Oregon 2016 Corporation Excise Tax Form OR-20 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".

Visit us online: **www.oregon.gov/dor**

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

OREGON DEPARTMENT OF REVENUE

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 shorthand 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. Also 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 of estimated tax, 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.
- **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

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. (Divide line 4 by the number of payments you need to make. This is usually 4.) 5. ____________

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).

Filing information

Who must file with Oregon?

Corporations that are doing business in Oregon, or with income from an Oregon source, are required to file an Oregon corporation tax return. If you have tangible or intangible property or other assets in Oregon, any income you receive from that property or assets is Oregon source income. Public Law (Pub.L.) 86-272 provides exceptions to the Oregon filing requirement for certain corporations doing business in Oregon.

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.

Excise or income tax?

Oregon has two types of corporate taxes: excise and income. **Excise tax is the most common.** Most corporations don't qualify for Oregon's income tax.

Excise tax is a tax for the privilege of **doing business** in Oregon. It's measured by net income. All interest is included in income, no matter what its source. This includes interest on obligations of the United States, its instrumentalities, and all of the 50 states and their subdivisions. Excise tax filers are subject to corporate minimum tax. Corporation excise tax laws are in Chapter 317 of the Oregon Revised Statutes.

Income tax is for corporations **not doing business** in Oregon, but with income from an Oregon source. Income tax filers aren't subject to corporate minimum tax. Corporation income tax laws are in Chapter 318 of the Oregon Revised Statutes.

What form do I use?

Except as provided by Pub.L. 86-272, all corporations **doing business** in Oregon must file Form OR-20, and are subject to the minimum excise tax. Any corporation **doing business** in Oregon is also required to register with the Secretary of State, Corporation Division. See sos.oregon.gov.

"Doing business" means carrying on or **being engaged in any profit-seeking activity** in Oregon. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.
- Employees or representatives providing services to customers as the primary business activity (such as accounting or personal services), or services incidental to the sale of tangible or intangible personal property

(such as installation, inspection, maintenance, warranty, or repair of a product).
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.

Corporations **not doing business** in Oregon, but with income from an Oregon source, must file Form OR-20-INC. Most corporations don't fall within Oregon's income tax provisions.

Corporations **not doing business** in Oregon, and with **no Oregon source income,** even if incorporated in or registered to do business in the state, aren't subject to the minimum tax, and aren't required to file a corporation tax return.

Important: Don't file a Form OR-20 unless you're required to do so. Filing an unnecessary return may result in a billing for minimum tax.

Filing requirements

Consolidated returns (ORS 317.705-317.725). If a corporation is a member of an affiliated group of corporations that filed a consolidated federal return, it must file an Oregon return based on that federal return.

A consolidated Oregon return is required when two or more affiliated corporations are:

- Included in a consolidated federal return;
- Unitary; and
- Doing business in Oregon or have Oregon-source income.

Note: S corporations can't be included in consolidated federal returns. IRC §1361(b) provides that a corporation that's a Qualified Subchapter S Subsidiary (QSSS) isn't treated as a separate corporation. All income, deductions, and credits of the QSSS will be treated as belonging to the parent S corporation.

Unitary business. A business that has, directly or indirectly between members or parts of the enterprise, either a sharing or an exchange of value shown by:

- Centralized management or a common executive force;
- Centralized administrative services or functions resulting in economies of scale; or
- Flow of goods, capital resources, or services showing functional integration.

Separate returns. Any corporation that files a separate federal return must file a separate Oregon return if it's doing business in Oregon or has income from an Oregon source.

A corporation subject to Oregon taxation must also file a separate Oregon return if it was included in a consolidated federal return, but wasn't unitary with any of the other affiliates. To determine Oregon taxable income, begin with taxable income from the consolidated federal return and use Oregon additions or subtractions to show removal of the nonunitary affiliates.

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 or other state audit changes

If the IRS or other taxing authority changes or corrects your return for any tax year, you **must** notify us. File an amended Oregon return and include a copy of the federal or other state 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 other state report, we have two years from the date we're notified of the change 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 or other state 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.

