

# Oregon 2009 Corporation Excise Tax Form 20-INS and Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes.

## What's new?

Below is a list of corporate tax House Bills (HB) and Senate Bills (SB) that the 2009 Oregon Legislature passed.

### Measure 67 (HB 3405)—Marginal corporate tax rate and minimum tax increase

Ballot measure 67 has passed and taxes will increase retroactively for tax years beginning on or after January 1, 2009. The 2009 Oregon Legislature passed HB 3405 effective for tax years beginning on or after January 1, 2009. It increases the corporate tax rate from 6.6 percent to a new marginal tax rate. It also increases the corporate minimum tax from \$10 to \$150–\$100,000, depending on the taxpayer's amount of Oregon sales.

The corporate minimum tax and tax rate will change as follows:

- S corporations and partnerships doing business in Oregon will pay a \$150 minimum tax.
- S corporations doing business in Oregon and subject to federal income tax will pay tax based on the greater of (a) or (b) in the table below.
- C corporations doing business in Oregon must pay the greater of (b) or (c) in the table below.

**Note:** Corporations and partnerships that are not doing business in Oregon are **not subject to the minimum tax**. Also, **exempt organizations** under Internal Revenue Code (IRC) Sections 501(c) through (f), 501(j), 501(n), 521, or 529 that do not have taxable unrelated business income are **exempt from Oregon corporation taxes including the minimum tax** imposed under ORS 317.090.

The minimum tax is based on taxable Oregon sales. For exempt organizations with taxable unrelated business income, only the taxable unrelated business income apportioned or allocated to Oregon is considered Oregon sales when determining the minimum tax. The tax exempt Oregon income is not included.

#### New tax rates

TABLE a

	<i>Minimum tax</i>
S Corporations, partnerships, LLCs, LLPs (regardless of sales level)	\$150

TABLE b

<i>Oregon taxable income</i>	<i>Tax rate</i>
\$250,000 or less	6.6%
\$250,001 or more	\$16,500 plus 7.9% of the amount over \$250,000

TABLE c (C corporations only)

<i>Oregon sales of filing group (see definitions below)</i>	<i>Minimum tax</i>
under \$500,000	\$150
\$500,000 to \$999,999	500
\$1,000,000 to \$1,999,999	1,000
\$2,000,000 to \$2,999,999	1,500
\$3,000,000 to \$4,999,999	2,000
\$5,000,000 to \$6,999,999	4,000
\$7,000,000 to \$9,999,999	7,500
\$10,000,000 to \$24,999,999	15,000
\$25,000,000 to \$49,999,999	30,000
\$50,000,000 to \$74,999,999	50,000
\$75,000,000 to \$99,999,999	75,000
\$100,000,000 and above	100,000

### The minimum tax for C corporations doing business in Oregon is based on Oregon sales.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return.
- Consolidated filers: one minimum tax applies to the affiliated group filing the consolidated return, **not** to each individual affiliate included in the consolidated return doing business in Oregon as it was under 2008 Oregon laws.
- The minimum tax is not apportionable for a short tax year (except a change of accounting period).
- The minimum tax is payable in full for any part of the year during which a taxpayer is subject to tax.
- Oregon follows the **federal entity classification regulations**. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

### Nonapportioned returns

C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross rent and lease payments received;
- Gross receipts from the performance of services;
- Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
- Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income.

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes:

- Direct premiums;
- Annuity considerations; and
- Finance and service charge.

**Apportioned returns:** C corporations and insurance companies doing business in more than one state that apportion business income for Oregon tax purposes, use the Oregon sales amount from Line 21(a) on Schedule AP.

**Note:**

- Charges for interest on the underpayment of estimated tax (UND) based on these changes will be eligible for waiver for tax years beginning on or after January 1, 2009, and before January 1, 2010.
- For tax years 2010 and forward, there is no waiver for the UND charges based on the increased corporate tax, including the corporate minimum tax. Corporations expecting to owe tax (including the corporate minimum tax) of \$500 or more are required to make estimated payments.

### **HB 2157, HB 2078—Tie to federal tax law**

Oregon is currently tied to the federal definition of taxable income as of May 1, 2009, with the following exceptions:

Any **additional** deduction allowed as a result of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) with regard to the following provisions of the Internal Revenue Code:

**Tax years beginning on or after January 1, 2009 (calendar and fiscal year filers):**

- **Bonus depreciation**—Section 168(k) additional 50 percent first-year depreciation is not available for Oregon purposes for “qualified property” placed in service during calendar year 2009. This creates a modification for Oregon purposes.
- **Discharge of indebtedness**—The election to include Section 108 cancellation of debt income over a 5-year period is not available for Oregon taxpayers. This creates a modification for Oregon purposes.
- **Section 179 expense**—For tax years beginning on or after January 1, 2009, the Section 179 expense is limited to \$133,000 for Oregon purposes, and the phase-out amount is \$530,000. This creates a modification for Oregon purposes.

