If you claim your repayment as a deduction on your federal return **and** as a credit for Oregon, you must include the amount of your federal deduction as an "Other addition" on your Oregon return. Identify your repayment on the "Other addition" line using the numeric code 103 and the dollar amount of your addition. For example, if you are claiming a \$750 deduction for claim of right on your federal return and are claiming a credit on Form 40 for Oregon, enter 103 on line 10a and enter \$750 on line 10b.

Corporations may file for relief of tax on repaid income. Refer to Oregon Form 20 instructions.

If you have questions or need more information, visit our website at www.oregon.gov/DOR. Or call 503-378-4988 (Salem) or (toll-free from an Oregon prefix) 1-800-356-4222.

* Your "Oregon tax" is the tax before all credits, withholding, estimated payments, and other prepayments of tax.

Do not attach this form to your Oregon return. Keep it with your tax records.

**WORKSHEET
FCG**

**FARM LIQUIDATION LONG-TERM
CAPITAL GAIN TAX RATE**

For Tax Year

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ORS 316.045

A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent termination of all your ownership interests in a farming business, or a termination of all your ownership interests in property that is used in a farming business. If you have a net loss from the sale or exchange from **all** assets during the year, you will not qualify for the reduced rate on the sale of farm assets.

Farming activities include:

- Raising, harvesting, and selling crops.
- Feeding, breeding, managing, or selling livestock, poultry, fur-bearing animals, or honeybees or the produce thereof.
- Dairying and selling dairy products.
- Stabling or training equines, including providing riding lessons, training clinics, and schooling shows.
- Propagating, cultivating, maintaining, or harvesting aquatic species, birds, and other animal species.
- Growing and harvesting cultured Christmas trees or certain hardwood timber.
- On-site constructing and maintaining equipment and facilities used in farming activities.
- Preparing, storing, or disposing of products or by-products raised for human or animal use on land employed in farming activities.
- Any other agricultural activity, horticultural activity, animal husbandry, or any combination of these three.

Farming activities **do not** include growing and harvesting trees of a marketable species other than growing and harvesting cultured Christmas trees or certain hardwood timber.

You may not claim the reduced tax rate on a sale or exchange to a relative, as defined under Internal Revenue Code Section 267. A farm dwelling or farm home site is not considered to be property used in the trade or business of farming.

Partnerships or S corporations. The sale of ownership interests in a farming corporation, partnership, or other entity qualify for the reduced tax rate. The taxpayer must have had at least a 10 percent ownership interest in the entity before the sale or exchange.

Worksheet FCG, Farm Capital Gain

Follow the steps in the worksheet below to determine your qualifying farm assets' net long-term capital gain (NLTCG).

The NLTCG eligible for the reduced tax rate is computed as follows:

A. Enter your NLTCG from farm assets	A	<input style="width: 80%; height: 20px;" type="text"/>	
B. Enter the gain included in Form 40, line 8 (this is the gain shown on federal Form 1040, line 13); or from the Oregon column of Form 40N or Form 40P, line 14	B	<input style="width: 80%; height: 20px;" type="text"/>	
C. Enter the smaller of A or B here and on line 2 below	C	<input style="width: 80%; height: 20px;" type="text"/>	
1. Oregon taxable income from Form 40, line 28; Form 40N, line 50; or Form 40P, line 48	1	<input style="width: 80%; height: 20px;" type="text"/>	
2. Farm NLTCG from line C above	2	<input style="width: 80%; height: 20px;" type="text"/>	
3. Modified taxable income. Line 1 minus line 2. If line 2 is more than line 1, enter -0-	3	<input style="width: 80%; height: 20px;" type="text"/>	
4. Oregon tax on the amount on line 3. See tables or tax rate charts in the full year resident or part-year/nonresident income tax booklets	4	<input style="width: 80%; height: 20px;" type="text"/>	
5. Enter the smaller of line 1 or 2 above	5	<input style="width: 80%; height: 20px;" type="text"/>	
6. Multiply line 5 by 5% (.05)	6	<input style="width: 80%; height: 20px;" type="text"/>	
7. Add lines 4 and 6. This is your Oregon tax. Enter the result here and on your Oregon return. Check the box on your Oregon return labeled "Worksheet FCG"	7	<input style="width: 80%; height: 20px;" type="text"/>	
8. Form 40P filers only. Compute your Oregon income tax by multiplying line 7 by your Oregon percentage. This is your Oregon tax. Enter the result here and on your Oregon return. Check the box on your Form 40P labeled "Worksheet FCG"	8	<input style="width: 80%; height: 20px;" type="text"/>	

Do not attach this form to your return. Keep it with your tax records.



LTD Self-Employment Tax

These instructions are not a complete statement of laws and rules that apply to the Lane County Mass Transit District self-employment tax. For more information, contact the Oregon Department of Revenue. See "Taxpayer assistance." You may access the laws, rules, forms, and instructions on the internet at www.oregon.gov/DOR.

New information

New tax rate. Beginning January 1, 2007, the tax rate has increased to 0.0062.

Important reminders

For tax years beginning on or after July 1, 2005:

Self-employment income is apportioned to Oregon using a 100 percent sales factor unless you meet one of these exceptions.

- A qualifying taxpayer in the forest products industry is required to use the double-weighted sales factor formula.
- A taxpayer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

What is the LTD self-employment tax?

