

Oregon 2016 Insurance Excise Tax Form OR-20-INS Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR).

Important

If your registered corporation or insurance company isn't doing business in Oregon and has no Oregon-source income, then you don't need to file a corporation tax return.

Go electronic!

Fast • Accurate • Secure

File corporate tax returns through the Federal/State e-filing program. If you're mandated to e-file your federal return, you're required to e-file for Oregon.

With approved third-party software, you can e-file your return complete with all schedules, attachments, and required federal return. **You can also conveniently include an electronic payment with your e-filed original return.** See "E-file".

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- Registration and account status.
- Online payments.
- Forms, instructions, and law.
- Announcements and common questions.



What's new?

General

Tie to federal tax law

In general, Oregon income tax law is based on federal income tax law. Oregon is tied to the federal definition of taxable income as of December 31, 2015; however, Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans (IRC§139A; ORS 317.401).
- **Domestic production activities (QPAI)** (IRC §199; ORS 317.398).
- **Deferral of certain deductions** for tax years beginning on or after January 1, 2009 and before January 1, 2011 may require subsequent Oregon modifications (IRC §108; §168(k); and §179; ORS 317.301).

Corporation due dates

Oregon corporation returns are due on the 15th day of the month following the due date of the federal return. Oregon's C corporation return due dates have changed because of changes to the due date of federal C corporation returns, which moved federal due dates one month forward. For calendar year filers, the due date for 2016 Oregon C corporation returns is May 15, 2017.

Note: S corporation due dates haven't changed. For S corporations that file on a calendar year basis, the Oregon due date is April 17, 2017. For S corporation fiscal year filers, the due date is the 15th day of the month following the federal due date.

Under a special rule, C corporations with a fiscal year ending June 30th will retain their current federal due date for 10 more years, so they won't be impacted by the new due date until tax years beginning after December 31, 2025 (7/1/2026–6/30/2027).

Entities not impacted by the changes to return due dates include:

- S corporations (Federal Form 1120-S).
- Exempt or non-profits (Federal Forms 990 & 990-T).
- Cooperatives (Federal Form 1120-C).
- Overseas Corporations, without a U.S. office (Federal Form 1120-F).
- IC-DISC (Federal Form 1120-IC-DISC).

Minimum tax can't be offset by credits

For tax years beginning on or after January 1, 2015, and before January 1, 2021, taxpayers may not apply any corporation tax credits against the minimum tax of C corporations. See "Credits" under "Line instructions" below.

For tax years beginning prior to January 1, 2015, all corporation tax credits, except for the "Contributions of computers or scientific equipment for research" credit, may be applied against the minimum tax of C corporations.

Exemption for emergency service providers

An out-of-state emergency service provider is exempt from tax when operating solely for the purposes of performing disaster or emergency-related work on critical infrastructure. Disaster or emergency-related work conducted by an out-of-state business may not be used as the sole basis for determining that a corporation is doing business in Oregon.

Listed foreign jurisdictions

For tax years beginning on or after January 1, 2016, the list of foreign jurisdictions that must be included in the Oregon corporate excise tax return has changed. The list changed to include Guatemala and the Republic of Trinidad and Tobago. Monaco is deleted from the list. The list has also been updated to include the island nations of Bonaire, Curacao, Saba, Sint Maarten and Sint Eustatius (formerly the Netherlands Antilles) (ORS 317.716 and corresponding administrative rules.)

Additions and subtractions

Marijuana businesses—deduction of expenses

ORS 317.763 allows Oregon taxpayers filing a corporate excise or income tax return to deduct business expenses otherwise barred by Internal Revenue Code (IRC) §280E if the taxpayer is engaged in marijuana-related activities authorized by ORS 475B.010 to 475B.395.

Credits

Important: Corporations must include copies of **all** credit certifications with your return when claiming any certified credit.

Biomass production/collection credit

The amount allowed for animal manure decreased per wet ton. Contact the Oregon Department of Energy for more information.

Individual Development Accounts

The Individual Development Accounts (IDA) contribution credit has been modified. The total credit allowed to a taxpayer in any tax year may not exceed \$500,000 (ORS 315.271).

Child Care Office contribution credit

Starting with tax years beginning on or after January 1, 2016, the calculation of the Child Care Office fund contribution credit is revised. The amount of credit is reduced from 75 percent to no more than 50 percent of the amount contributed to the fund (ORS 315.213). Additionally, the credit is extended to tax years beginning before January 1, 2022.

Qualified Research credit

The Qualified Research credit may be calculated using any method allowed under Internal Revenue Code (IRC) §41. This presently includes both the Standard Method and the Alternative Simplified Credit Method. The Oregon applicable percentage is 5% regardless of the

method used to calculate the credit. (ORS 317.152 and OAR 150-317.152)

University Venture Fund credit

This credit has changed beginning with tax year 2016. The credit is now 60% of the contributions made to the fund, not to exceed \$600,000. The credit is claimed up to taxpayer's tax liability, with a three year carryforward for unused amounts.

Credits that sunset on December 31, 2015

- Dependent care assistance (ORS 315.204).
- Dependent care information and referral (ORS 315.204).
- Energy transportation projects (ORS 315.336).
- Qualified equity investment (ORS 315.533).