**Note:** Use the *Oregon Depreciation Schedule* (150-101-025) to determine your modifications for Oregon purposes. Amounts added to federal taxable income for Oregon tax purposes due to the above provisions may be subtracted from federal taxable income for Oregon tax purposes in later years. The subtraction will equal the difference between what would have been allowed had Congress

not passed the American Recovery and Reinvestment Act of 2009 less the deduction actually allowed on the federal income tax return for the year in question.

Prior exceptions to reconnect

In prior legislative sessions the Oregon Legislature had disconnected from two other federal provisions:

- The deduction for income from domestic production activities (QPAI).
- The exclusion of certain subsidy payments made by the federal government related to Part D of the Medicare Prescription Drug Insurance program.

## **Looking forward**

### **HB 2068—Transferable credits**

HB 2068 clarifies that transferable credits may not be transferred (sold), for tax purposes, to an entity treated as a partnership for tax purposes. The bill also clarifies that credits may only be transferred once.

### **HB 2078—Biomass credit**

HB 2078 provides that the Department of Energy will certify the biomass collector or producer credit.

### **HB 2255, HB 2261—Lender’s credit**

HB 2255 allows a qualified borrower, for purposes of the credit, to be a nonprofit corporation, nonprofit cooperative, state governmental entity, or local unit of government on a loan to finance a manufactured dwelling park. HB 2261 provides that the Housing and Community Services Department will certify the lender’s credit. The bill also provides new definitions and qualification standards.

### **SB 621—Film and video contribution credit**

SB 621 increases total amount of certified credits allowable each fiscal year from \$5 million to \$7.5 million.

### **SB 726—Reservation enterprise zone credit**

SB 726 authorizes certain Indian tribes to request that land be designated as reservation enterprise zone. The bill clarifies that exemptions and tax credits available in connection with an enterprise zone are also available for a reservation enterprise zone.

### **HB 2653—Forest products apportionment**

HB 2653 removes the forest products double-weighted apportionment option for certain forest products companies. The bill is effective for tax years beginning on or after January 1, 2010.

## Estimated tax payments

### Requirements

Oregon estimated tax laws are not the same as federal estimated tax laws. You must make estimated tax payments if you expect to owe tax of \$500 or more with your return. This includes Oregon's new minimum tax. This requirement also applies if you are an S corporation paying tax on income from built-in gains or excess passive investment income.

If you don't make estimated payments as required, you may be subject to interest on underpayment of estimated tax (UND). If you have an underpayment, refer to Form 37, *Underpayment of Oregon Corporation Estimated Tax*, 150-102-037.

### Payment due dates

Estimated tax payments are due quarterly, as follows:

- **Calendar year filers:** April 15, June 15, September 15, and December 15.
- **Fiscal year filers:** The 15th day of the 4th, 6th, 9th, and 12th months of your fiscal year.
- If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

### Payment options

Estimated payments may be made by electronic funds transfer (EFT) or by mail. EFT reduces expenses and ensures accuracy. See [www.oregon.gov/DOR/ESERV/eft.shtml](http://www.oregon.gov/DOR/ESERV/eft.shtml).

EFT payments for corporation estimated taxes must be made using our EFT program. This program allows payments to be initiated by touch-tone telephone, a secure internet site, or through your financial organization. If you pay by EFT, **do not** send Form 20-V payment voucher.

You must make your Oregon estimated payments by EFT if you are required to make your federal estimated payments by EFT. The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement. (OAR 150-314.518)

If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

A business is required to have an authorization agreement filed with the department before it can start initiating EFT payments. The EFT help/message phone number is 503-947-2017.

**Mail.** If paying by mail, send each payment with a Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions*, 150-102-172.

## Worksheet to calculate Oregon estimated tax

(Keep for your records—do not file with payment.)

1. Oregon net income expected in upcoming tax year. 1. \_\_\_\_\_
2. Tax on Oregon net income (see new tax rate tables on page 2 for marginal corporation tax rate and minimum tax). 2. \_\_\_\_\_
3. Subtract tax credits allowable in upcoming tax year. Tax credits cannot be used to reduce minimum excise tax. 3. \_\_\_\_\_
4. Net tax (line 2 minus line 3). 4. \_\_\_\_\_

If the amount on line 4 is less than \$500, **stop**. You don't have to make estimated tax payments. **Caution: If your final tax liability when you file your return is \$500 or more, you may be subject to interest on UND.**

5. Amount of each payment. 5. \_\_\_\_\_  
(Divide line 4 by the number of payments you need to make. This is usually 4.)\*

If your expected net tax changes during the year, divide the amended net tax amount by the number of required payments (usually four) to determine the correct amount of each required installment.

To avoid additional charges for interest on the underpayment of estimated tax (UND), you must pay the amount of any prior underpayment plus the amount of the current required installment. [OAR 150-314.515(2)]

Example: During the year, Corporation A's expected net tax increased from \$2,000 to \$6,000. Corporation A made timely first and second quarter estimated payments of \$500 before its expected net tax increased.