The Lane transit tax helps fund mass transportation in the Lane Transit District (LTD). This tax is applied to self-employment earnings of individuals doing business or providing services in the district. The Oregon Department of Revenue collects the tax for Lane transit.

A list of ZIP codes included in the district boundary is on page 4. For more information, call LTD at 541-682-6100, or access their website at www.ltd.org/businesscenter.html.

The tax rate is 0.0062 (0.6200 of 1 percent).

Who must file and pay this tax?

Individuals

Anyone who has self-employment earnings from business or service activities carried on in the Lane Transit District must pay this tax.

People who **must** pay the self-employment tax include:

- Self-employed individuals, sole proprietors, independent contractors, members of a partnership, and persons who have net self-employment earnings of greater than \$400 from doing business or providing services within LTD.
- **Real estate salespeople.** Federal laws generally treat real estate salespeople as self-employed. This includes those who provide services to real estate brokers under contract. This means that commissions on sales are subject to the LTD self-employment tax.

Partnerships

Partnerships are not subject to LTD self-employment tax.

The individual self-employed members of the partnership are responsible for filing and paying the tax. But, a partnership may choose to file one transit self-employment tax return and pay the tax for all of its individual partners. See "Partnership election" instructions.

Exemptions

- **C and S corporation distributions** are not subject to this tax. However, **all employers** who pay wages for services performed in the district must pay a transit payroll tax. This includes corporation officers who receive compensation for services performed. For more information about payroll transit tax, call 503-945-8091.
- **Ministers.** Compensation received by a minister or member of a religious order when performing religious services is not subject to LTD self-employment tax.
- **Insurance agents.** Insurance agents are exempt from the self-employment tax to the extent that business income is derived from an insurance-related activity. Non-insurance income is taxable (ORS 731.840).

How to file

Complete Form LTD, *Lane County Mass Transit District Self-Employment Tax* return. Staple your payment and the Form TSE-V payment voucher to the top of the return. Make your check payable to the Oregon Department of Revenue. Do not use red ink or gel pens. Please use only blue or black ink on your return and payment.

Mail to: LTDSE

Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

Important filing information

- Do **not** combine your LTD self-employment tax payment with any other tax payment made to the Oregon Department of Revenue.
- Do **not** attach your Form LTD to your Oregon income tax return.
- **Attach** a copy of your federal Schedule SE to the back of your LTD self-employment tax return.

- **Attach** Form TSE-AP to the back of your LTD self-employment tax return if you are apportioning your self-employed transit earnings.
- **Mail** your transit return to the Oregon Department of Revenue. **Transit returns cannot be filed electronically.**

File **one** *LTD Self-Employment Tax Return* for all of your self-employment earnings.

To avoid penalty and interest, file your return and pay your tax by the due date.

Frequently asked questions

I have more than one business. How should I file my Lane transit return?

File one return. If you have separate business activities, attach a schedule that shows net earnings or losses for each business. Compute the Lane transit self-employment income separately for each business. See instructions for line 1.

Can I file a joint return?

No. Each taxpayer having self-employment earnings must file a separate Form LTD. That's true even if you and your spouse filed a joint federal income tax return. The only exception is a partnership filing for all partners. Both spouses could be members of the same partnership.

I'm getting a refund on my Oregon individual income tax return. Can I have that refund applied to this tax?

No. We can not apply any income tax refund to pay your LTD self-employment tax.

Can I file my transit self-employment tax return electronically?

No. File your transit return by mail. Make a copy for your records, and mail your return to the Oregon Department of Revenue address as printed at the bottom of the tax return.

Can I file an amended transit self-employment tax return?

Yes. File an amended transit return any time you need to correct your return as originally filed. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. Check the "This is an amended return" box on your transit return.

What if business is done both inside and outside of the district?

Use an apportionment formula by completing Form TSE-AP. Self-employment income is apportioned using a 100 percent sales factor unless you are a qualifying taxpayer in forest products, utilities, or telecommunications. You are required to use the double-weighted sales factor formula if you are a qualifying taxpayer in the forest products industry. A tax-

payer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

What if I'm audited by the IRS?

If changes are made that affect your self-employment earnings, file an amended return to report and pay any additional tax due. If the change reduces your transit tax, you have two years from the date of the audit report to claim a refund.

Why am I being charged penalty and interest on my unpaid taxes when I have a valid extension?

You will be charged penalty and interest if you do not pay your tax by the original due date. This is true even if you have an extension of time to file. To avoid interest, you must pay the tax owed by the original due date of the return. Attach a copy of your extension to your transit return when you file and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our website at www.oregon.gov/DOR.

When to file

Your Lane transit return is generally due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 15, 2008. Fiscal year returns are due the 15th day of the fourth month after the end of the fiscal year. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

Extensions

If you get an extension to file your federal or Oregon individual income tax return, it will also extend your LTD self-employment tax return. **Check the "An extension has been filed" box on your *LTD Self-Employment Tax Return* and attach a copy of the extension to the back of your return when you file.**

However, **more time to file does not mean more time to pay.** If you have an extension, you must make your payment by the original due date of the return to avoid a penalty and interest charge. Complete Form TSE-V and send it with your payment of tax. Form TSE-V is available on our website at www.oregon.gov/DOR/1002, or see "Taxpayer assistance." Be sure to use the same name and Social Security number (SSN) or federal employer identification number (FEIN) that you will use on your return when you file.