Form changes

All corporation forms and schedules

We have changed all our forms and schedules to provide a more consistent format and to include a short-hand name so they're easier to find. We also renamed our Form 20-I to Form OR-20-INC. Read each form and publication carefully as other items may have changed. For more information, visit us at www.oregon.gov/dor.

Form OR-DRD

Oregon has a new Dividends-Received Deduction form (Form OR-DRD) that's required to be filed by all corporations claiming a dividends-received deduction. This new form is very similar in format to the federal schedule C for dividends but it isn't identical. Refer to the form for more details.

Schedule OR-ASC-CORP

This schedule is used to claim additions, subtractions, and credits. For 2016, it has been redesigned to separate credits that have a carryforward provision and those that don't. All corporation credit codes have changed for 2016. Use Appendix A from the specific tax year you're filing to ensure you're using the proper code number for all credits.

Forms OR-20, OR-20-INC, and OR-20-INS

These forms have been redesigned to move most of the additions, subtractions, and credits onto Schedule OR-ASC-CORP. See the specific forms.

Form OR-20-V

When making a payment with your return, be sure to include a Form OR-20-V.

New checkboxes

Federal Form 5471. Forms OR-20, OR-20-INC, OR-20-INS, and OR-20-S have a new checkbox for taxpayers who file

Federal Form 5471. Check this box if you file for affiliates incorporated in any of the listed foreign jurisdictions in ORS 317.716, also shown in Appendix C.

Alternative apportionment. See Appendix D for complete information.

Looking ahead

Interstate broadcasters

For tax years beginning on or after January 1, 2017, an interstate broadcaster's method of apportionment of business income will revert to pre-January 1, 2014 law and will be based on an estimate of Oregon's national audience or subscribers' share (ORS 314.680 and 314.684).

Estimated tax payments

Requirements

Oregon estimated tax laws aren't 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 minimum tax.

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 OR-37.

Payment due dates

Estimated tax payments are due quarterly, as follows:

- **Calendar year filers:** April 15, June 15, September 15, and December 15.
- If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

Payment options

Important: For details about making payments with your return, see "Filing checklist."

Estimated payments may be made by electronic funds transfer (EFT), online, or by mail.

EFT. You **must** make your Oregon estimated payments by EFT if you're required to make your federal estimated payments by EFT. We may grant a waiver from EFT payments if you would be disadvantaged by the requirement (ORS 314.518 and accompanying rules).

If you don't meet the federal requirements for mandatory EFT payments, you may still make voluntary EFT payments.

For more information, visit www.oregon.gov/dor/business.

You can make EFT payments through Revenue Online, our self-service site, or through your financial institution.

To learn more about Revenue Online or to make an EFT payment, visit www.oregon.gov/dor.

If you pay by EFT, **don't** send Form OR-20-V.

Online. See www.oregon.gov/dor for more information.

Mail. If paying by mail, send each payment with a Form OR-20-V payment voucher.

Worksheet to calculate Oregon estimated tax

(Keep for your records—don't file with payment.)

1. Oregon net income expected in upcoming tax year. 1. _____
2. Tax on Oregon net income (see Appendix B). 2. _____
3. Subtract tax credits allowable in upcoming tax year. Tax credits can't be used to reduce minimum 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 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 payment.

To avoid additional charges for UND, you must pay the amount of any prior underpayment plus the amount of the current required payment (ORS 314.515 and accompanying rules).

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 should make four payments of \$1,500 each during the year. 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 timely payments of \$3,500* for the third quarter and \$1,500 for the fourth quarter.

*\$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 (ORS 314.525 and corresponding administrative rules).

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 [ORS 317.010(11), 317.122, and 317.650–317.665].

Note: 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.

What form do I use?

Foreign and domestic insurance companies, including home warranty companies, are required to file Form OR-20-INS, *Oregon Insurance Excise Tax Return*, 150-102-129. Title insurers aren't required to file a Form OR-20-INS. They file Form OR-20.

Insurance companies must file a Form OR-20-INS if they're 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 OR-20-INS. Form OR-20-INS filers are subject to the minimum tax.

Companies registered with the Insurance Division to do business in Oregon, but who don't actually do business in the state during the tax year, and don't have Oregon source income, aren't required to file Oregon Form OR-20-INS and aren't subject to the minimum tax.

Filing requirements

Annual statement. Form OR-20-INS isn't based on the federal return. This form begins with "Net income from the annual statement to the insurance commissioner."

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.

Foreign and domestic domiciles (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 aren't subject to the excise tax if exempt under IRC §501(c)(8).

E-file

If you're required to e-file with the IRS, you're also required to e-file for Oregon. We accept calendar year, fiscal year, short year, and amended electronic corporation tax returns utilizing the IRS Modernized e-file platform (MeF). Beginning January 2017, we'll accept e-filed returns for tax year 2016, and will continue accepting returns for 2015 and 2014.

Your tax return software also allows you to make electronic payments when e-filing your **original** return.

For a list of software vendors or for more information, search "e-filing" at www.oregon.gov/dor.

Federal and Insurance Division audit changes

You must notify us if the IRS changes your federal return or if 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 Form OR-20-INS, checking the "Amended" box, and include 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 don't amend or send a copy of the federal or Insurance Division audit report, we have two years from the date we are notified of the change by the IRS to issue a deficiency notice. To receive a refund, you must file a claim for refund of tax within two years of the date of the federal report.