Corporation A's correct amount of each required installment is \$1,500. Because of its increased net tax, Corporation A will be subject to UND charges for the first and second quarters. To avoid UND charges for the third and fourth quarters, Corporation A must make a timely third-quarter estimated payment of \$3,500\* and a timely fourth quarter payment of \$1,500.

\*\$1,000 for the first-quarter underpayment, plus \$1,000 for the second-quarter underpayment, plus \$1,500 for the required third-quarter installment equals \$3,500.

**UND waiver:** For tax years beginning on or after January 1, 2009, and before January 1, 2010 only: charges for interest on the underpayment of estimated tax (UND),

based solely on the tax rate changes passed with Measure 67, will be eligible for waiver.

For more information, see Oregon statutes (ORS) and rules (OAR) concerning underpayment of estimated tax, Chapter 314 [ORS 314.525, OAR 150-314.525(1)-(A), 150-314.525(1)-(B), 150-314.525(1)(c)-(A), 150-314.525(1)(d), 150-314.525(2)-(A), and 150-314.525(2)-(B)].

## Filing information

### Who must file with Oregon?

Foreign and domestic insurance companies, including home warranty companies (but not title insurers), that are doing business in Oregon, or with income from an Oregon source, are required to file an Oregon Corporation Tax Return.

Provisions regarding this tax can be found in ORS Chapter 317 in 317.010(11), 317.122, and 317.650–317.665.

### What form do I use?

Foreign and domestic insurance companies, including home warranty companies, are required to file an excise tax return on Form 20-INS, *Oregon Insurance Excise Tax Return*. Title insurers are not required to file a Form 20-INS. They file Form 20.

Insurance companies must file a Form 20-INS if they are doing business in Oregon. Insurance companies with agents in this state whose only activity is solicitation are also subject to the excise tax. Companies having income from an Oregon source, such as premiums from existing policy holders, are doing business in Oregon and must file Form 20-INS. Form 20-INS filers are subject to the minimum tax.

Companies registered with the Insurance Division to do business in Oregon but don't actually do business during the tax year are not required to file Oregon Form 20-INS and are not subject to the minimum tax.

### Filing requirements

**Annual statement. Form 20-INS is not based on the federal return.** This form begins with "Net income from the annual statement to the insurance commissioner." See Form 20-INS and instructions for details.

**Tax year.** All insurance companies required to file an *Oregon Insurance Excise Tax Return* must file on a calendar year basis and are subject to the minimum tax.

**Consolidated and separate returns.** Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a separate basis. Unitary domestic insurance companies (incorporated in Oregon) not controlled by foreign insurers incorporated outside of Oregon must file consolidated

returns if they were included in consolidated federal returns. An inter-insurance and reciprocal exchange and its attorney-in-fact may file consolidated returns.

### Exempt

Surplus lines insurance companies and fraternal benefit societies are not subject to the excise tax if exempt under IRC 501(c)(8).

### E-file

The Oregon Department of Revenue began accepting electronic corporation and S corporation tax returns with corresponding forms and schedules in January 2008, utilizing the IRS's Modernized E-file platform (MeF). We accept calendar year, fiscal year, short year, and amended returns. Starting in January 2010, we accept electronic returns for tax years 2007, 2008, and 2009.

For more information visit [www.oregon.gov/DOR/ESERV/Corp\\_handbook.shtml](http://www.oregon.gov/DOR/ESERV/Corp_handbook.shtml).

### Federal and Insurance Division audit changes

You must notify the Oregon Department of Revenue if the IRS changes your federal return or the Insurance Division changes your Fire Marshal tax, or retaliatory tax for any tax year and the change affects your computation of Oregon excise tax. If so, you must file a 20-INS Oregon return checking the "Amended" box and attach a copy of the federal or Insurance Division audit report. Mail this separately from your current year's return to:

Oregon Department of Revenue  
PO Box 14777  
Salem OR 97309-0960

If you do not amend or send a copy of the federal or other state audit report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS to issue a deficiency notice. You **must** file within two years after the date of the federal or other state audit report to receive a refund.

### Amended returns

If you change taxable income by amending your federal return or your annual statement, you must file an amended Oregon return within **90 days**. Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Oregon doesn't have a different amended return form. Use the form for the tax year you are amending and check the "Amended" box.

Due to processing constraints, please do not make payments for amended returns with EFT (Electronic Funds Transfer). We can accept check or money order attached to your amended return. Make sure to write "Amended"

on the payment itself. You must also include a completed Form 20-V, *Oregon Corporation Tax Payment Voucher*, 150-102-172, with the "Amended" box checked.

**If check or money order is not clearly marked as "Amended payment" our system will apply the payment to your account before the return is processed causing an automatic refund which could result in additional penalty and interest.**

Do not amend your Oregon return if you amend the federal return to carry a net operating loss back to prior years. Oregon allows corporations to **carry net operating losses forward only**.