Be sure to file your *LTD Self-Employment Tax Return* within the extension period to avoid additional penalties.

Partnership election

A partnership may elect to file and pay the transit self-employment tax for the individual partners. The partnership **must** use net earnings from self-employment as reported on federal Form 1065 to figure the tax. **Do not make Oregon modifications** to the partnership's earnings. If some partners

have different tax years than others, net earnings from self-employment is determined using amounts from different tax years.

The partnership's return and payment shall be based upon the net earnings from self-employment of the individual partners from the partnership for their taxable years ending with or within the **calendar year**.

Due date: April 15, 2008. The partnership **must** file a return and pay the tax due on or before the 15th day of the fourth month following the end of the **calendar year**.

Fiscal year taxpayers: When a partnership tax year ends within a calendar year, the partnership files on a calendar year basis with the return due April 15, 2008.

Example: If a partnership has a tax year ending August 31, 2007, and its partners use a calendar year, the partnership must pay on or before April 15, 2008, the amount due from the partner's net earnings from the partnership for its taxable year ending August 31, 2007.

Partnerships **must attach a schedule listing the following information for each partner:**

- Name.
- SSN.
- Share of partnership income.
- Individual exclusion.

Partners: If your partnership is filing on behalf of all partners, you do not need to file a separate Form LTD **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your *individual* Form LTD.

Amended returns

You must file an amended return to claim a refund of tax paid. To file an amended return, use the appropriate form for the year of the original return and check the **"This is an amended return"** box. Attach an explanation of the changes made to the back of the return. Oregon does not have a separate amended transit tax return.

Form LTD instructions

Name and address section

Individuals: Fill in your name, address, telephone number, and SSN.

The request for your SSN(s) is authorized by Section 405, Title 42, United States Code. You must give us this information. It will be used to establish your identity.

Partnerships: Fill in the partnership name, address, telephone number, FEIN, and Oregon business identification number (BIN). If you do not know your Oregon BIN, leave it blank and we will fill it in.

You must provide, on a schedule attached to Form LTD, the name, SSN, share of partnership income, and individual exclusion for each partner. Your return cannot be processed without this information.

Check the box if any apply:

- An extension has been filed.
- This is an amended return.
- Utility, telecommunications, or forest industry.

Line instructions—Form LTD

Instructions are for lines not fully explained on the return.

Line 1. Self-employment earnings.

- **Individuals:** Fill in the amount from federal Schedule SE, Section A, line 3; or Section B, line 3 unless you meet one of the exceptions.
- **Partnerships:** Fill in the net earnings from federal Partnership Form 1065. Do not include Oregon modifications.

More than one business included on federal Schedule SE? Only include those businesses from line 3 of your federal Schedule SE that have net earnings. Do not use a business with a net loss to offset a business with net earnings.

Example: Business A has net earnings of \$20,000 and Business B has a net loss of \$10,000. The amount on line 3 of your federal schedule SE is \$10,000. Fill in on line 1 of Form LTD the amount of \$20,000. **File one return.** Attach a schedule to the return and include each separate business and their net earnings or losses. There are no carry-forward of losses to another year.

Did you receive Partnership income? Did the partnership file Form LTD and pay the tax for the partners? If so, reduce the amount from your federal Schedule SE, Section A, line 3; or Section B, line 3 by the amount of your income from that partnership.

Important. Do not make Oregon changes or modifications to federal income on Form LTD. Your earnings that are subject to Lane Transit self-employment tax will generally be the same as the earnings you report on your federal Schedule SE, Section A, line 3; or Section B, line 3.

Line 2. Apportionment:

- Percentage cannot be less than 0 percent or more than 100 percent.
- Enter 100 percent if **all** of your business activity is within the transit district. Do not fill out **Form TSE-AP**.
- Fill out and attach a completed Form TSE-AP to the back of your Form LTD if your business activity is carried on both in and out of the district.

Line 4. Exclusion. Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings (line 3), or \$400.

Individuals. Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on another 2007 Form LTD filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

Partnerships. Enter \$400 for only those partners whose share of positive earnings are included in the amount on line 3. If any partner's exclusion was partially or completely used on another 2007 Form LTD, include on line 4 only that partner's unused amount of the \$400 exclusion. **Each partner is responsible for ensuring that the total of all exclusions does not exceed \$400.**

Do not include any partner with a loss.

Line 7. Prepayments. Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension of time to file, or with a payment voucher, Form TSE-V.

Line 8. Tax to pay. Include your check or money order payable to the Oregon Department of Revenue. Write your daytime telephone number and "2007 Oregon Form LTD" on your check. Staple your payment and the Form TSE-V payment voucher to the top of your return. An expected refund from your state income tax cannot be used to pay your transit tax.

Line 9. Penalty and interest. For filing or paying late.

Due date. Form LTD is generally due the same day as your federal and Oregon income tax returns. For a calendar year return, this is April 15, 2008.

Interest. If you are paying your tax after the due date, include interest on any unpaid tax.

If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or legal holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2007	9%	0.75%	0.0247%
January 1, 2008	9%	0.75%	0.0247%

Interest accrues on any unpaid tax during an extension of time to file.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month on unpaid tax. If the tax is not paid within 60 days of our bill, the interest rate increases by 4 percent per year.