Amended returns

Oregon doesn't have an amended return form for corporations. Use the form for the tax year you're amending and check the "Amended" box. **Always use your current address.** If the address for the year you're amending has changed, **don't** use the old address or our system will incorrectly change your information.

Fill-in all amounts on your amended return, even if they're the same as originally filed. If you're amending to change additions, subtractions, or credits, include detail of all items and amounts, including carryovers.

If you change taxable income by filing an original or amended federal or other state return, you must file an amended Oregon return within **90 days** of when the original or amended federal or other state return is filed. Include a copy of your original or amended federal or other state return with your amended Oregon return and explain the adjustments made.

You may make payments online for any amended return at www.oregon.gov/dor.

Don't make payments for amended returns with electronic funds transfer (EFT). This also applies to e-filed

amended returns. For paper returns, you may pay online or include a check or money order with your return. For e-filed returns, you may pay online or send a check or money order separately. If you mail your payment separate from your return, write "**Amended**" on the payment and include a completed Form OR-20-V with the "Amended" box checked.

Don't 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 amended Form OR-20-INS, enter the net excise tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

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 we receive your full payment. See "Interest rates."

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

Note: If a deficiency is assessed against any taxpayer because of a retroactive adoption of federal law changes, we'll cancel any penalty or interest pertaining to the changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, we won't pay interest.

Protective claims

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 at the top of the form. Also check the box in Question F for "Protective claim."

We'll also accept a written letter in place of an amended return. Include the same information in the letter as is required on an amended return. We'll hold your protective claim until you notify us that the litigation has been completed.

Filing checklist and reminders

Rounding to whole dollars. Enter amounts on the return and accompanying schedules as whole dollars only. Example: \$4,681.55 becomes \$4,682; and \$8,775.22 becomes \$8,775.

- **Due date of your return.** Returns are due by 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. See “What’s new” for more information.

- **Extensions.** See the instructions for the extension checkbox below. Include your extension as the final page of your return when you file.
- **Estimated payments and prepayments.** Identify all estimated payments claimed by completing Schedule ES on your return. List all payments that were submitted prior to filing your return. Include the corporation name and Federal employer identification number (FEIN) if a payment was made by an affiliate of the filing corporation.
- **Online payments.** You may pay online for any return at www.oregon.gov/dor.
- **Making electronic payments with your e-filed original return.** We accept electronic payments when you e-file your original return.
- **Making check or money order payments with your paper return.** Make your check or money order payable to Oregon Department of Revenue. Write the following on your check or money order:
 - FEIN.
 - Tax year 2016.
 - Daytime phone.

To speed processing:

- Use Form 20-V payment voucher.
- Don’t staple payment to the return or to the voucher.
- Don’t send cash or postdated checks.
- Don’t use red or purple or any gel ink.
- **Sending check or money order payments separate from filing your return.** Follow the instructions above except don’t include with your return.
- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:
 1. Form OR-20-INS, *Oregon Insurance Excise Tax Return*;
 2. Schedule OR-AP, *Apportionment of Income for Corporations and Partnerships*;
 3. Schedule OR-AF, *Schedule of Affiliates* (page 3 of Form OR-20-INS);
 4. Schedule OR-ASC-CORP, *Oregon Adjustments*;
 5. Form OR-37, *Underpayment of Corporation Estimated Tax*;
 6. Other Oregon statements;
 7. Oregon credit forms including notice of credit transfers and certifications;
 8. Annual Statement, as indicated below;
 9. Form 7004, Federal extension.

Life insurance companies should include the following pages from the Annual Statement:

- Page 4—Summary of operations;
- Page 11, Exhibit 3—General expenses;
- Page E-01—Schedule A, part 1;

- Page E-03—Schedule A, part 3;
- Page 8—Exhibit of net investments; and
- Page 49, Schedule T—Premiums and annuity considerations.

Property and casualty insurance companies should include the following pages from the Annual Statement:

- Page Supp 6—Part II Allocation to lines of business net of reinsurance;
- Page 4—Statement of income;
- Page 11—Underwriting and investment exhibit;
- Page E-01 and E-03—Schedule A, part 1;
- Page 12—Exhibit of net investment income; and
- Page 94, Schedule T—P&C schedule of premiums written.

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

Heading and checkboxes

- **Extension checkbox.** For an Oregon extension when you’re also filing for a federal extension: Send the federal extension with the Oregon return when you file. Check the “Extension” checkbox on your Oregon return and include the extension after all other enclosures. The Oregon extension due date is the 15th day of the month following the federal extension’s due date. Don’t send the extension until you file your Oregon return.

For an “Oregon only” extension: Answer question 1 on federal extension Form 7004, write “**For Oregon Only**” at the top of the form, and include it with your Oregon return when you file. Check the “Extension” checkbox on the Oregon return. The Oregon extension due date is the 15th day of the month following what would be the federal extension’s due date. Don’t send the extension until you file your Oregon return.

More time to file doesn’t mean more time to pay your tax. To avoid penalty and interest, pay tax due prepayments online, or mail with Form OR-20-V, on or before the original due date of your return. **Note:** Filing Form OR-20-V isn’t an extension of time to file or to pay tax.

- **Form OR-37 checkbox.** If you have an underpayment, you must include a completed Form OR-37. Check the “Form OR-37” box in the header of your return.