On the **estimated tax payments** line on your Form 20-INS amended, enter the net excise tax per the original return or as previously adjusted. Do not include any penalty or interest portions of payments already made.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department to avoid being charged a 5 percent late payment penalty.

If paying additional tax with your amended return, you must include interest with your payment. Interest is figured from the day after the due date of your original return up to the day your full payment is received by the department. See interest rates on page 10.

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the "Amended" box and write the words "**Protective claim for refund**" at the top. We will hold your protective claim until you notify us the litigation has been completed.

**Note:** If a deficiency is assessed against any taxpayer as a result of the retroactive adoption of federal law changes, the department will cancel any penalty or interest pertaining to these changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, the department will not pay interest.

## Incorporated in Oregon

Unitary domestic insurance companies (incorporated in Oregon), not controlled by foreign insurers incorporated outside of Oregon, must file **consolidated** returns if they were included in consolidated federal returns. An inter-insurance and reciprocal exchange and its attorney-in-fact may file consolidated returns. Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a **separate** basis.

## Due date of return

Returns for calendar year filers, including all insurance companies, are due on or before April 15. Returns for

fiscal year filers are due the 15th day of the month following the due date of your federal corporation return. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

## Extensions

Oregon honors extensions for filing your federal return.

If you have a federal extension, the due date then becomes the 15th day of the month following the federal extension's due date. You don't need to send the federal extension to Oregon until you file your Oregon return. Check the "Extension" box in the header of your Oregon return when you file.

If you need an extension for Oregon only, answer question 1 on federal Form 7004, write "For Oregon only" at the top, then attach it to your Oregon return when you file.

**Note:** It's very important to mark the extension box at the top of your Oregon return when you file.

To avoid penalty and interest, mail any tax due with Form 20-V, 150-102-172, on or before the original due date of your return. More time to file does not mean more time to pay your tax.

## Important information to correctly process your return

- **Payments.** Please write the following information on your payments:
  - FEIN.
  - BIN.
  - Tax year 2009.
  - Telephone number.
- Enclose your payment and payment voucher, Form 20-V, 150-102-172, with your Oregon return. Do not staple your payment or your voucher to the tax return.

**Estimated payments.** Please identify all estimated payments claimed by completing Schedule ES on your return.

Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

**BIN.** Oregon identifies each corporation using a BIN assigned by the department.

You have a BIN if you have made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for corporation, excise, or income tax payments. If you do not have a BIN, one will be assigned when your return is received.

## Assembling and submitting returns

Submit your Oregon tax return forms in the following order:

1. Form 20-INS;
2. Schedule AP, *Apportionment of Income for Corporations and Partnerships*;
3. Schedule AF, *Schedule of Affiliates*;
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax*;
5. Other Oregon statements;
6. Oregon credit forms including notice of credit transfers;
7. Form 7004, Federal extension;
8. Copy of annual statement.

### Tax-due returns, mail to:

Oregon Department of Revenue  
PO Box 14790  
Salem OR 97309-0470

### Refunds or no tax-due returns, mail to:

Oregon Department of Revenue  
PO Box 14777  
Salem OR 97309-0960

## Form instructions

### Header

#### Name

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation is not doing business in Oregon, file the return in the name of the member of the group having the greatest presence in Oregon. "Having the greatest presence" means the member that has the largest Oregon property value as determined under ORS 314.655 (see Schedule AP-1, Property Factor).

Enter the **FEIN** and **BIN** of the corporation named as the filer on the consolidated Oregon return.

#### Extension checkbox

Oregon honors extensions for filing your federal return.

If you have a federal extension, the due date then becomes the 15th day of the month following the federal extension's due date. You don't need to send the federal extension to Oregon until you file your Oregon return. Check the "Extension" box in the header of your Oregon return when you file.

If you need an extension for Oregon only, answer question 1 on federal Form 7004, write "For Oregon only" at the top, then attach it to your Oregon return when you file.

**Note:** It's very important to mark the extension box at the top of your Oregon return when you file.

To avoid penalty and interest, mail any tax due with Form 20-V, 150-102-172, on or before the original due date of your return. More time to file does not mean more time to pay your tax.

### Form 37 checkbox

If you have an underpayment, you must include a completed Form 37, *Underpayment of Oregon Corporation Estimated Tax*, 150-102-037.

Check the "Form 37" box in the header of your return.

Use Form 37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; or
- Show you meet an exception to the payment of interest.

### Amended checkbox

Check the "Amended" box if this is an amended return.

## Questions

**Questions A–D.** Complete only if this is your first return or the answer changed during the tax year.

Foreign insurers and domestic insurers controlled by foreign insurers are not allowed to file consolidated returns and should omit questions E and F.

**Question E(1).** If you checked the box, attach a list of the corporations included in your consolidated federal return.

**Question E(2).** If you checked the box, complete Schedule AF, *Schedule of Affiliates*, by listing the corporations included in your consolidated Oregon return that:

- Are "doing business" in Oregon; or
- Have income from Oregon sources.