Penalty. Include a penalty payment if you:

- Mail your payment of tax due **after** the due date (even if you have an extension), or
- File your return showing tax due after the due date, including any extension.

Possible penalties may include:

- **5 percent** for failure to pay by the due date of the return.
- **20 percent** for failure to file the return within three months of the due date of the return.
- **100 percent** if you do not file three or more required returns by the due date of the third year's return.

Sign your return. Please sign and date your return before mailing.

LTD cities and ZIP codes

LTD serves the entire Eugene-Springfield urban area as well as several rural areas. For information on LTD boundaries, call 541-682-6100 or access the Lane Transit website at www.ltd.org/businesscenter.html.

City	ZIP Code	City	ZIP Code
Alvadore	97409	Goshen	97405
Blue River	97413	Jasper	97438
Coburg	97408	Junction City	97448
Cottage Grove	97424	Lancaster	97448
Creswell	97426	Leaburg	97489
Dexter	97431	Lowell	97452
Elmira	97437	Maywood	97413
Eugene	97401	McKenzie Bridge	97413
	97402	Pleasant Hill	97455
	97403	Springfield	97477
	97404		97478
	97405	Thurston	97482
	97408	Trent	97431
	97440	Veneta	97487
Fall Creek	97438	Vida	97488
Finn Rock	97488	Walterville	97488

Taxpayer assistance

Oregon Department of Revenue

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222
 E-mail tse.help.dor@state.or.us

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

Asistencia en español:

Salem 503-378-4988
 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.

Lane Transit District boundary information

Telephone 541-682-6100
Internet www.ltd.org/businesscenter.html

FORM LTD (240) SELF-EMPLOYMENT TAX				Lane County Mass Transit District		2007	
				For office use only			
				Date received			
				Payment			
		1		2		3	
				If you have previously filed a return, indicate if: <input type="checkbox"/> Name change <input type="checkbox"/> Address change			
Fiscal Year Beginning: Mo / Day / Year 07		Fiscal Year Ending: Mo / Day / Year		Social Security number (SSN)			
Last name (if an individual filing)				First name and initial			
Partnership name (if a partnership filing)				Federal employer identification number (FEIN)			
Business address				Oregon business identification number (BIN)			
City		State	ZIP Code		County		Telephone number ()
Did you file Form LTD for 2006? <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, give reason) _____				<input checked="" type="checkbox"/> An extension has been filed <input checked="" type="checkbox"/> This is an amended return <input type="checkbox"/> Utility, telecommunications, or forest industry			

Include your payment with this return. **Round all amounts to the nearest whole dollar.**

- 1. Self-employment earnings from federal Schedule SE or Partnership Form 1065 ● 1
- 2. Apportionment percentage 2 %
- 3. Net self-employment earnings. Multiply line 1 by line 2..... ● 3
- 4. Less: Exclusion. Not more than \$400 per taxpayer ● 4
- 5. Net earnings subject to transit district tax. Line 3 minus line 4 ● 5
- 6. Net tax. Multiply line 5 by 0.0062 ● 6
- 7. Prepayments ● 7
- 8. **TAX TO PAY.** Is line 6 more than line 7? If so, line 6 minus line 7 **TAX TO PAY** ● 8
- 9. Penalty and interest for filing or paying late 9
- 10. Total amount due. Line 8 plus line 9..... 10
- 11. **REFUND.** Is line 7 more than line 6? If so, line 7 minus line 6..... **REFUND** ● 11

Individuals: Attach a copy of your federal Schedule SE. **Business Activity:** Sales Services Other: _____

Partnerships: Attach a schedule listing each partner's name, Social Security number, partnership earnings, and exclusion.

Apportioning? Attach a copy of TSE-AP. **Extensions:** Attach a copy of federal or state extension form.

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		I authorize the Department of Revenue to discuss this return with this preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No	
SIGN HERE	Your signature	Date	Signature of preparer other than taxpayer
	X		X
			License No.
			Address
			Telephone No.

Do NOT attach your LTD self-employment tax return to your Oregon income tax return, or any other form.

Make check or money order payable to: **Oregon Department of Revenue**

Mail your return to: **LTDSE Oregon Department of Revenue PO Box 14003 Salem OR 97309-2502**

Check one: **TriMet District (TM)** **Lane Transit District (LTD)**

Filer Name—Individual or Partnership	SSN or FEIN
--------------------------------------	-------------

NOTE: Do not use this worksheet if ALL of your business activities are in the transit district.

**Schedule AP-1
STANDARD APPORTIONMENT METHOD
SALES FACTOR ONLY**

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1. Sales Factor	1.	1.	1. %
Sales and other business gross receipts			
2. Apportionment percent	2. _____ %		
Enter result from 1(c) here and on line 2 of Form TM or Form LTD			

**Schedule AP-2
ALTERNATIVE APPORTIONMENT METHOD
DOUBLE-WEIGHTED SALES FACTOR**

Alternative apportionment method (*double-weighted sales factor formula*) for utility, telecommunication, or forest industry taxpayers.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Qualifying forest products industry taxpayers must apportion business income using the double-weighted sales factor formula provided in ORS 314.650(2) (2005 edition) for tax years beginning on or after July 1, 2005.