Use Form OR-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.
 - **Federal Form 5471.** If your corporation files a federal Form 5471 for an affiliate incorporated in any of the listed foreign jurisdictions in Appendix C, check this box.
 - **Alternative apportionment.** See Appendix D for complete information.

Name. Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation isn’t 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 OR-AP).

- **Legal name.** Enter the corporation’s current legal name as set forth in the articles of incorporation or other legal document.
- **FEIN.** Enter the FEIN of the corporation named as the filer on the consolidated Oregon return.
- **DBA/ABN.** If the corporation is doing business under a different name, for example, DBA or ABN, enter that name.
- **Current address.** Always enter the corporation’s current address. If the address for the year you’re filing was different, **don’t** use the old address or our system will incorrectly change your information.

Questions

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

Question D. Refer to the current list of North American Industry Classification System (NAICS) codes found with your federal tax return instructions. Only enter the code if this is your first return or the current code is different than you reported for last year.

Foreign insurers and domestic insurers controlled by foreign insurers aren’t allowed to file consolidated returns and should skip questions E and F.

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

Question E(2). If you checked the box, complete Schedule OR-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, include a list of corporations included in your consolidated federal return that aren’t included in this Oregon return. List each corporation’s name and FEIN.

Question F. Protective claim. Check this box if this is an amended return filed as a protective claim pending litigation.

Question G. If the Oregon corporation is a subsidiary in an affiliated group, or a subsidiary in a parent-subsidiary controlled group, enter the name and FEIN of the parent corporation. For definition of a subsidiary in an affiliated group or a parent-subsidiary controlled group, see IRS Form 1120, *Schedule K*.

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

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

Line instructions

Income

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. Total additions. The amount by which an item of gross income is greater under Oregon law than as reported above on lines 1 through 6, or the amount by which any allowable deduction is less under Oregon law, is an addition on your Oregon return.

Use Schedule OR-ASC-CORP, to report the amount and description of each difference. Use the numeric description code from the list in Appendix A. The total of all additions is entered on Form OR-20-INS, line 8.

Additions include:

- **Charitable donations not allowed for Oregon.** Donations to a charitable organization that has received a disqualifying order from the Attorney General aren't deductible as charitable donations for Oregon tax purposes. Such organizations are required to provide a disclosure to a donor to acknowledge this. The Attorney General will publish online and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. If you claimed a federal deduction, an addition must be made on your Oregon return for donations to such charitable organizations (ORS 317.491).
- **Child Care Office contributions.** The deduction included in net income from operations must be added back to income if the Oregon credit's claimed (ORS 315.213).
- **Claim of right income repayment adjustment when credit's claimed.** Any deduction under IRC §1341 included in net income from operations must be added back to income if the Oregon credit's claimed (ORS 317.388).
- **Decreases in certain reserves.** These are changes that haven't 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.
- **Deferred gain recognized from out-of-state disposition of property acquired in an IRC §1031 or 1033 exchange.** See ORS 317.327 regarding the computation of the addition if deferred gain or loss wasn't taken into account in the computation of Oregon taxable income.
- **Depletion (percentage in excess of cost).** Percentage depletion is allowed only on metal mines. All other assets are limited to cost of depletion (ORS 317.301).
- **Depreciation differences.** If your Oregon depreciation isn't the same as the amount included in net income from operations, the difference is a required modification on your Oregon return (ORS 317.301). Use Schedule OR-DEPR to determine the Oregon modification.
- **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.
- **Gain or loss on the disposition of depreciable property.** Add the difference in gain or loss on sale of business assets when your Oregon basis is less than your federal basis (ORS 317.356).
- **Individual Development Account credit.** Donations deducted in net income from operations must be added back to Oregon income if the credit is claimed [ORS 315.271(2)].
- **IRC §631(a) treatment of timber isn't recognized by Oregon.** Both beginning and ending inventories must be adjusted for IRC §631(a) gain. For Oregon purposes, there is no taxable event until actual sale (ORS 317.362).
- **Listed foreign jurisdictions—income.** Taxable income of any unitary corporation that's incorporated in a listed foreign jurisdiction shall be included in Oregon income as an addition if the income isn't otherwise included (ORS 317.716). Use the subject corporation's net income as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule OR-ASC-CORP; don't combine amounts of multiple corporations. If a subject corporation's income has been excluded from your federal consolidated taxable income as carried to your Oregon return, it is a positive addition to arrive at Oregon taxable income (ORS 317.716 and corresponding administrative rules).
- **Listed foreign jurisdictions—loss.** Taxable loss of any unitary corporation that's incorporated in a listed foreign jurisdiction shall be included in Oregon income as a negative "addition" if the income isn't otherwise included (ORS 317.716). Use the subject corporation's net loss as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule OR-ASC-CORP; don't combine amounts of multiple corporations. If a subject corporation's loss or item of expense has been excluded from your federal consolidated taxable income as carried to your Oregon return, it is a negative addition to arrive at Oregon taxable income (ORS 317.716 and corresponding administrative rules).

