



Quick Reference Guide

For Preparing Personal
Income Tax Returns

Quick Reference Guide

Tax-Aide volunteer:

This *Quick Reference Guide* was produced just for you, to meet your needs as a volunteer tax preparer. We would like to hear from you. If you have suggestions for improving this guide, please see page 18.

If you need more information when preparing returns, turn to the following Oregon resources:

- *2007 Oregon Full-Year Resident Income Tax* booklet.
- *2007 Oregon Tax-Aide Program Workbook*.
- Department of Revenue website: www.oregon.gov/DOR.
- *Publication 17½, Oregon Individual Income Tax Guide, 2007 Edition*.
- *2007 Package B* (compilation of Oregon forms and instructions).
- Department of Revenue taxpayer assistance line: Salem, 503-378-4988; or toll-free from an Oregon prefix, 1-800-356-4222.
- Your AARP Tax-Aide site coordinator.

Best wishes for a successful tax preparation season, and thank you for volunteering!

—The Oregon Department of Revenue

Important information and reminders

- **Oregon Earned Income Credit is refundable.**
- **Use the Oregon Form 40-V payment voucher for tax-to-pay returns.**
- **Use the Oregon Extension Form 40-EXT.**
- **Direct deposit is available for refunds.**
- **Taxes may be paid by credit card. Electronic payment from a checking or savings account will also be available soon.**
- **Use blue or black ink:**
 - Easier to read.
 - Faster return processing.
- **No red or purple ink please.**
- **When identifying:**
 - Other additions
 - Other subtractions
 - Other credits

→ use the numeric codes listed here:

Standard numeric codes—partial list

See the tax booklet for a complete list.

Description	Numeric Code
Gambling losses claimed on Schedule A	105
Long-term care insurance premiums add back	104
<hr/>	
529 Oregon College Savings Plan.....	324
American Indian	300
Interest from local government bond	317
Military active duty pay	319
Oregon Lottery	322
Railroad Retirement Board benefits	330
Tuition and fees deduction.....	308
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Child and dependent care credit carryforward	704
Long-term care insurance premiums.....	716
Loss of use of limbs	717

Other Additions

Other Subtractions

Other Credits

Filing requirements

Does the taxpayer need to file?

Amounts apply to full-year residents only.

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

In addition, the taxpayer must file a return if:

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

Does the single dependent taxpayer need to file?

1. Enter gross income from all taxable sources. 1. \$ _____
2. Add earned income \$_____ plus \$300. Enter total. 2. _____
3. Set amount. 3. 850
4. Enter the larger of line 2 or 3. 4. _____
5. Enter the standard deduction for a single person: 5. _____
 - Basic standard deduction: \$1,825
 - Single and over age 65: \$3,025
6. Enter the smaller of line 4 or 5. 6. _____

- If line 1 is more than line 6, the taxpayer must file an Oregon return.
- If line 6 is more than line 1, the taxpayer is not required to file an Oregon return.

Residency and forms

● Full-year resident:

- Lived in Oregon all year,
—OR—
- Lived outside of Oregon, but:
 - Thinks of Oregon as their permanent home; and
 - Oregon is the center of financial, social, and family life; and
 - Oregon is the place taxpayer intends to come back to after being away.

File Form 40 or 40S.

● Special-case Oregon resident:

- Treated as a nonresident if:
 - Oregon residents who lived outside Oregon the entire year, **and**
 - Didn't keep a home in Oregon during any part of the year, **and**
 - Spent less than 31 days in Oregon during the year.

File Form 40N to report Oregon source income.

● Nonresident:

- Permanent home is outside Oregon all year.

File Form 40N to report Oregon source income.

● Part-year resident:

- Permanently moved into or out of Oregon in 2007.

File Form 40P to report Oregon source income and all income received while an Oregon resident.

100-101-440 (Rev. 12-07) 10042007

Filing deadline and extension



- **Filing deadline: Tuesday, April 15, 2008.**
- **Does the taxpayer need to file for an Oregon extension?**

File Oregon Form 40-EXT only if the taxpayer cannot file their return by April 15, 2008, and:

- They filed for a federal extension and are making a payment to Oregon, or
- They need an extension of time to file for Oregon only.

If the taxpayer has filed for a federal extension and doesn't need to make a payment to Oregon, no action is needed. Oregon recognizes the federal extension and no additional information is required.

Form 40-EXT and instructions are available on the department's website at www.oregon.gov/DOR or by calling 503-378-4988 or toll-free from an Oregon prefix 1-800-356-4222.