Check the box on Form TM or LTD if making this election. All others use the standard apportionment method above.

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1. Total owned and rented property.....	1.		%
2. Total wages and salaries.....	2.		%
3. Total sales and other receipts.....	3.		%
4. Total sales and other receipts (same as line 3 above)	4.		%
5. Total percent (add lines C1–C4 above).....			5. %
6. Number of factors with a positive number in column B			6.
7. Alternative apportionment percentage (divide line 5 by line 6; enter result on Schedule AP-1, line 2; and on line 2 of Form TM or Form LTD).....			7. %

Attach your completed Form TSE-AP to your transit return when filed.

TRANSIT SELF-EMPLOYMENT TAX APPORTIONMENT WORKSHEET INSTRUCTIONS

Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment worksheet, Form TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. **You must complete the worksheet and attach it to your Transit Self-Employment tax return when you file.**

Complete Form TSE-AP, Schedules AP-1 or AP-2, to determine the apportionment percent. Most taxpayers will use Schedule AP-1, unless you meet the exception below.

Exception: Use Schedule AP-2 if you are an electing telecommunications or utility taxpayer, or a qualified forest products taxpayer.

Remember: If you meet the exception, please check the box "Utility, telecommunications, or forest industry" on the front of Form TM or Form LTD.

Effective for tax years beginning on or after July 1, 2005, qualifying forest product industries are required to use the double-weighted sales factor apportionment formula as defined in ORS 314.650(2).

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition) will continue to apply. This election may be revoked later.

Apportionment Factors

1. Property Factor

Each item of owned or rented business property should be entered in column B. Business property within the district is entered in column A.

- Owned property is valued at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and the end of the tax period. An average of the monthly values may be required if a more reasonable value results.
- Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.

2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the district if:

- The services are performed entirely inside the district; **or**

- The services are performed both in and out of the district, but those services performed outside are only incidental; **or**
- Some of the services are performed in the district and, (a) the base of operation or control is located in the district or, (b) the base of operation or control is not in this state or in any state where the employee's services are performed, but the employee's residence is in the district.

3. Sales Factor

The sales factor is the percentage that sales or other business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

Other business gross receipts, including services, are any items other than sales of tangible personal property.

Amounts received for services should be entered, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the district if:

- The property is shipped or delivered to a purchaser in the district; **or**
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchaser is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

Taxpayer assistance

General tax information..... www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222
 E-mail tse.help.dor@state.or.us

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

Asistencia en español:

Salem 503-378-4988
 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.



TriMet Self-Employment Tax

These instructions are not a complete statement of laws and rules that apply to the Tri-County Metropolitan Transportation District self-employment tax. For more information, contact the Oregon Department of Revenue. See "Taxpayer assistance." You may access the laws, rules, forms, and instructions on the internet at www.oregon.gov/DOR.

New information

New tax rate: Beginning January 1, 2007, the tax rate has increased to 0.006518.

Important reminders

For tax years beginning on or after July 1, 2005:

Self-employment income is apportioned to Oregon using a 100 percent sales factor unless you meet one of these exceptions.

- A qualifying taxpayer in the forest products industry is required to use the double-weighted sales factor formula.
- A taxpayer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

What is the TriMet self-employment tax?

The TriMet tax helps fund mass transportation in the TriMet District. This tax is applied to self-employment earnings of individuals doing business or providing services in the district. This includes portions of Multnomah, Clackamas, and Washington counties. The Oregon Department of Revenue collects the tax for TriMet.

A list of ZIP codes included in the district boundary is on page 4. For more information, call TriMet at 503-962-6466, or access their website at www.trimet.org/taxinfo.

The tax rate is 0.006518 (0.6518 of 1 percent).

Who must file and pay this tax?

Individuals

Anyone who has self-employment earnings from business or service activities carried on in the TriMet District must pay this tax.

People who **must** pay the self-employment tax include:

- Self-employed individuals, sole proprietors, independent contractors, members of a partnership, and persons who have net self-employment earnings greater than \$400 from doing business or providing services within the TriMet District.
- **Real estate salespeople.** Federal laws generally treat real estate salespeople as self-employed. This includes those who provide services to real estate brokers under contract.

This means that commissions on sales are subject to the TriMet self-employment tax.

Partnerships

Partnerships are not subject to the TriMet self-employment tax.

The individual self-employed members of the partnership are responsible for filing and paying the tax. However, a partnership may choose to file one transit self-employment tax return and pay the tax for all of its individual partners. See "Partnership election" instructions.

Exemptions

- **C and S corporation distributions** are not subject to this tax. However, **all employers** who pay wages for services performed in the district must pay a transit payroll tax. This includes corporation officers who receive compensation for services performed. For more information about payroll transit tax, call 503-945-8091.
- **Ministers.** Compensation received by a minister or member of a religious order when performing religious services is not subject to TriMet self-employment tax.
- **Insurance agents.** Insurance agents are exempt from the self-employment tax to the extent that business income is derived from an insurance-related activity. Non-insurance income is taxable (ORS 731.840).

How to file

Complete Form TM, *TriMet Self-Employment Tax Return*. Staple your payment and the Form TSE-V payment voucher to the top of the return. Make your check payable to the Oregon Department of Revenue. Do not use red ink or gel pens. Please use only blue or black ink on your return and payment.