**Question E(3).** If you checked the box, attach a list of corporations included in your consolidated federal return that are not included in this Oregon return. List each corporation's name, Oregon BIN (if any), and FEIN.

**Question F.** A "low-income taxpayer" is one that did not have federal taxable income, before net operating loss and capital loss carryovers and carrybacks of \$1 million or more in any one of the last three tax years, not including the current year.

**Question H.** Enter the total number of corporations doing business in Oregon that are included in this return.

**Question L.** If you are subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 21, column (A). If you are not subject to apportionment, compute your Oregon sales as if you were subject to apportionment, using Schedule AP-1, lines 18 through 20, column (A). See the instructions for the insurance sales factor.

## Line instructions

**Line 2. Income, expenses, and other items attributable to separate accounts.** Enter amount from "Summary of Operations," page 4, lines 5 and 8.1 of the annual statement for life insurance companies.

**Line 5. Underwriting profit derived from wet marine and transportation insurance.** Enter amount from "Part II Allocation to Lines of Business Net of Reinsurance," page Supp 6, lines 8 and 9, column 41, of the P&C annual statement.

### Additions

• **Line 8. Federal income taxes.** Add the amount of federal income taxes deducted in computing net income from operations. If a net refund of federal tax is shown on the annual statement (due to an excess of refund for a prior year over current year net tax), enter a negative figure.

— Life companies: Annual statement, amount included in "Summary of Operations," page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included in "Summary of Operations," page 4, line 34.

— P&C companies: Use tax on ordinary income from the annual statement, included in "Statement of Income," page 4, line 19.

• **Line 9. State income taxes (all jurisdictions).** Include only the amount of state income taxes included in the following amounts on the annual statement.

— Life companies: Annual statement, included in "General Expenses," page 11, exhibit 3, lines 4 and 6, column 5.

— P&C companies: Annual statement, included in "underwriting and Investment Exhibit," page 11, lines 20.1 and 20.4.

• **Line 10. Penalty interest on prepayment of loans.** Add any amounts not already included in the computation of net income on the annual statement.

• **Line 11. Realized gains and losses.** Add realized gains and losses on sales or exchanges of assets, including non-admitted assets, that were not included in net income from operations. Enter net realized losses as a negative amount.

• **Line 12. Decreases in certain reserves.** These are changes that have not been included in the computation of net income from operations. Add **decreases in mandatory reserves** that the insurer is required to maintain by law or by rules or directives of the director of the Department of Consumer and Business Services, **other than** decreases that (a) are deducted in arriving at the insurer's net gain from operations, or (b) result from net gains or losses, realized or unrealized, in the value of the insurer's property and investments.

— Life companies: Annual statement, "Summary of Operations," page 4, line 44.

• Also add **decreases in reserves for policies and obligations outstanding** before the beginning of the taxable year resulting from changes in the basis and methods of computing such reserves that are justified by accounting and actuarial practices applicable to or accepted by the insurance industry. Such practices are commonly known as "reserve strengthening" or "reserve weakening."

— Life companies: Annual statement, "Summary of Operations," page 4, line 43.

— P&C companies: Annual statement, "Statement of Income," page 4, line 37.

### Subtractions Lines 15 through 17

• **Line 15. Amortization of past service credits.** Subtract the amortized portion of contribution for past service credits made to qualified plans and exempt employee trusts. The subtraction is for amounts not deducted in the computation of net gain from operations in the annual statement. There is no explicit item in the annual statement.

— P&C and life companies: See note(s) in the NAIC annual statement about retirement plans.

• **Line 16. Increases in certain reserves.** Subtract increases in reserves described in the instructions for additions.

• **Line 17. Depreciation.** Subtract, if you choose for Oregon excise tax purposes, additional or accelerated depreciation on real and personal property that is in excess of the depreciation used in computing net gain from operations. You may elect to use any accelerated depreciation method allowable for federal corporation income tax purposes.

### Line 20. Net loss and net capital loss deductions

#### Net loss deduction

• The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.

• Enter the deduction on **line 20 if taxable only by Oregon.**

• Enter the deduction on Schedule AP-2, **line 10a if taxable both in Oregon and another state.**

• Domestic Oregon insurers may carry net losses occurring in tax years starting on or after January 1, 1987 forward, up to 15 years.

• Foreign insurers may carry net losses occurring in tax years starting on or after January 1, 1997 forward, up to 15 years.

• Oregon does **not** allow net losses to be carried back.

• The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of

the corporations subject to the limitations in OAR 150-317.476(4). (ORS 317.665)

### Net capital loss deduction

- Enter the deduction on **line 20 if taxable only by Oregon.**
- Enter the deduction on Schedule AP-2, line 10b **if taxable both in Oregon and another state.**
- Oregon allows a net capital loss deduction for losses **apportioned to Oregon** and carried from another year.
- The deductible loss is limited to net capital gain included in Oregon income.
- **Attach a schedule** showing your computations including the tax year the net capital loss originated. OAR 150-317.013

**Line 22. Excise tax (not less than minimum tax) See table on page 2.**

**Line 23. Tax adjustment for interest on certain installment sales.** If you owe interest on deferred tax liabilities with respect to an installment obligation under ORS 314.302, indicate the amount on this line. Attach a schedule showing how you figured the interest.