Caution: An extension only allows the taxpayer more time to file, **not** more time to pay.

Filing status

● **Generally, use the same filing status as used on the federal return.**

- Single.
- Married filing jointly.
 - If a taxpayer and spouse have different residency statuses, they may file married filing separately for Oregon, even though they file jointly for federal. See the Oregon income tax booklet for more information.
- Married filing separately.
 - Fill in the spouse's first name, last name (first four letters only), and Social Security number on line 3 of the Oregon return. Don't put the spouse's information in the name and address section.
- Head of household.
 - Fill in the name of the person who qualifies the taxpayer for head of household filing status. Use the same name as on the federal return.
- Qualifying widow(er).



Exemptions

● 2007 exemption credit:

1. One exemption credit each for:
 - Taxpayer.
 - Spouse, if applicable.
 - Qualifying dependents, same as on the federal return.
2. One additional exemption credit for severely disabled taxpayer and/or spouse if they:
 - Permanently lost use of one or both feet,
 - Permanently lost use of both hands,
 - Are permanently blind, or
 - Have permanent condition that, without special equipment or outside help, limits ability to:
 - Earn a living,
 - Maintain a household, or
 - Transport themselves.

Note: Deafness alone does not qualify.

3. One additional exemption credit for child with a disability if:
 - The child qualifies as taxpayer's dependent; and
 - The child is eligible for "early intervention services" or the child receives special education; and
 - The child is considered to have a disability as of December 31, 2007, and has a statement of eligibility to confirm disability; and
 - Taxpayer has the cover sheet from the child's IEP or IFSP.

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 for the additional credit.

● Computing the credit:

The taxpayer's exemption credit is \$165 for each exemption unless their federal adjusted gross income (Form 40, line 8) is more than the threshold for their filing status. The chart below will apply to most taxpayers using Tax Aide.

If 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.	

If Form 40, line 8, is more than the amount shown above for their filing status follow the instructions on page 32 of the *2007 Oregon Full-Year Resident Income Tax* booklet.

Standard deduction

Generally, the standard deduction is based on the taxpayer's 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

Note: The standard deduction for nonresident aliens, as defined by federal law, is -0-.

See page 8 for the "Standard deduction worksheet for single dependents."

If age 65 or older, or blind:

1. Is taxpayer: 65 or older? Blind?

If claiming spouse's exemption, is spouse: 65 or older? Blind?

2.

If filing status is...	And the number of boxes checked above is...	Then the 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 widower	2	5,340
	1	4,640
	2	5,640

Standard deduction (continued)

Standard deduction worksheet for single dependents

- | | |
|---|-----------------|
| 1. Enter earned income. | 1. _____ |
| 2. Additional \$300. | 2. <u>300</u> |
| 3. Add lines 1 and 2. | 3. _____ |
| 4. Minimum standard deduction. | 4. <u>850</u> |
| 5. Enter the larger of line 3
or line 4. | 5. _____ |
| 6. Basic standard deduction for
single. | 6. <u>1,825</u> |
| 7. Enter the smaller of line 5
or line 6. | 7. _____ |
| 8. If under age 65, enter -0-.
If age 65 or older, enter \$1,200. | 8. _____ |
| 9. If not blind, enter -0-.
If blind, enter \$1,200. | 9. _____ |
| 10. Add lines 7, 8, and 9 and
enter the total here and on
Form 40, line 26; or
Form 40S, line 10. This is the
standard deduction. | 10. _____ |

Federal tax subtraction and military subtraction

Federal tax liability subtraction. The maximum federal tax subtraction has increased to \$5,500 (\$2,750 MFS), but never more than the federal tax liability reduced by federal credits.

Federal tax liability subtraction worksheet

- | | |
|--|---------------|
| 1. Form 1040, line 57; Form 1040A, line 35; 1040EZ, line 10; or 1040NR, line 52. | 1. \$ _____ |
| 2. Form 1040, line 60; or 1040NR, line 55, tax on IRA. | 2. + _____ |
| 3. Add lines 1 and 2. | 3. = \$ _____ |
| 4. Fill in \$5,500 (\$2,750 if married filing separately). | 4. \$ _____ |
| 5. Fill in the lesser of line 3 or 4 here and on Form 40, line 13. | 5. \$ _____ |

Military active duty pay subtraction [code 319].