If you filed Form OR-20-S, and later determined you should file Form OR-20, check the **"Amended"** box on Form OR-20.

You may make payments online for your amended returns 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, 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.

Pay all tax and interest due when you file your amended return or within 30 days of receiving a billing notice from us 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 we receive your full payment. See "Interest rates."

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.

Special filing requirements

Agricultural or horticultural cooperatives

For purposes of the **corporate minimum tax only,** the Oregon sales of agricultural or horticultural cooperatives doesn't include sales representing business done with or for the cooperative's members. If you're an agricultural or horticultural cooperative, check the box in the header for "Ag co-op."

Your Schedule OR-AP, part 1, must show **all** sales in Oregon and elsewhere to correctly compute your apportionment percentage. However, for minimum tax purposes, show the amount of sales not done with or for members of the co-op in the header of the Schedule OR-AP, under the heading "Describe the nature and locations(s) of your Oregon business activities." Include the description "Sales not done with or for members of the co-op."

Retroactive to tax years beginning on or after January 1, 2005, the amount deducted for federal income tax purposes by agricultural or horticultural cooperatives under IRC §199 and passed through to cooperative patrons under IRC §199(d)(3)(A) isn't subject to the add-back provisions of ORS 317.398.

Exempt organizations

If you're an exempt organization under IRC §§501(c) through (f), 501(j), 501(n), 521, or 529, you're exempt from Oregon corporation taxes [ORS 317.080 (1)–(8)]. Apply to the IRS for exempt status, don't apply to us. Two exceptions are nonprofit homes for the elderly and people's utility districts established under ORS Chapter 261.

If you're exempt from Oregon tax and don't have unrelated business taxable income (UBTI) as defined in IRC §512, don't file an Oregon tax return. UBTI is gross unrelated business income less allowable deductions, including a special $1,000 deduction.

If you have UBTI, file Form OR-20 and include a copy of your federal Form 990-T. Organizations exempt from federal tax, but not exempt from Oregon tax, must also file Form OR-20 and include a copy of federal Form 990-T. Some religious organizations that qualify under IRC §501(d) may file as partnerships.

An exempt organization filing Oregon Form OR-20 is subject to the greater of calculated excise tax based on UBTI apportioned or allocated to Oregon or Oregon minimum tax. For minimum tax purposes, include in "Oregon sales" only gross unrelated business income apportioned or allocated to Oregon. Tax-exempt income isn't included.

Homeowners associations

A homeowners association organized and operated under IRC §528(c) may elect to be treated as a tax-exempt organization (ORS 317.080). The association must make the election no later than the time prescribed by law for filing the return. A copy of the federal Form 1120-H filed with the IRS will constitute this election when filed with us. Tax-exempt status will only exempt the association from tax on the exempt function income, such as membership dues, fees, and assessments from member-owners of residential units in the particular condominium or subdivision involved. Oregon follows the federal definition of nonexempt function income.

Don't file Form OR-20 if you don't have nonexempt function income for Oregon tax purposes. Only file a copy of your federal Form 1120-H with us.

File an Oregon Form OR-20, with a copy of federal Form 1120-H, if the association has taxable income. Homeowners association taxable income for Oregon is generally the same as for federal purposes. It's gross nonexempt income less directly-related deductions, less the specific $100 deduction. However, net capital gains are included in the computation and receive no special treatment.

An association filing Oregon Form OR-20 is subject to the greater of calculated excise tax or Oregon minimum tax. For minimum tax purposes, include in "Oregon sales" only Oregon nonexempt function income.

Interest charge domestic international sales corporations (IC-DISCs) (ORS 317.283)

If your corporation is an IC-DISC, you'll need to file Form OR-20. For tax years beginning on or after January 1, 2013:

- An IC-DISC formed on or before January 1, 2014 is exempt from minimum tax.
- An IC-DISC formed after January 1, 2014 isn't exempt from minimum tax.
- Commissions received by an IC-DISC are taxed at 2.5 percent.