- **Listed foreign jurisdictions—previously included loss or expense.** If any portion of loss or expense of a foreign corporation (subject corporation) that’s required to be included in the determination of federal taxable income per ORS 317.716 was already included in your Oregon taxable income, it won’t be included again. Reduce the addition loss for the portion of the loss or expense that was previously included. Include a schedule with your return to explain how each amount is determined (ORS 317.716 and corresponding administrative rules).
- **Oregon Cultural Trust contributions.** Add to income the amount deducted as a charitable contribution (ORS 315.675).
- **Oregon production investment fund.** Add back the amount of contribution for which a tax credit certification is made that’s included in net income from operations as a deduction (ORS 315.514).
- **Penalty interest on prepayment of loans.** Add any amounts not already included in the computation of net income on the annual statement.
- **Qualified research and development credit.** After you have calculated the credit, you must add the amount back to your Oregon taxable income.
- **Realized gains.** Add realized gains on sales or exchanges of assets, including non-admitted assets that weren’t included in net income from operations.
- **Renewable energy development contributions (auction).** If you claimed a deduction for the amount you paid for your Oregon Renewable Energy Development tax credit, you’ll have an Oregon addition for the amount of your deduction (ORS 315.326).
- **State income taxes (all jurisdictions).** Per ORS 317.655 include only the amount of state income taxes (including Oregon minimum tax) included in the following amounts on the annual statement:
 - Life companies: Annual statement, included in “General expenses,” page 11, exhibit 3, lines 3, 4, and 6, column 5.
 - P&C companies: Annual statement, included in “Underwriting and investment exhibit,” page 11, lines 20.1 and 20.4.
- **University venture development fund contributions.** Add to income the amount of contributions deducted in net income from operations and used to calculate the University Venture Fund Contribution credit taken on your Oregon return (ORS 315.521).

Subtractions

Line 10. Total subtractions. The amount by which an item of gross income is less under Oregon law than reported above on lines 1 through 6, or the amount by which an allowable deduction is greater under Oregon law than reported above, is a subtraction on your Oregon return.

Use Schedule OR-ASC-CORP to report the amount and description of each difference. Use the numeric

description code from the list in Appendix A. The total of all subtractions is entered on Form OR-20-INS, line 10.

Subtractions include:

- **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.
- **Cancellation of debt (COD) income IRC §108(i).** Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return you may subtract for Oregon the amount that was previously included in Oregon income (ORS 317.301).
- **Deferred gain recognized from out-of-state disposition of property acquired in an IRC §1031 or 1033 exchange.** See ORS 317.327 regarding the computation of the subtraction if deferred gain or loss wasn’t taken into account in the computation of Oregon taxable income.
- **Depletion.** Oregon deduction in excess of federal allowance (ORS 317.374).
- **Depreciation differences.** If your Oregon depreciation isn’t the same as the amount included in net income from operations, the difference is a required modification on your Oregon return (ORS 317.356). Use Schedule OR-DEPR to determine the Oregon modification.
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in net income from operations in determining your Oregon taxable income (ORS 317.394).
- **Gain or loss on the sale of depreciable property.** The difference in gain or loss on the sale of business assets when your Oregon basis is greater than your federal basis (ORS 317.356).
- **Increases in certain reserves.** Subtract increases in reserves described in the instructions for additions.
- **Land donation or bargain sale of land to educational institutions.** Enter the fair market value of land donated or the amount of the reduction in sales price of land sold to a school district. The subtraction is limited to 50 percent of Oregon taxable income (ORS 317.488).
- **Listed foreign jurisdictions—previously included income.** Taxable income of any unitary corporation that’s incorporated in a listed foreign jurisdiction and isn’t otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income (ORS 317.716).

If a portion of income of a subject corporation was previously included in Oregon taxable income, claim a separate subtraction for the portion of the income that was previously included. **Don't** combine previously included income with additions. See additions for more information.

Note: Don't report losses from a subject corporation as an subtraction. See additions for how to report a loss (ORS 317.716 and corresponding administrative rules).

- **Marijuana businesses expenses.** ORS 317.763 allows Oregon taxpayers filing a corporate excise or income tax return to deduct business expenses otherwise barred by Internal Revenue Code (IRC) §280E if the taxpayer is engaged in marijuana-related activities authorized by ORS 475B.010 to 475B.395.
- **Realized losses.** Realized losses on sales or exchanges of assets, including non-admitted assets that weren't included in net income from operations.

Line 12. Net loss deductions.

- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- A net operating loss carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years [ORS 317.476(4)(b)].
- Enter the deduction on **line 12 if taxable only by Oregon.**
- Enter the deduction on Schedule OR-AP, part 2, **line 10a if taxable both in Oregon and another state.**
- Insurers may carry net losses forward up to 15 years.
- Oregon doesn't 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 ORS 317.476 and accompanying rules (ORS 317.665).
- **Include a schedule** showing your computations.

Line 13. Apportionment percentage. Enter the apportionment percentage from Schedule OR-AP, part 1, line 22. If you have income only in Oregon and don't apportion, enter 100.0000.

Tax

Line 15. Calculated excise tax. Don't enter the minimum tax on this line. See Appendix B.

Line 16. Minimum tax. The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales. Use the table in **Appendix B.**

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return. 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.
- The minimum tax isn't apportionable for a short tax year (except a change of accounting period).

Nonapportioned returns. Domestic insurance companies doing business only within Oregon can calculate Oregon sales by adding the following:

- 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 OR-AP.