### Lines 25 through 28. Credits and offsets

Taxpayers must take the full amount of a credit allowed per year. (ORS 314.078)

Credits against the excise tax **must** be claimed in the following order: other credits, workers' compensation credit, and fire insurance premiums tax credit. These credits are subtracted from the excise tax. The remaining tax is then reduced by the Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

For detailed information on credits, see [www.oregon.gov/DOR/BUS/corp-tax\\_credits\\_2009.shtml](http://www.oregon.gov/DOR/BUS/corp-tax_credits_2009.shtml).

- Alternative fuel vehicle fueling stations.
- Biomass production or collection.
- Business energy.
- Child Care Division and community agency contributions.
- Claim of right.
- Contribution of computers or scientific equipment for research.
- Crop donation.
- Diesel engine replacement.
- Diesel engine repower or retrofit.
- Electronic commerce in designated enterprise zone or city.
- Employee and dependent scholarship program payments.
- Farmworker housing project.
- Film production development contributions.
- Fire insurance gross premiums tax.
- First break program.
- Fish habitat improvement.
- Fish screening devices.
- Individual development accounts.

- Long-term care insurance.
- Long-term enterprise zone facilities.
- Mile-based or time-based motor vehicle insurance.
- OLHIGA (Oregon Life and Health Insurance Guaranty Association) offset.
- On-farm processing facilities.
- Reclaimed plastics recycling.
- Reforestation.
- Reservation enterprise zone.
- Trust for cultural development account contributions.
- University venture development fund contributions.
- Voluntary removal of riparian land from farm production.
- Water transit vessel.
- Workers' compensation tax

### Line 31. Estimated tax and prepayments

**Schedule ES—Estimated tax payments or other prepayments.** Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form 20-V. Also include any refund applied from your previous year's tax return or an Oregon amended return on line 5. List name and FEIN of payer only if different from corporation filing this return. On line 6, enter payments made with your extension or other prepayments.

**Claim of right credit.** A claim of right exists when you are taxed on income and later find you have no right to that income and must repay it. Oregon allows a claim of right credit if your federal tax liability is computed under IRC 1341(a). See OAR 150-315.068 for more information on computing the credit.

**Consolidated return filers.** If estimated payments were made under a different name, fill in the paying corporation's name and FEIN on the schedule for correct application of estimated payments.

**Total.** On line 8, enter the total of lines 1 through 7, then carry total to Form 20-INS, line 31.

### Line 32. Withholding payments

If taxes were paid on the corporation's behalf, enter the amount on line 32.

Beginning with transactions occurring on or after January 1, 2008, there is a requirement to withhold tax from the proceeds of sales of Oregon real property by nonresidents. This applies to individual nonresidents as well as C corporations that are not doing business in Oregon. The amount to be withheld is the least of three amounts:

- 4 percent of the consideration (sales price);
- 4 percent of the net proceeds (amount dispersed to the seller); or
- 10 percent of the gain that is includible in Oregon taxable income for the year.

Withholding is not required if one of the following requirements is met:

- The consideration for the real property does not exceed \$100,000;
- The property is acquired through foreclosure;
- The transferor (owner) is a resident of Oregon—or if a C corporation—has a permanent place of business in this state; or
- The transferor receives professional advice that the transfer will not result in Oregon taxable income.

See instructions for Oregon Form OR-18, *Withholding on Real Property Conveyances*, 150-101-183, or OAR 150-314.258 for more information.

**Pass-through entity withholding requirement.** A pass-through entity (S corporation, partnership, or LLC treated as a partnership) with one or more nonresident owners that have no other Oregon-source income are required to withhold tax on the nonresident owner’s distributive share of income.

The requirement is waived if the nonresident owner makes an election to join in the filing of a composite return, sends the department a signed *Oregon Affidavit for a Nonresident Owner in a Pass-through Entity*, or meets another exception listed in OAR 150-314.775. See instructions for Oregon Form OR-19, *Pass-Through Entity Withholding*, 150-101-182, for more information.

**Line 35. Penalties.** To avoid penalty and interest, you must mail any tax payment owed and your tax return or extension request by the original due date of the tax return.

Use Form 20-V, *Oregon Corporation Tax Payment Voucher*, to mail tax, penalties, and interest payments.

5-percent late pay penalty on taxes if you:

- Mail total tax due payment after the original return filing due date, even if you have an extension. More time to file doesn’t mean more time to pay.

20-percent late filing penalty on taxes if you:

- File return more than 90 days late and have not paid tax in full by the original due date.