The Oregon IC-DISC return is due by the 15th day of the month following the due date of the federal return. For example, a calendar-year federal Form 1120-IC-DISC is due nine months after the year-end (September 15). The Oregon return for the IC-DISC is due October 15.

If the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. No extensions are allowed for IC-DISC returns per federal and Oregon laws.

Form OR-20 line instructions for IC-DISCs

Important: Check the "IC-DISC" box in the header.

Line 1. Taxable income from the U.S. Corporation Income Tax Return. Enter the "total commissions received" reported for federal income tax purposes [federal Form 1120-IC-DISC, Schedule B, column c, lines 1c, 2k, and 3g]. Carry this amount to **line 3** – Income after additions, **line 5** – Income before net loss deductions, and **line 9** – Oregon taxable income.

Line 10. Calculated excise tax. Multiply the amount from line 9 by 2.5 percent. Enter the result. Carry this amount to **line 14** – Tax, **line 16** – Tax before credits, **line 19** – Excise tax after credits, and **line 21** – Net excise tax.

Interstate broadcasters (2014 HB 4138)

For tax years beginning on or after January 1, 2014, and before January 1, 2017, an interstate broadcaster's apportionment will be determined based on the commercial domicile method. Gross receipts are sourced to Oregon, if the commercial domicile of the customer is in this state or the customer is a resident of this state.

For tax years beginning on or after January 1, 2017, an interstate broadcaster's apportionment will be determined based on the audience factor method. Gross receipts are sourced to Oregon in the ratio that the broadcaster's audience or subscribers located in this state bears to its total audience and subscribers located both within and outside of this state. See ORS 314.680 to 314.690 and HB 4138 for more information, including year-specific definitions.

If your corporation, or one or more of the affiliates filing as part of your consolidated return, is an interstate broadcaster, check the box for Question N on your Form OR-20. Include a schedule with your return that clearly shows the following for each interstate broadcaster affiliate: (1) total gross receipts from broadcasting, (2) broadcasting gross receipts sourced to Oregon using the commercial domicile method of apportionment, and (3) broadcasting gross receipts sourced to Oregon as if the audience factor method had been used.

Limited liability companies (LLCs)

Oregon follows federal law in determining how an LLC is taxed. Federal law doesn't recognize an LLC as a classification for federal tax purposes. An LLC business entity must file a corporation, partnership, or sole proprietorship tax return, depending on elections made by the LLC and the number of members.

A multi-member LLC can be either a partnership or a corporation, including an S corporation. A single member LLC (SMLLC) can be either a corporation or a single member "disregarded entity." Refer to federal law for more information and requirements.

An LLC taxed as a C corporation must file Form OR-20 if doing business in Oregon, or Form OR-20-INC if not doing business in Oregon but the LLC is receiving Oregon-source income. The LLC must file Form OR-20-S if the entity files federal Form 1120-S.

An LLC taxed as a partnership must file Form OR-65, O*regon Partnership Return*, if doing business in Oregon, or if receiving income from an Oregon source, or if it has any Oregon resident members. If the LLC has a corporate member, the member is taxed on its share of the LLC's Oregon income.

If an LLC is part of a corporation's overall business operations and is treated as a partnership, include the corporation's ownership share of LLC property, payroll, and sales in the apportionment percentage calculation on Schedule OR-AP, (ORS 314.650 and accompanying rules).

Foreign LLCs are identified as unincorporated associations organized under the laws of a state other than Oregon, or a foreign country. Oregon's definition of a foreign LLC includes an unincorporated association organized under the laws of a federally recognized American Indian tribe, no matter when organized.

Political organizations

Political organizations (for example, campaign committees and political parties) normally don't pay state or federal taxes. However, income earned from investments is taxable. Examples include interest earned on deposits; dividends from contributed stock, rents, or royalties; and gains from the sale of contributed property. We follow the federal definitions of political organizations and taxable income.

A political organization that isn't incorporated and hasn't elected to be taxed as a corporation should file a personal income tax return under ORS 316.277(2).