- **Oregon residents stationed in Oregon.** Subtract up to \$6,000 of active duty pay earned in Oregon.*
- **Oregon residents stationed outside of Oregon.** Subtract all active duty pay earned outside of Oregon.*

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

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

- Were a member of the Oregon National Guard or reserves at any time since January 2001, **and**
- Served on active duty in Oregon as a member of the Oregon National Guard or reserves, **and**
- Were away from home overnight for at least three weeks consecutively, **and**
- The time away from home was required to perform military service.

If all of the above conditions were met, Oregon National Guard members may subtract all of their active duty pay earned while they served in Oregon.*

* *The allowable subtraction will never be more than the total active duty pay included in federal adjusted gross income.*

Oregon National Guard and reserves:

- Summer camp for Guard members and reservists is generally considered active duty and will qualify for the subtraction.
- Weekend drill pay earned by Guard members or reservists is **not** active duty pay and does **not** qualify for the subtraction.

Credits

● Retirement income credit

Retirement income includes payments reported in Oregon taxable income from:

- U.S. government pension (includes military).
- State or local government pension.
- Employee pension.
- Individual retirement arrangement plan (IRA).
- Deferred compensation plan including defined benefit, profit-sharing, and 401(k).
- Employee annuity plan.

Qualifications:

- Age 62 or older as of December 31, 2007; **and**
- Received retirement income (see list above); **and**
- Retirement income is taxable by Oregon; **and**
- Household income (HHI) was less than \$22,500 (\$45,000 if married filing jointly); **and**
- Received less than \$7,500 (\$15,000 if married

- filing jointly) in Social Security and/or tier 1 Railroad Retirement Board benefits; **and**
- HHI plus Social Security and/or tier 1 Railroad Retirement board benefits is less than \$22,500 (\$45,000 if married filing jointly).

The taxpayer may claim this credit **or** the credit for the elderly or the disabled, but not both.

Credit is limited to tax liability.

Use the worksheet on the next page to figure the credit.

How to figure household income (HHI):

- Include all taxable income.
- Include all nontaxable income.
- Reduce HHI by adjustments on federal return.
- Exclude Social Security income.
- Exclude tier 1 Railroad Retirement Board income.
- Exclude Oregon state income tax refund.
- Exclude an IRA rollover.

Credits (continued)

Retirement income credit worksheet

1. Enter the retirement income of the eligible individual(s) included on Form 40, line 8. 1. \$ _____
2. Enter any federal pension income subtracted from Oregon income, Form 40, line 17 (see the *Full-Year Resident Income Tax* booklet, page 28). 2. \$ _____
3. Net Oregon taxable pension. Line 1 minus line 2. 3. \$ _____
4. Enter \$7,500 (\$15,000 if married filing jointly). 4. \$ _____
5. Enter **both** spouses' total 2007 Social Security and tier 1 Railroad Retirement Board benefits. 5. \$ _____
6. Line 4 minus line 5, but not less than -0-. 6. \$ _____
7. Enter household income. See page 10 to figure household income. 7. \$ _____
8. Household income base. Enter \$15,000 (\$30,000 if married filing jointly). 8. \$ _____
9. Line 7 minus line 8, but not less than -0-. 9. \$ _____
10. Line 6 minus line 9, but not less than -0-. 10. \$ _____
11. Enter the lesser of line 3 or line 10. 11. \$ _____
12. Multiply line 11 by 9% (.09). Enter the result here and on Form 40, line 34. 12. \$ _____

Credits (continued)

● Child and dependent care credit

Qualification: Must qualify for the federal child and dependent care credit (even if it is not fully used on the federal return).

Usually the taxpayer cannot claim this credit if married filing separately.

Use the following worksheet to figure the credit.

Child and dependent care credit worksheet

1. Enter the amount from federal Form 2441, line 6; or Form 1040A, Schedule 2, line 6. 1. \$ _____
2. Enter the decimal amount from the table (at right). 2. × _____
3. Multiply the amount on line 1 by the decimal amount on line 2. Enter here and on Form 40, line 35. 3. \$ _____

If the federal taxable income from Form 1040, line 43; or Form 1040A, line 27 is:		The 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

Any part of this credit not used in 2007 may be carried forward to 2008.

Carryforward from a prior year

Claim on Form 40, line 39. Identify as **704**.

Credits (continued)

● Credit for the elderly or the disabled

Qualification: Must qualify for the federal credit.

Credit is limited to tax liability for 2007.

Taxpayer may claim this credit **OR** the retirement income credit, but not both.

Use the following worksheet to figure the credit.