25-percent late filing and late payment penalty on taxes if you:

- Pay tax after the original due date and file more than three months after the original or extended return filing due date.
- Exception: If you have an extension, the late payment penalty won’t be charged if you:
  - Pay at least 90 percent of the tax due on or before the original due date of the return;
  - Pay the balance of the tax when you file within the extension period; and
  - Pay any interest due either when the return is filed or within 30 days from our billing notice.

100-percent late pay and late filing penalty on taxes if you:

- Don’t file returns for three consecutive years by the original or extended return filing due date of the third year. 100 percent penalty is assessed on each year’s tax balance.

**Line 36. Interest**

- You must pay interest on unpaid taxes if you don’t pay tax balance by the original filing due date.
- An interest period is each full month, starting with the day after the due date of the original return. For example, April 16 through May 15 is one full interest period.
- Interest is figured daily for a fraction of a month, based on a 365-day year.
- Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment.
- Even if you get an extension to file, you still owe interest if you pay after the return’s original due date.
- If you file an amended return and have tax to pay, we will charge interest starting the day after the due date of the original return until the date you pay in full.
- If your taxable income is changed because of a federal or state audit and you owe more tax, we will charge interest from the due date of the original return to the date you pay in full.

To calculate interest:

$$\begin{aligned} &\text{Tax} \times \text{Annual interest rate} \times \text{Number of full years.} \\ &\text{Tax} \times \text{Monthly interest rate} \times \text{Number of full months.} \\ &\text{Tax} \times \text{Daily interest rate} \times \text{Number of days.} \end{aligned}$$

Interest rates and effective dates:

For periods beginning	Annually	Monthly	Daily
January 1, 2010	5%	0.4167%	0.0137%
January 1, 2009	6%	0.5000%	0.0164%
January 1, 2008	9%	0.7500%	0.0247%
January 1, 2007	9%	0.7500%	0.0247%

Interest accrues on any unpaid tax during an extension of time to file.

**Line 36. Interest rate increase**

Interest will increase by one-third of 1 percent per month (4 percent yearly) on delinquencies if:

- You file a return showing tax due, or the Department of Revenue has assessed an existing deficiency; and
- The assessment is not paid within 60 days after the notice of assessment is issued; and
- You have not filed a timely appeal.

### Line 37. Interest on underpayment of Oregon corporate estimated taxes (UND)

You must make quarterly estimated tax payments if you expect to owe \$500 or more with your return. This includes Oregon's new minimum tax. Oregon charges additional interest on underpayment of Oregon corporate estimated taxes (UND) if:

- The quarterly payment is less than the amount due for that quarter; or
- We receive the quarterly payment after that quarter's due date; or
- No quarterly payments are made during the year and the final tax debt is \$500 or more.

Use Form 37, *Underpayment of Oregon Corporation Estimated Tax*, 150-102-037, to:

- Calculate the amount of underpayment of estimated tax;
- Compute the interest you owe on the underpayment; or
- Show you meet an exception to the payment of interest.

If you have an underpayment, attach Form 37—with the "Form 37" box checked—to your tax return, and file them before the due date of the return.

Interest on underpayment of estimated tax is not charged if tax on the prior year's return was \$10 or less, and the prior year's return covered a 12-month period. However, this provision does not apply to a high-income taxpayer. A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1 million or more in any one of the last three years, not including the current year.

**UND waiver:** For tax years beginning on or after January 1, 2009 and before January 1, 2010 only: charges for interest on UND, based solely on the tax rate changes passed with Measure 67, will be eligible for waiver.

### Line 39. Total due

Make your check or money order payable to: Oregon Department of Revenue. Please write on your check:

- FEIN.
- BIN.
- "2009 tax."
- Telephone number.

Mail your check or money order to:

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

#### Note:

- Don't send cash or postdated checks.
- Don't use red or purple ink, or gel pens of any color.
- If you're making an extension payment, estimated payment, or amended payment, you must include a completed Form 20-V, *Oregon Corporation Tax Payment Voucher*, 150-102-172, with your payment.

#### Special instructions

- If you owe penalty or interest and have an overpayment on line 34, and your overpayment is less than total penalty and interest, then
- Fill in the result of line 38 minus line 34, on line 39.

## Schedule AF, corporation affiliate schedule

If you file a consolidated Oregon return and have more than one affiliate doing business in Oregon or with Oregon-source income, you **must** complete Schedule AF and submit it with your Oregon return.

List on Schedule AF **only** those affiliates doing business in Oregon, or with Oregon-source income, that are included in the Oregon consolidated return.

Please report the following on Schedule AF:

- Name and address of each affiliate doing business in Oregon or with Oregon-source income;
- FEIN.
- BIN.
- Date the affiliate became part of the unitary group if this occurred during the tax year being reported;
- Date the affiliate left the unitary group if this occurred during the tax year being reported.

Include as many schedules as necessary to list all the appropriate corporations.