For more information, including how to file your return, go to www.oregon.gov/dor/business.

Publicly traded partnerships

A "publicly traded partnership" is a partnership treated as a corporation for federal tax purposes under IRC §7704.

The partners in a publicly traded partnership aren't subject to tax on their distributive shares of partnership income. A publicly traded partnership taxed as a corporation must file Form OR-20 if doing business in Oregon, or Form OR-20-INC if not doing business in Oregon but the publicly traded partnership is receiving Oregon-source income.

Real Estate Mortgage Investment Conduits (REMICs)

A REMIC isn't subject to Oregon tax; the income is taxable to the holders of the REMIC's interests under ORS Chapter 316, 317, or 318, whichever is applicable. A REMIC must file Form OR-20-INC if it receives prohibited transaction income from Oregon sources or has any resident holders of a residual interest. Income is from an Oregon source if it comes from tangible property located in Oregon or from intangible property used in Oregon.

All REMICs required to file must file Form OR-20-INC and include a complete copy of federal Form 1066. The REMIC must also include a federal Schedule Q for each residual interest holder for each quarter of the tax year. Enter the amount of net income from prohibited transactions from federal Form 1066 Schedule J (ORS 314.260).

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. When you file, include the extension as the final page of your return.
- **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 return**. We accept electronic payments when e-filing 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 OR-20-V payment voucher.
—Don't staple payment to the return or 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, *Oregon Corporation Excise Tax Return*;
  2. Schedule OR-AP, *Apportionment of Income for Corporations and Partnerships*;
  3. Schedule OR-AF, *Schedule of Affiliates*;
  4. Schedule OR-ASC-CORP, *Oregon Adjustments*;
  5. Form OR-37, *Underpayment of Corporation Estimated Tax;*
  6. Form OR-DRD, *Dividends-Received Deduction;*
  7. Form OR-24, *Like-Kind Exchanges/Involuntary Conversions*;
  8. Schedule OR-FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Adjustment*;
  9. Other Oregon statements;
  10. Oregon credit forms including notice of credit transfers and certifications;
  11. Copy of federal tax return and schedules; and
  12. Form 7004, Federal extension.

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

- **OR-FCG-20 checkbox.** A reduced tax rate is available if you sold or exchanged capital assets used in farming. Complete Schedule OR-FCG-20 and check the box in the header of the form.
- **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 before you file your Oregon return.

  More time to file doesn't mean more time to pay your tax. To avoid penalty and interest, pay your tax due online, or by mail with Form OR-20-V, by 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.
- **Federal Form 8886 checkbox, REIT/RIC checkbox, and reportable transactions.** If you participate in listed or reportable transactions, you must report it on your Oregon tax return.

  If you're required to report listed or reportable transactions to the IRS on federal Form 8886 or if you participated in a real estate investment trust (REIT) or regulated investment company (RIC), you must check the appropriate boxes in the header area of the Oregon tax return.

  We'll assess penalties if you don't comply with this requirement.
- **Amended checkbox.** Check the "Amended" box if this is an amended return.
- **Form OR-24, Deferred gain checkbox.** Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC §1031 or §1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it's included in federal taxable income.

  Include a copy of your Oregon Form OR-24, *Like-Kind Exchanges/Involuntary Conversions,* 150-800-734, with your Oregon return and check the "Form OR-24" box if all of the following apply:

  - The corporation reported deferred gain on a federal Form 8824;
  - All or part of the property exchanged or given up was located in Oregon; and
  - All or part of the acquired property was located outside of Oregon.

  For a more detailed explanation, see ORS 314.650 and 314.665 and accompanying rules regarding apportionment of deferred gain.
- **IC-DISC checkbox.** If your corporation qualifies for special treatment, check this box (ORS 317.283). See "Special filing requirements" for more information.
- **Ag co-op checkbox.** Check this box if your corporation qualifies as an agricultural or horticultural cooperative and you're determining Oregon sales for minimum tax purposes differently than the Oregon sales reported on Schedule OR-AP, part 1. See "Special filing requirements" for more information.
- **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.
- **Accounting period change checkbox.** Check this box only if both of the following apply:

  - The excise tax return covers a period of less than 12 months; **and**
  - The short-period return is due to a qualified change in accounting period per IRC §§441 to 444.