Line 17. Tax (greater of line 15 or line 16). Oregon tax is the greater of total calculated tax or minimum tax.

Line 18. Tax adjustment for installment sales interest. If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount of interest as a positive number. Include a schedule showing how you figured the interest.

Line 19. Tax before credits (line 17 plus line 18).

Credits and offsets

For a complete list and description of all Oregon corporation credits, including links to certifying agencies and forms, visit www.oregon.gov/dor/business.

Note: Beginning tax year 2015, minimum tax can't be reduced, paid, or otherwise satisfied through the use of any tax credit (ORS 317.090).

Important:

- If you're claiming credits that require certification, make sure to include a copy of the certification with your return.
- All credits are claimed on Schedule OR-ASC-CORP except Fire insurance gross premiums tax and OLHIGA.
- List credits and codes on the OR-ASC-CORP in the order you want them used.
- Taxpayers must take the full amount of a credit allowed per year (ORS 314.078).
- Credits can't be used to offset minimum tax.

Line 20. Total standard credits. Enter the total from Schedule OR-ASC-CORP, Section C.

Line 21. Total carryforward credits. Enter the total from Schedule OR-ASC-CORP, Section D.

Line 22. Fire insurance gross premiums tax credit.

Line 23. Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

Line 24. Total credits/offsets. Credits against excise tax **must** be claimed in the following order: Standard and carryforward credits, then fire insurance premiums tax credit. These credits are subtracted from excise tax. The remaining tax is then reduced by the OLHIGA offset.

Beginning tax year 2015, minimum tax can't be reduced, paid, or otherwise satisfied through the use of any tax credit (ORS 317.090).

Net excise tax

Line 25. Net excise tax (line 19 minus line 24). This can't be less than minimum tax.

Payments, penalty, interest, and UND

Line 26. 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 OR-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 the payer only if different from the 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're 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 ORS 315.068 and accompanying rules 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 OR-20-INS, line 26.

Line 27. Withholding payments. If taxes were paid on the corporation's behalf, enter the amount on line 27.

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 aren't 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's includible in Oregon taxable income for the year.

Withholding isn't required if one of the following requirements is met:

- The consideration for the real property doesn't 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 won't result in Oregon taxable income.

See instructions for Oregon Form OR-18, *Report of Tax Payments on Real Property Conveyances*, 150-101-183, or ORS 314.258 and accompanying rules for more information.

Pass-through entity withholding requirement. A pass-through entity (partnership, S corporation, LLP, LLC, or certain trusts) with distributive income from Oregon sources must withhold tax from its nonresident owners.

The requirement is waived if the nonresident owner makes an election to join in the filing of a composite return, sends us a signed *Oregon Affidavit for a Nonresident Owner of a Pass-through Entity*, or meets another exception listed in ORS 314.775 and accompanying rules. See instructions for Oregon Form OR-19, *Annual Report of Nonresident Owner Tax Payments*, 150-101-182, for more information.

Line 30. Penalty. To avoid penalty and interest, you must mail any tax payment owed by the **original** due date of the tax return. You must also mail your tax return by the original due date, or by the extended due date if you file with a valid extension included.

Enter the following penalties on your return if they apply.

- **5 percent failure-to-pay penalty.** Include a penalty payment of 5 percent of your unpaid tax if you don't pay by the original due date, even if you have an extension of time to file.

Exception: You won't be charged the 5 percent failure-to-pay penalty if you meet all of the following requirements:

- You have a valid federal or Oregon extension, and
- You pay at least 90 percent of your tax after credits by the original due date of the return, and
- You file your return within the extension period, and
- You pay the balance of tax due when you file your return, and
- You pay the interest on the balance of tax due when you file your return or within 30 days of the date of the bill you receive from us.

If you filed with a valid extension but didn't pay 90 percent of your tax by the original due date, you'll be charged the 5 percent failure-to-pay penalty.

- **20 percent failure-to-file penalty.** Include a penalty payment of 20 percent of your unpaid tax if you don't file your return within three months after the due date (including extensions). The failure-to-file penalty is in addition to the 5 percent failure-to-pay penalty.

- **100 percent late pay and late filing penalty.** Include a penalty payment of 100 percent of your unpaid tax if you don't file returns for three consecutive years by the original or extended return filing due date of the third year. A 100 percent penalty is assessed on each year's tax balance.

Line 31. Interest. You must pay interest on unpaid taxes if you don't pay the 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. If you file an amended return and have tax to pay, we'll charge interest starting the day after the due date of the original return until the date you pay in full.

Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment. Interest is figured daily for a fraction of a month, based on a 365-day year. If your taxable income is changed because of a federal or state audit and you owe more tax, we'll charge interest from the due date of the original return to the date you pay in full.

Even if you get an extension to file, you'll owe interest if you pay after the return's original due date.

To calculate interest:

Tax × annual interest rate × number of full years.
 Tax × monthly interest rate × number of full months.
 Tax × daily interest rate × number of days.

Interest rates and effective dates:

For periods beginning	Annually	Monthly	Daily
January 1, 2017	5%	0.4167%	0.0137%
January 1, 2016	4%	0.3333%	0.0110%
January 1, 2015	4%	0.3333%	0.0110%

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

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 we assessed an existing deficiency; and
- The assessment isn't paid within 60 days after the notice of assessment is issued; and
- You haven't filed a timely appeal.