**2009 Form 20-INS**  
**Oregon Insurance**  
**Excise Tax Return**



\* 0 2 9 3 0 9 0 1 0 1 0 0 0 0 \*

<input type="radio"/> Beginning (short year only) / /	<input type="radio"/> Ending (short year only) / /
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<input type="radio"/> Name: <input type="radio"/> Address: <input type="radio"/> City: <input type="radio"/> St: <input type="radio"/> ZIP code: <input type="checkbox"/> New name <input type="checkbox"/> New address <input type="radio"/> Phone: <input type="checkbox"/> Extension <input type="checkbox"/> Form 37 <input type="checkbox"/> Amended  Contact: Web:	<input type="radio"/> FEIN: BIN:	<table border="1"> <tr><th colspan="3">For office use only</th></tr> <tr><td colspan="3"> </td></tr> <tr><td colspan="3">Payment</td></tr> <tr><td colspan="3"> </td></tr> <tr> <td>1</td> <td>2</td> <td>3</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>	For office use only						Payment						1	2	3			
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**Questions: Complete A through D only if this is your first return or the answer changed during 2009.**

<input type="radio"/> A. Incorporated in (state);	<input type="radio"/> B. State of commercial domicile	<input type="radio"/> C. Date business activity began in Oregon	<input type="radio"/> D. Business Activity Code
<input type="radio"/> E. (1) <input type="checkbox"/> Consolidated federal return;	<input type="radio"/> (2) <input type="checkbox"/> Consolidated Oregon return;	<input type="radio"/> (3) <input type="checkbox"/> Corporations included in consolidated federal return, but not in Oregon return	
<input type="radio"/> F. <input type="checkbox"/> Low-income taxpayer	<input type="radio"/> G. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire.		
<input type="radio"/> H. Number of Oregon corporations	<input type="radio"/> I. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended annual report filed during this tax year.		
<input type="radio"/> J. If first return, indicate <input type="checkbox"/> New business, or <input type="checkbox"/> Successor to previous business	Name of previous business	FEIN	BIN
<input type="radio"/> K. If final return, indicate <input type="checkbox"/> Withdrawn, <input type="checkbox"/> Dissolved, or <input type="checkbox"/> Merged or reorganized	Name of merged or reorganized corporation	FEIN	BIN
<input type="radio"/> L. If you did not complete Schedule AP, fill in the amount of your Oregon sales .....		<input type="radio"/> L	

**Income Net income from the annual statement to the insurance commissioner:**

1. Life, accident, and health companies (from page 4, line 35 of annual statement) ....	1	
2. Less: Income, expenses, and other items attributable to separate accounts from 'Summary of Operations,' page 4, lines 5 & 8.1 of the annual statement for life companies .....	2	
3. Subtotal (line 1 minus line 2).....	3	
4. Fire, property, and casualty companies (from page 4, line 20 of annual statement) ....	4	
5. Less: Underwriting profit derived from wet marine and transportation insurance ....	5	
6. Subtotal (line 4 minus line 5).....	6	
7. Total (line 3 plus line 6) .....	7	

**Additions**

8. Federal income taxes deducted in arriving at line 7 .....	8	
9. State income taxes deducted in arriving at line 7 .....	9	
10. Penalty interest on prepayment of loans .....	10	
11. Realized gains and losses on sales or exchanges by insurer of property excluded from line 7 ....	11	
12. Decreases in certain reserves.....	12	
13. Total additions (add lines 8 through 12) .....	13	
14. Income after additions (line 7 plus line 13) .....	14	



\* 0 2 9 3 0 9 0 1 0 2 0 0 0 0 \*

Subtractions table with lines 15-24 and Credits table with lines 25-42. Includes instructions: 'If income is derived from sources both in Oregon and other states, carry amount on line 19 to Schedule AP-2, line 1. Please complete both Schedules AP-1 and AP-2.'

Schedule ES—Estimated Tax Payments or Other Prepayments

Table with 5 columns: Name of payer, Payer FEIN, Date of payment, Amount paid. Rows include Voucher 1-4, Overpayment of last year's tax, Payments made with extension, Claim of right tax credit, and Total prepayments.

Under penalty of false swearing, I declare that the information in this return and any attachments is true, correct, and complete.

Signature and information table with fields for Sign Here, Signature of officer, Signature of preparer, License number, Date, Telephone number, Print name, and Address.

Attach Oregon schedules and file with the Oregon Dept. of Revenue

Mail refund returns and no tax due returns to: Refund, PO Box 14777, Salem OR 97309-0960
Mail tax-to-pay returns with payment and payment voucher to: Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470



\* 0 2 9 3 0 9 0 1 0 3 0 0 0 0 \*

Schedule AF: Schedule of Affiliates for Form 20-INS

Domestic insurers, inter-insurance, and reciprocal exchanges. Use this schedule to list those affiliates doing business in Oregon that are included in the consolidated return.

Do not include in this list the corporation filing this tax return. You may copy this form if you have more than 10 affiliates to include on this list.

Table with 4 columns: FEIN and BIN, Name and Address, If new affiliate during this year, enter date affiliate became part of unitary group, and If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group. The table contains 12 rows for data entry.

Attach additional schedules if needed