  Note: A short-period return doesn't automatically constitute a qualified change in accounting period. A taxpayer that isn't in existence for the entire year shouldn't check this box. This includes subsidiaries that join or leave a consolidated filing group, and newly formed or dissolved corporations.

  If you file a short-period return due to a qualified change in accounting period and you're subject to the minimum tax, your minimum tax shall be apportioned as follows:

Annualize Oregon sales by multiplying actual Oregon sales by 12 and dividing by the number of months in the short period. Use the minimum tax table in Appendix B to determine minimum tax on annualized Oregon sales.

Apportion the minimum tax determined above by multiplying by the total number of months in the short period and dividing by 12.

- **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 has changed, **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.

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

Question E(2). If you checked the box, complete Schedule OR-AF, *Schedule of Affiliates*, to list only the corporations included in the 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 the consolidated federal return that aren't included in this Oregon return. List each corporation's name and FEIN. **Note:** Include a copy of your federal return and schedules as filed with the IRS.

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. Utility or telecommunications companies. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income using double-weighted sales factor formula (ORS 314.280 and accompanying rules). Check the box if making this election.

Question N. Interstate broadcaster. Check this box only if you or an affiliate included in this return meet the definition provided in ORS 314.680: a taxpayer that engages in the for-profit business of broadcasting to persons located both within and outside of this state and that for the tax year is of a class or type of taxpayer that would properly be subject to apportionment under ORS 314.680 to 314.690 as in effect prior to June 6, 2014. If this box is checked, you must include a schedule for interstate broadcaster apportionment. See "Special filing requirements."

Question O. Nonapportioned returns.

Enter the amount of sales as defined by ORS 314.665. Generally, 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 gross business income amounts from federal Form 1120, lines 1c and 5 through 10. Include positive numbers only.

Line instructions

Line 1. Taxable income from U.S. corporation income tax return. Enter the taxable income reported for federal income tax purposes before net operating loss or special deductions (federal Form 1120, line 28).

Additions

Line 2. Total additions. The amount by which any item of gross income is greater under Oregon law than under federal law, or the amount by which any allowable deduction is less under Oregon law than under federal 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 are entered on Form OR-20, line 2.

Additions include:

- **Bad debt reserve addition of a financial institution to the extent that the federal amount exceeds the amount that's allowable for Oregon.** The bad debt method of financial institutions is tied to the federal method. For taxpayers required to use the specific write-off method, an addition must be made if the amortization of the federal reserve is less than the amortization of the Oregon reserve (ORS 317.310).
- **Capital construction fund.** Amounts deferred under Section 607 of the Merchant Marine Act of 1936 and IRC §7518 must be added back to income (ORS 317.319).
- **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 claimed on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit's claimed (ORS 315.213).
- **Claim of right income repayment adjustment when credit's claimed.** The deduction under IRC §1341 on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).
- **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 gain or loss is recognized for federal tax purposes but not 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 317.374).
- **Depreciation differences.** If your Oregon depreciation isn't the same as your federal depreciation, the difference is a required modification to your Oregon return (ORS 317.301). Use Schedule OR-DEPR to determine the Oregon modification.
- **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).
- **Income of related FSC or DISC.** Net income or loss must be included in the net income of the related U.S. affiliate if the related FSC or DISC doesn't qualify for ORS 317.283(2) treatment. (ORS 317.283 and 317.286).
- **Income from sources outside the United States.** Add income from sources outside the United States, as defined in IRC §862, not included in federal taxable income under IRC §861 to §864 (ORS 317.625).
- **Individual Development Account credit.** Donations deducted on the federal return must be added back to Oregon income if the credit is claimed [ORS 315.271(2)].
- **Intercompany transactions involving intangible assets.** The user of the intangible asset must add the royalty or other expense for such use to federal taxable income as an addition on the Oregon tax return if:
  - An intangible asset is owned by one corporation or business (the owner), and used by another (the user) for a royalty or other fee;
  - Both the owner and the user are "owned by the same interests," as defined in Treas. Reg. §1.469-4T(j);
  - The owner and the user aren't included in the same Oregon tax return; and
  - The separation of ownership of the intangible asset from the user of the intangible asset results in either: evasion of tax or a computation of Oregon taxable income that isn't clearly reflective of Oregon business income.