Credit for the elderly or the disabled worksheet

- | | |
|---|-------------|
| 1. Enter the amount from Federal Schedule R, line 20; or Form 1040A, Schedule 3, line 20. | 1. \$ _____ |
| 2. Multiply line 1 by 40 percent (.40). Enter here and on Form 40, line 36. | 2. \$ _____ |

● Political contribution credit

Cash contributions made during 2007 to any of the following qualify for this credit:

- Candidates and campaign committees for federal, state, or local office to be voted in Oregon,
- Political action committees (PAC) certified in Oregon, or
- Political parties.

Maximum credit is the amount of cash donated, up to:

- \$100 if married filing jointly, or
- \$50 for all others.

Enter on Form 40, line 37. Identify using code 723.

Credit is limited to tax liability for 2007.

● Credit for loss of use of limbs [code 717]

Qualifications:

- Permanent and complete loss of use of two limbs.
- Must have disability certification form from county health officer. Keep filed with taxpayer's records. Do not send in with return.

Credit amount is \$50. Claim on Form 40, line 39.

Identify using code 717.

Credit is limited to tax liability for 2007.

Credits (continued)

● Long-term care insurance premiums credit [code 716]

Qualifications:

- The policy was first issued in 2000 or later; and
- Beneficiaries are taxpayer, parents, or dependents; and
- Taxpayer paid the premiums in 2007.

Credit is limited to tax liability.

Use the following worksheet to figure the credit.

Long-term care insurance premiums credit worksheet

- | | |
|--|-------------|
| 1. Premiums paid in 2007. | 1. \$ _____ |
| 2. Multiply line 1 by 15 percent (.15).
Enter result here. | 2. \$ _____ |
| 3. Maximum credit allowed. | 3. \$ 500 |
| 4. Enter the lesser of line 2 or line 3
here and on Form 40, line 39.
Identify using code 716. | 4. \$ _____ |

Did the taxpayer claim long-term care insurance premiums on Schedule A, line 4, as part of medical expenses? If yes, see *Tax-Aide Program Workbook*, page __, to determine if any Oregon addition is required.

150-101-440 (12-07)

● Earned income credit (EIC)

Qualification: Must qualify for the federal EIC.

The tax credit is refundable.

Use the following worksheet to figure the credit.

Earned income credit worksheet

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

● Working family child care credit (WFC)

Credit is available to low-income working families with qualifying child care expenses.

Qualifications:

- Taxpayer or employer paid child care expenses to allow taxpayer (and spouse if married filing jointly) to be employed or attend school at least part time or the taxpayer (or the taxpayer's spouse) is exempt from this requirement due to a qualifying disability; and

Credits (continued)

● Working family child care credit (WFC) continued

- Federal adjusted gross income is less than the limit for the household size (see tables in the full-year booklet, page 42); **and**
- Expenses are for the taxpayer's qualifying child; **and**
- Care is not provided by the child's parent or guardian (unless provided in a licensed or registered child care facility); **and**
- Care is not provided by the taxpayer's relative or step-relative under age 19; **and**
- Earned income is at least \$7,550 (earned income is wages, salaries, tips, professional fees, and other amounts received as pay for work actually performed); **and**
- Investment income is less than \$2,950 (investment income is generally interest, dividends, and capital gains); **and**
- If married filing separately, taxpayers must be legally separated or living apart on December 31, 2007.

What is a "qualifying child?"

A qualifying child for working family credit purposes is the taxpayer's child, stepchild, grandchild, step-grandchild, brother, sister, stepbrother, step-

sister, nephew, niece, step-nephew, step-niece, or eligible foster child who:

- Was under age 13 as of December 31, 2007, **OR**
- Qualified for the additional exemption credit for a child with a disability,

AND

- Can be claimed as a dependent on the taxpayer's federal return, or
- Could have been claimed on the taxpayer's federal return except, as the custodial parent, they 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

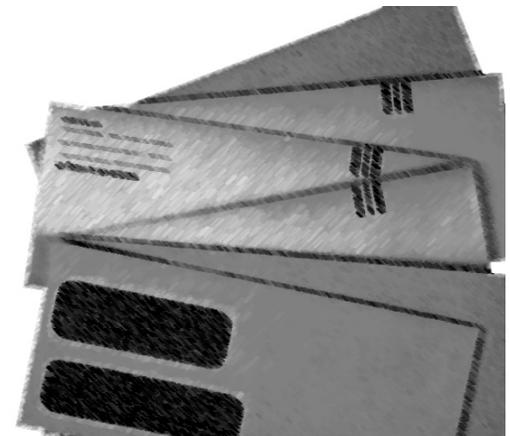
- provided less than one-half of their own support for the tax year.