Mail to: **TMSE**

**Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502**

Important filing information

- **Do not combine** your TriMet self-employment tax payment with any other tax payment made to the Oregon Department of Revenue.
- **Do not attach** your Form TM to your Oregon income tax return.
- **Attach** a copy of your federal Schedule SE to the back of your Form TM.

- **Attach** Form TSE-AP to the back of your Form TM if you are apportioning your self-employed transit earnings.
- **Mail** your transit return to the Oregon Department of Revenue. **Transit returns cannot be filed electronically.**

File **one** *TriMet Self-Employment Tax Return* for all of your self-employment earnings.

To avoid penalty and interest, file your return and pay your tax by the due date.

Frequently asked questions

I have more than one business. How should I file my TriMet return?

File one return. If you have separate business activities, attach a schedule that shows net earnings or losses for each separate business. Compute the TriMet self-employment income separately for each business. See instructions for line 1.

Can I file a joint return?

No. Each taxpayer having self-employment earnings must file a separate Form TM. That's true even if you and your spouse filed a joint federal income tax return. The only exception is a partnership filing for all partners. Both spouses could be members of the same partnership.

I'm getting a refund on my Oregon individual income tax return. Can I have that refund applied to this tax?

No. We cannot apply any income tax refund to pay your TriMet self-employment tax.

Can I file my transit self-employment tax return electronically?

No. File your transit return by mail. Make a copy for your records, and mail your return to the Oregon Department of Revenue address printed at the bottom of the tax return.

Can I file an amended transit self-employment tax return?

Yes. File an amended transit return any time you need to correct your return as originally filed. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. Check the "This is an amended return" box on your transit return.

What if business is done both inside and outside of the district?

Use an apportionment formula by completing Form TSE-AP. Self-employment income is apportioned using a 100 percent sales factor unless you are a qualifying taxpayer in forest products, utilities, or telecommunications. You are required to use the double-weighted sales factor formula if you are a qualifying taxpayer in the forest products industry. A tax-

payer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

What if I'm audited by the IRS?

If changes are made that affect your self-employment earnings, file an amended return to report and pay any additional tax due. If the change reduces your transit tax, you have two years from the date of the audit report to claim a refund.

Why am I being charged penalty and interest on my unpaid taxes when I have a valid extension?

You will be charged penalty and interest if you do not pay your tax by the original due date. This is true even if you have an extension of time to file. To avoid interest, you must pay tax owed by the original due date of the return. Attach a copy of your extension to your TriMet return when you file and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our website at www.oregon.gov/DOR.

When to file

Your TriMet return is generally due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 15, 2008. Fiscal year returns are due the 15th day of the fourth month after the end of the fiscal year. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

Extensions

If you get an extension to file your federal or Oregon individual income tax return, it will also extend your *TriMet Self-Employment Tax Return*. **Check the "An extension has been filed" box on your Form TM, and attach a copy of the extension to the back of your return when you file.**

However, **more time to file does not mean more time to pay.** If you have an extension, you must make your payment by the original due date of the return to avoid a penalty and interest charge. Complete Form TSE-V and send it with your payment of tax. Form TSE-V is available on our website at www.oregon.gov/DOR/1002, or see "Taxpayer assistance." Be sure to use the same name and Social Security number (SSN) or federal employer identification number (FEIN) that you will use on your return when you file.

Be sure to file your *TriMet Self-Employment Tax Return* within the extension period.

Partnership election

A partnership may elect to file and pay the transit self-employment tax for the individual partners. The partnership **must** use net earnings from self-employment as reported on

federal Form 1065 to figure the tax. **Do not make Oregon modifications** to the partnership's earnings. If some partners have different tax years than others, net earnings from self-employment is determined using amounts from different tax years.

The partnership's return and payment shall be based upon the net earnings from self-employment of the individual partners from the partnership for their taxable years ending with or within the calendar year.

Due date: April 15, 2008. The partnership **must** file a return and pay the tax due on or before the 15th day of the fourth month following the end of the **calendar year**.

Fiscal year taxpayers: When a partnership tax year ends within a calendar year, the partnership files on a calendar year basis with the return due April 15, 2008.

Example: If a partnership has a tax year ending August 31, 2007, and its partners use a calendar year, the partnership must pay on or before April 15, 2008, the amount due from the partner's net earnings from the partnership for its taxable year ending August 31, 2007.

Partnerships **must attach a schedule listing the following information for each partner:**

- Name.
- SSN.
- Share of partnership income.
- Individual exclusion.

Partners: If your partnership is filing on behalf of all partners, you do not need to file a separate Form TM **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your *individual* Form TM.

Amended returns

You must file an amended return to claim a refund of tax paid. To file an amended return, use the appropriate form for the year of the original return and check the "**This is an amended return**" box. Attach an explanation of the changes made to the back of the return. Oregon doesn't have a separate amended transit tax return.

Form TM instructions

Name and address section

Individuals: Fill in your name, address, telephone number, and SSN.

The request for your SSN(s) is authorized by Section 405, Title 42, United States Code. You must give us this information. It will be used to establish your identity.

Partnerships: Fill in the partnership name, address, telephone number, FEIN, and Oregon business identification number (BIN). If you do not know your Oregon BIN, leave it blank and we will fill it in.

You must provide, on a schedule attached to Form TM, the name, SSN, share of partnership income, and individual exclusion for each partner. Your return cannot be processed without this information.