  If the owner also files an Oregon return, the owner of the intangible asset must report the corresponding royalty or other income from such use from federal taxable income as an offset to Oregon taxable income. The offset should be shown as a negative "Other addition" on Schedule OR-ASC-CORP (ORS 314.295 and accompanying rules).
- **Interest income excluded from the federal return.** Oregon gross income includes interest on all state and municipal bonds or other interest excluded for federal tax purposes. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income (ORS 317.309).
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC §263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].

- **IRC §139A federal subsidies for prescription drug plans.** For federal purposes, taxpayers can exclude from taxable income certain federal subsidies for prescription drug plans per IRC §139A. However, for Oregon purposes, this federally excluded income is an addition on the Oregon return (ORS 317.401).
- **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's 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).
- **Losses of nonunitary corporations.** Net losses of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net losses include the separate loss as determined under Treasury Regulations adopted for IRC §1502, and deductions, additions, or items of income, expense, gain, or loss for which the consolidated treatment is prescribed. Include a schedule showing computation of the net loss eliminated [ORS 317.715(2)].
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to income. The Oregon capital loss will be deducted after subtractions (and apportionment for corporations required to apportion income) to arrive at Oregon taxable income (ORS 317.013 and accompanying rules).
- **Oregon Cultural Trust contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return (ORS 315.675).
- **Oregon excise tax and other state or foreign taxes on or measured by net income.** Oregon excise tax may not be deducted on the Oregon return. Taxes of other states or foreign governments on or measured by net income or profits may not be deducted on the Oregon return. If you subtracted these taxes on your federal return, you must add them back on your Oregon return. However, the Oregon minimum tax and local taxes, such as the Multnomah County Business Income tax, are deductible, and aren't required to be added back (ORS 317.314).
- **Oregon production investment fund.** Add back the amount of contribution for which a tax credit certification is made that's allowed as a deduction for federal tax purposes (ORS 315.514).
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC §199 claimed on the federal return. Agricultural or horticultural cooperatives, reduce the addition by the amount passed through to cooperative patrons under IRC §199(d)(3)(A) (ORS 317.398).
- **Qualified research and development credit.** After you have calculated the credit, you must add the amount back to your Oregon taxable income.
- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation (ORS 317.010 and corresponding administrative rules).
- **Renewable energy development contributions (auction).** If you claimed a federal 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).
- **Safe harbor lease agreements.** Oregon doesn't tie to the federal safe harbor lease provisions. See ORS 317.349 and accompanying rules for details about the adjustments required for Oregon.
- **University venture development fund contributions.** Add to federal taxable income the amount of contributions used to calculate the University Venture Fund Contribution credit that were deducted from federal taxable income (ORS 315.521).
- **Unused business credits.** Unused business credits taken as a federal deduction under IRC §196 must be added back to Oregon income (ORS 317.304).

Subtractions

Line 4. Total subtractions. The amount by which an item of gross income is less under Oregon law than federal law, or the amount by which an allowable deduction is greater under Oregon law than federal law, 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 are entered on Form OR-20, line 4.