Remember:

- WFC is refundable.
- WFC may be claimed in addition to the child and dependent care credit, using the same expenses.
- **Schedule WFC must be completed and attached to the return.**

Checklist

- Name(s). Spelled correctly?
- Address. Current?
- Social Security number(s). Double-check.
- Federal tax subtraction. Maximum \$5,500 (\$2,750 if married filing separately).
- Form 40. Include numeric codes and amounts for entries on lines 10, 18, and 39.
- Double-check all math.
- Oregon tax. Double-check amount.
- Direct deposit of refund. Double-check:
 - Account type.
 - Nine-digit routing number.
 - Account number.
- Signature(s). Taxpayer must sign. If joint return, both taxpayers must sign.
- Forms W-2 and 1099 showing Oregon state withholding must be stapled to front of return.
- Form 40.
 - Attach pages 1 and 2 of federal return.
 - Attach Oregon Schedule WFC (if applicable).
- Payment (if applicable).
 - Use Form 40-V, the payment voucher.
 - Make check or money order payable to: "Oregon Department of Revenue."
 - Write "Tax Year 2007" on check.
 - Write "Form 40" or "Form 40S" on check.
 - Include a daytime telephone number.
 - Staple check and Form 40-V on top of Forms W-2 and 1099.
- Envelope. Tell taxpayer to use a business envelope (4" x 9½") with enough postage.



Mailing instructions and payment plans

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

Returns **with** 2-D barcode:

REFUND
PO Box 14710
Salem OR 97309-0460

Returns **without** 2-D barcode:

REFUND
PO Box 14700
Salem OR 97309-0930

● Mail tax-to-pay returns to:

Returns **with** 2-D barcode:

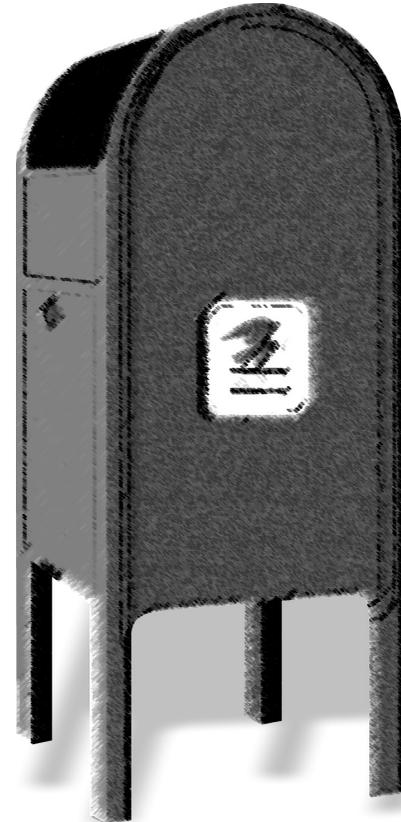
Oregon Department of Revenue
PO Box 14720
Salem OR 97309-0463

Returns **without** 2-D barcode:

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

● If the taxpayer cannot pay in full now, tell them to:

- File now to avoid a late filing penalty.
- Pay what they can now.
- Call the Oregon Department of Revenue at 503-378-4988 or toll-free from an Oregon prefix at 1-800-356-4222 to set up a payment plan.



We want to hear from you

● Tax-Aide volunteers—please answer the questions on the right.

Was this guide helpful to you? Is there anything we can do better?

We'd like to know if you think this guide is a good resource for tax preparation. Help us by responding to these questions, then returning them to us by:

- E-mailing your response to:
Prac.revenue@state.or.us with the subject line "Tax-Aide Quick Reference."

- Or mailing your response to:

Oregon Department of Revenue
PTAC/Policy & Systems, Tax-Aide Program
955 Center St NE
Salem OR 97301-2555

● 2007 Quick Reference Guide Evaluation

1. Did you use the *Quick Reference Guide*?
2. How often did you use the guide this season?
3. What information was most helpful?
4. What information was not helpful?
5. What information should be included that was not in the guide?
6. Was the guide easy to understand? If not, please explain.
7. Do you have any suggestions on the reference guide format?

If you need more room, attach a separate piece of paper. Thank you for your help.

Notes

Notes

Oregon Department of Revenue Mission



**We make tax systems work
to fund the public services that
preserve and enhance the quality
of life for all citizens.**