Check the box if any apply:

- An extension has been filed.
- This is an amended return.
- Utility, telecommunications, or forest industry.

Line instructions—Form TM

Instructions are for lines not fully explained on the return.

Line 1. Self-employment earnings.

- **Individuals:** Fill in the amount from federal Schedule SE, Section A, line 3; or Section B, line 3 unless you meet one of the exceptions.
- **Partnerships:** Fill in the net earnings from federal Partnership Form 1065. Do not include Oregon modifications.

More than one business included on federal Schedule SE? Only include those businesses from line 3 of your federal Schedule SE that have net earnings. Do not use a business with a net loss to offset a business with net earnings.

Example: Business A has net earnings of \$20,000 and Business B has a net loss of \$10,000. The amount on line 3 of your federal schedule SE is \$10,000. Fill in on line 1 of Form TM the amount of \$20,000. **File one return.** Attach a schedule to the return and include each separate business and their net earnings or losses. There are no carry-forward of losses to another year.

Did you receive Partnership income? Did the partnership file Form TM and pay the tax for the partners? If so, reduce the amount from your federal Schedule SE, Section A, line 3; or Section B, line 3 by the amount of your income from that partnership.

Important. Do not make Oregon changes or modifications to federal income on Form TM. Your earnings that are subject to TriMet self-employment tax will generally be the same as the earnings you report on your federal Schedule SE, Section A, line 3; or Section B, line 3.

Line 2. Apportionment:

- Percentage cannot be less than 0 percent or more than 100 percent.
- Enter 100 percent if **all** of your business activity is within the transit district. **Do not fill out Form TSE-AP.**
- Fill out and attach a completed Form TSE-AP to the back of Form TM if your business activity is carried on both in and out of the district.

Line 4. Exclusion. Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings (line 3), or \$400.

Individuals: Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on another 2007 Form TM filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

Partnerships. Enter \$400 for only those partners whose share of positive earnings are included in the amount on line 3. If any partner's exclusion was partially or completely used on another 2007 Form TM, include on line 4 only that partner's unused amount of the \$400 exclusion. **Each partner is responsible for ensuring that the total of all exclusions does not exceed \$400.**

Do not include any partner with a loss.

Line 7. Prepayments. Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension of time to file or with a payment voucher, Form TSE-V.

Line 8. Tax to pay. Include your check or money order payable to the Oregon Department of Revenue. Write your daytime telephone number and "2007 Oregon Form TM" on your check. Staple your payment and the Form TSE-V payment voucher to the top of your return. An expected refund from your state income tax cannot be used to pay your transit tax.

Line 9. Penalty and interest. For filing or paying late.

Due date. Form TM is generally due the same day as your federal and Oregon income tax returns. For a calendar year return, this is April 15, 2008.

Interest. If you are paying your tax after the due date, include interest on any unpaid tax.

If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or legal holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2007	9%	0.75%	0.0247%
January 1, 2008	9%	0.75%	0.0247%

Interest accrues on any unpaid tax during an extension of time to file.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month on unpaid tax. If the tax is not paid within 60 days of our bill, the interest rate increases by 4 percent per year.

Penalty. Include a penalty payment if you:

- Mail your payment of tax due **after** the due date (even if you have an extension), or
- File your return showing tax due after the due date, including any extension.

Possible penalties may include:

- **5 percent** for failure to pay by the due date of the return.
- **20 percent** for failure to file the return within three months of the due date of the return.
- **100 percent** if you do not file three or more required returns by the due date of the third year's return.

Sign your return. Please sign and date your return before mailing.

TriMet ZIP codes

TriMet serves the Portland Metropolitan area, which includes parts of Multnomah, Washington, and Clackamas counties. For information on TriMet boundaries, call 503-962-6466 or access the TriMet website at www.trimet.org/taxinfo.

ZIP codes completely in TriMet Transit District

97005	97036	97209	97217	97227	97266
97006	97068	97210	97218	97229	97267
97008	97201	97211	97219	97230	97268
97024	97202	97212	97220	97232	
97027	97203	97213	97221	97233	
97030	97204	97214	97222	97236	
97034	97205	97215	97223	97239	
97035	97206	97216	97225	97258	

ZIP codes partially in TriMet Transit District

97007	97019	97055	97080	97116	97224
97009	97022	97060	97086	97123	97231
97013	97023	97062	97089	97124	
97015	97045	97070	97113	97140	

Taxpayer assistance

Oregon Department of Revenue

General tax information..... www.oregon.gov/DOR
 Salem..... 503-378-4988
 Toll-free from an Oregon prefix..... 1-800-356-4222
 E-mail..... tse.help.dor@state.or.us

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

Asistencia en español:

Salem..... 503-378-4988
 Gratis de prefijo de Oregon 1-800-356-4222

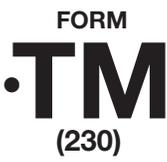
TTY (hearing or speech impaired; machine only):

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.