Line 32. Interest on underpayment of estimated tax (UND). You must make quarterly estimated tax payments if you expect to owe \$500 or more with your return. This includes Oregon's minimum tax. Oregon charges 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 OR-37 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, include Form OR-37—with the "Form OR-37" box checked—with your tax return, and file them before the due date of the return.

If your current year corporation tax liability, including the minimum tax, is less than \$500, you don't need to make estimated payments. Don't complete this form.

However, this provision doesn't 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.

Total due or refund

Line 34. Total due. See "Filing checklist" for payment options. Include a Form OR-20-V payment voucher with your payment.

Special instructions

- If you owe a penalty or interest and have an overpayment on line 29, and your overpayment is less than total penalty and interest, then fill in the result of line 33 minus line 29, on line 34.
- If you mail a check or money order to pay tax, penalties, or interest **separate** from filing your tax return, include Form OR-20-V. (Form OR-20-V must include a payment; don't send Form OR-20-V unless a check or money order is included.)

Line 36. Amount of refund to be credited to estimated tax. You may elect to apply part or all of your refund to your next estimated tax payment installment. Fill in the amount you want to apply. Your election is irrevocable.

We will apply the elected amount to the estimated tax installment that next becomes due on or after the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later. The amount will be credited as of the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later.

Schedule OR-AF instructions

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 OR-AF and submit it with your Oregon return. This form is listed separately on our website at www.oregon.gov/dor.

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

Report the following on Schedule OR-AF:

- Name and address of each affiliate doing business in Oregon or with Oregon-source income.
- FEIN.
- 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.

Appendix A

Corporation Form OR-20-INS

2016 Schedule OR-ASC-CORP codes

Additions

Description	Code	Description	Code
Charitable donations not allowed for Oregon.....	132	Listed foreign jurisdictions—previously included loss or expense.....	177*
Child Care Office contributions	153	Oregon Cultural Trust contributions	170
Claim of right income repayment.....	173	Oregon production investment fund	157
Decreases in certain reserves	180	Penalty interest on prepayment of loans	182
Deferred gain from out-of-state disposition of property	118	Qualified research and development credit.....	167
Depletion (percentage in excess of cost).....	166	Realized gains not in net income from operations.....	172
Depreciation differences.....	174	Renewable energy development contributions (auction)	175
Federal income taxes deducted from the annual statement	181	State income taxes deducted from the annual statement	179
Gain or loss on disposition of depreciable property ...	158	Uncategorized addition (must include explanation) ..	199
Individual Development Account credit.....	113	University venture development fund contributions.....	171
IRC §631(a) treatment of timber not recognized by Oregon.....	162	* If you use code 176 or 177, you must also enter a “country code” on Schedule OR-ASC-CORP to indicate the listed foreign jurisdiction. See Appendix C for country codes.	
Listed foreign jurisdictions—income	176*		
Listed foreign jurisdictions—loss	177*		

Subtractions

Description	Code	Description	Code
Amortization of past service credits.....	374	Land donation or bargain sale of land to educational institutions.....	350
Cancellation of debt (COD) income §108(i).....	365	Listed foreign jurisdictions—previously included income	367*
Deferred gain from out-of-state disposition of property	352	Marijuana business expenses....	375
Depletion (Oregon in excess of federal allowance).....	362	Realized losses not in net income from operations.....	363
Depreciation differences.....	353	Uncategorized subtraction (must include explanation)	399
Film production labor rebate.....	336	* If you use code 367, you must also enter a “country code” on Schedule OR-ASC-CORP to indicate the listed foreign jurisdiction. See Appendix C for country codes.	
Gain or loss on sale of depreciable property.....	356		
Increases in certain reserves	373		

Credits

Description	Code	Description	Code
Standard credits		Individual Development Account (IDA) donation.....	852
Oregon Cultural Trust contribution	807	Lender's credit: energy conservation (carryforward only).....	848
Reservation enterprise zone	810	Long term enterprise zone facilities	853
Uncategorized credit (must include explanation).....	899	Oregon affordable housing lender's credit	854
Carryforward credits		Oregon Low Income Community Jobs Initiative (carryforward only).....	855
Agricultural workforce housing	835	Oregon production investment fund (auction)	856
Alternative fuel vehicle auction	865	Pollution control facilities	857
Alternative qualified research activities	837	Qualified research activities	858
Biomass production/collection.....	838	Reforestation of underproductive forestlands (carryforward only).....	867
Business energy	839	Renewable energy development (carryforward only).....	859
Child Care Fund contributions	841	Renewable energy resource equipment manufacturing facility (carryforward only)	860
Contributions of computers or scientific equipment (carryforward only).....	842	Riparian land (carryforward only)	862
Crop donation.....	843	Transportation projects (carryforward only).....	863
Electronic commerce zone investment.....	845	Uncategorized carryforward credit (must include explanation).....	899
Employer-provided dependent care assistance (carryforward only).....	846	University venture fund.....	864
Employer scholarship.....	847	Weatherization lender's credit (carryforward only) ...	866
Energy conservation projects	849		
Fish screening devices	850		

Items with a specific line on the form don't have a code. See Form OR-20-INS.

Appendix B

Oregon Corporation Form OR-20-INS 2016 Tax rates and minimum tax table

Note: Corporation excise tax filers pay the greater of calculated tax or minimum tax.

Calculated tax

If Oregon taxable income is:

- \$1 million or less, multiply Oregon taxable income by 6.6% (not below zero).
- more than \$1 million, multiply the amount that's more than \$1 million by 7.6%, and add \$66,000.

Minimum tax

Minimum tax table—C corporations only

<i>Oregon sales of filing group</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

Appendix C

Oregon Corporation Form OR-20-INS

2016 Listed foreign jurisdiction country codes

Note: Country codes are to be used on Schedule OR-ASC-CORP if you are also using addition codes 176 or 177, or subtraction code 367.

Andorra	AN	Liechtenstein.....	LS
Anguilla.....	AV	Luxembourg.....	LU
Antigua and Barbuda.....	AC	Malta	MT
Aruba	AA	The Marshall Islands	RM
The Bahamas.....	BF	Mauritius.....	MP
Bahrain	BA	Montserrat.....	MH
Barbados	BB	Nauru.....	NR
Belize.....	BH	Niue.....	NE
Bermuda	BD	Saba	11
Bonaire.....	10	Samoa.....	WS
The British Virgin Islands.....	VI	San Marino.....	SM
The Cayman Islands	CJ	Seychelles	SE
The Cook Islands.....	CW	Sint Eustatius	12
Curacao.....	UC	Sint Maarten.....	NN
Cyprus	CY	St. Kitts and Nevis	SC
Dominica	DO	St. Lucia	ST
Gibraltar	GI	St. Vincent and the Grenadines	VC
Grenada	GJ	The Turks and Caicos Islands.....	TK
Guatemala	GT	The U.S. Virgin Islands.....	VQ
Guernsey-Sark-Alderney.....	GK	Trinidad and Tobago	TD
The Isle of Man	IM	Vanuatu	NH
Jersey	JE		
Liberia.....	LI		

Appendix D

Oregon Corporation Form OR-20-INS

Alternative apportionment

Oregon law allows taxpayers to request an alternative method of apportionment. If you choose to make such a request you must follow the instructions below. Uniform Division of Income for Tax Purposes Act (UDITPA) taxpayers filing under ORS 314.605 to ORS 314.675, as well as insurers, and taxpayers filing under ORS 314.280, must use this procedure to apply for alternative apportionment.

Administration

The department will review the alternative apportionment request and issue a decision. This decision will be in the form of a letter. Taxpayers may appeal a denial of their alternative apportionment petition to Oregon Tax Court as provided in ORS 305.275.

If your alternative apportionment petition is approved you will have the opportunity to amend your returns under the normal statute of limitations. The approval of your alternative apportionment petition will remain in effect unless and until the department revokes the alternative apportionment petition during audit or you file a new alternative apportionment petition and receive the department's approval of the new proposal.

Please allow at least 6 months for the department to contact you about your alternative apportionment request.

Also, please note that all requests for alternative apportionment may result in additional review and documentation requirements.

Instructions part 1

- Include a written petition for alternative apportionment with or separate from your original or amended return.
- For administrative purposes, we prefer your request be made separate from your return.
- If your request is separate from your return, skip to Instructions part 2 below and **don't** check the Alternative apportionment checkbox on your return.
- If your request is filed with your return, you must check the Alternative Apportionment checkbox on the front of the return. Failure to do so could result in your request being overlooked. This box is to denote requests only and is not to be used after a request is granted.
- The original or amended return must be completed using standard apportionment unless/until an alternative apportionment has been approved by the department.

Note: Taxpayers filing amended returns for 2015 or prior must use the form year corresponding to the tax year even though there is no Alternative Apportionment checkbox on the return. Taxpayers must clearly identify they are requesting alternative apportionment and must adhere to all other requirements. Determinations to these amended returns will take longer to process.

- Returns, with or without petitions, must be sent to the department's normal return filing addresses. See "Filing checklist" in the instructions.
- Continue with Instructions part 2 below.

Instructions part 2

- The written petition must have the title "Alternative Apportionment Request."
- The petition must be signed by the taxpayer or the taxpayer's representative.
- In the case of a UDITPA taxpayer, the petition must fully explain why standard apportionment does not fairly and equitably represent the taxpayer's business activity in Oregon, the extent of the taxpayer's business activity in Oregon, or allocate net income to Oregon based on Oregon business activity. An ORS 314.280 taxpayer must fully explain why standard apportionment does not fairly and equitably represent the amount of net income the taxpayer earns inside and outside Oregon. Finally, an insurer must explain why standard apportionment does not fairly and equitably represent the insurer's business activity within Oregon.

- In addition, the taxpayer's petition must fully explain their proposed method of alternative apportionment in their alternative apportionment request and explain why this proposed method of alternative apportionment is more accurate in reflecting business activity or net income, as appropriate, in Oregon than the standard formula.
- Finally, the taxpayer's petition must show how the taxpayer's Oregon Return (OR-20, OR-20-INC, OR-20-INS, or OR-20-S) would be completed, including the net tax calculation, using the taxpayer's proposed method of alternative apportionment.
- If your petition is mailed separately from your return, mail it to: Oregon Department of Revenue, Corporation Section, 955 Center ST NE, Salem OR 97301-2555. (Tax returns can't be submitted to this address.)