TriMet Transit District boundary information

Telephone..... 503-962-6466
 Internet..... www.trimet.org/taxinfo



Tri-County Metropolitan Transportation District .2007 SELF-EMPLOYMENT TAX

For office use only
Date received
Payment
1 2 3

Fiscal Year Mo / Day / Year
Beginning: / Ending:

If you have previously filed a return, indicate if:
Name change
Address change

Last name (if an individual filing)
First name and initial
Social Security number (SSN)
Partnership name (if a partnership filing)
Federal employer identification number (FEIN)
Business address
Oregon business identification number (BIN)
City State ZIP Code County
Telephone number
Did you file Form TM for 2006?
An extension has been filed
This is an amended return
Utility, telecommunications, or forest industry

Include your payment with this return. Round all amounts to the nearest whole dollar.

1. Self-employment earnings from federal Schedule SE or Partnership Form 1065
2. Apportionment percentage
3. Net self-employment earnings. Multiply line 1 by line 2
4. Less: Exclusion. Not more than \$400 per taxpayer
5. Net earnings subject to transit district tax. Line 3 minus line 4
6. Net tax. Multiply the amount on line 5 by 0.006518
7. Prepayments
8. TAX TO PAY. Is line 6 more than line 7? If so, line 6 minus line 7
9. Penalty and interest for filing or paying late
10. Total amount due. Line 8 plus line 9
11. REFUND. Is line 7 more than line 6? If so, line 7 minus line 6

Individuals: Attach a copy of your federal Schedule SE. Business Activity: Sales Services Other:

Partnerships: Attach a schedule listing each partner's name, Social Security number, partnership earnings, and exclusion.

Apportioning? Attach a copy of TSE-AP. Extensions: Attach a copy of federal or state extension form.

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge. I authorize the Department of Revenue to discuss this return with this preparer. Yes No

SIGN HERE
Your signature Date Signature of preparer other than taxpayer License No.
Address Telephone No.

Do NOT attach your TM self-employment tax return to your Oregon income tax return, or any other form.

Make check or money order payable to: Oregon Department of Revenue
Mail your return to: TMSE Oregon Department of Revenue PO Box 14003 Salem OR 97309-2502

Check one: **TriMet District (TM)** **Lane Transit District (LTD)**

Filer Name—Individual or Partnership	SSN or FEIN
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NOTE: Do not use this worksheet if ALL of your business activities are in the transit district.

**Schedule AP-1
STANDARD APPORTIONMENT METHOD
SALES FACTOR ONLY**

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1. Sales Factor	1.	1.	1. %
Sales and other business gross receipts			
2. Apportionment percent			2. _____ %
Enter result from 1(c) here and on line 2 of Form TM or Form LTD			

**Schedule AP-2
ALTERNATIVE APPORTIONMENT METHOD
DOUBLE-WEIGHTED SALES FACTOR**

Alternative apportionment method (*double-weighted sales factor formula*) for utility, telecommunication, or forest industry taxpayers.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Qualifying forest products industry taxpayers must apportion business income using the double-weighted sales factor formula provided in ORS 314.650(2) (2005 edition) for tax years beginning on or after July 1, 2005.

Check the box on Form TM or LTD if making this election. All others use the standard apportionment method above.

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1. Total owned and rented property.....	1.		%
2. Total wages and salaries.....	2.		%
3. Total sales and other receipts.....	3.		%
4. Total sales and other receipts (same as line 3 above)	4.		%
5. Total percent (add lines C1–C4 above).....			5. %
6. Number of factors with a positive number in column B			6.
7. Alternative apportionment percentage (divide line 5 by line 6; enter result on Schedule AP-1, line 2; and on line 2 of Form TM or Form LTD).....			7. %

Attach your completed Form TSE-AP to your transit return when filed.

TRANSIT SELF-EMPLOYMENT TAX APPORTIONMENT WORKSHEET INSTRUCTIONS

Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment worksheet, Form TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. **You must complete the worksheet and attach it to your Transit Self-Employment tax return when you file.**

Complete Form TSE-AP, Schedules AP-1 or AP-2, to determine the apportionment percent. Most taxpayers will use Schedule AP-1, unless you meet the exception below.

Exception: Use Schedule AP-2 if you are an electing telecommunications or utility taxpayer, or a qualified forest products taxpayer.

Remember: If you meet the exception, please check the box "Utility, telecommunications, or forest industry" on the front of Form TM or Form LTD.

Effective for tax years beginning on or after July 1, 2005, qualifying forest product industries are required to use the double-weighted sales factor apportionment formula as defined in ORS 314.650(2).

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition) will continue to apply. This election may be revoked later.

Apportionment Factors

1. Property Factor

Each item of owned or rented business property should be entered in column B. Business property within the district is entered in column A.

- Owned property is valued at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and the end of the tax period. An average of the monthly values may be required if a more reasonable value results.
- Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.

2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the district if:

- The services are performed entirely inside the district; **or**

- The services are performed both in and out of the district, but those services performed outside are only incidental; **or**
- Some of the services are performed in the district and, (a) the base of operation or control is located in the district or, (b) the base of operation or control is not in this state or in any state where the employee's services are performed, but the employee's residence is in the district.

3. Sales Factor

The sales factor is the percentage that sales or other business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

Other business gross receipts, including services, are any items other than sales of tangible personal property.

Amounts received for services should be entered, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the district if:

- The property is shipped or delivered to a purchaser in the district; **or**
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchaser is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

Taxpayer assistance

General tax information..... www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix 1-800-356-4222
 E-mail tse.help.dor@state.or.us

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

Asistencia en español:

Salem 503-378-4988
 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.