Subtractions include:

- **Bad debt reserve addition of a financial institution to the extent that the Oregon amount exceeds the amount that's allowed on the federal return.** A subtraction is also made if the amortization of the federal reserve is greater than the amortization of the Oregon reserve (ORS 317.310).
- **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).
- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC §170(d)(2)(B) (ORS 317.307).
- **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 gain or loss is recognized for federal tax purposes but not 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 your federal depreciation, the difference is a required modification to your Oregon return (ORS 317.301). Use Schedule OR-DEPR to determine the Oregon modification.
- **Dividend deduction.** A 70 percent deduction is allowed for qualifying dividends regardless of geographic source. An 80 percent deduction is allowed for dividends received from corporations whose stock is owned 20 percent or more. Use Oregon Form OR-DRD for computing the Oregon dividend deduction and include a copy with your return (ORS 317.267).
- **Energy conservation payments.** Any amount received as a cash payment for energy conservation measures is exempt from Oregon excise tax (ORS 469.631 to 469.687). Subtract any amount that is included in federal taxable income (ORS 317.386).
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming a federal credit (ORS 317.303).
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must recalculate the gain or loss on disposal of those assets and subtract the difference (ORS 317.356).
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in federal taxable income 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).
- **IC-DISC commission payments.** For tax years beginning on or after January 1, 2013, a deduction is allowed for commission payments made to an IC-DISC if the DISC was formed on or before January 1, 2014 (ORS 317.283).
- **Income of nonunitary corporations.** Net income of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net income includes the separate taxable income, as determined under Treasury Regulations adopted for IRC §1502, and any deductions, additions, or items of income, expense, gain, or loss for which consolidated treatment is prescribed. Include a schedule showing computation of the net income eliminated [ORS 317.715(2)].
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC §263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].
- **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 a subtraction. See additions for how to report a loss (ORS 317.716 and corresponding administrative rules).
- **Losses from outside the United States.** Subtract losses from sources outside the United States, as defined in

IRC §862, not included in federal taxable income under IRC §861 to §864 (ORS 317.625).

- **Manufactured dwelling park tenant payments** made under ORS 90.505 to 90.840 to compensate a tenant for costs incurred due to the closure of the park may be subtracted (ORS 317.092).
- **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.
- **Oregon Investment Advantage**. To qualify, facilities must be certified by the Oregon Business Development Department (dba Business Oregon). For more information about the program or to get an application, visit www.oregon4biz.com. **This applies to excise tax filers only.**

  How is the subtraction computed? Multiply the Oregon taxable income figure (Form OR-20, line 9) as computed without applying this subtraction by the sum of 50 percent of the ratio of the payroll from the certified facility over the corporation's total payroll within Oregon, plus 50 percent of the ratio of the average value of property from the certified facility over the corporation's total average value of property in Oregon.

  Corporations that do business both inside and outside of Oregon and complete Schedule OR-AP must claim the subtraction on Schedule OR-AP, part 2, line 10b. (ORS 317.391)
- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation (ORS 317.010 and corresponding administrative rules).
- **Sale of manufactured dwelling park.** The taxable gain attributable to the sale of a manufactured dwelling park to a tenant's association, facility purchase association or tenant's association supported nonprofit organization is exempt from tax (Note following ORS 317.401).
- **Work opportunity credit wages not deducted on the federal return.** Enter the amount of wages that weren't deducted on the federal return because the work opportunity credit was claimed (ORS 317.303).

Line 6. Net loss.

- A net loss is the amount determined under IRC Chapter 1, Subtitle A, with the modifications specifically prescribed under Oregon law.
- 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 6 if taxable only by Oregon.**
- Enter the deduction on Schedule OR-AP, part 2, **line 10a if taxable both in Oregon and another state.**
- Net losses can be carried forward up to 15 years.
- Oregon doesn't allow net losses to be carried back.
- For losses, and built-in losses occurring before a change in ownership (SRLY limitations), Oregon is tied to the federal limitations (IRC §382 and §384; ORS 317.476 and 317.478).
- 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.
- REITs, if qualified under IRC §856, aren't allowed a net loss deduction [ORS 317.476(5)].
- **Include a schedule** showing your computations.

Line 7. Net capital loss deduction.

- Enter the deduction on **line 7 if taxable only by Oregon.**
- Enter the deduction on Schedule OR-AP, part 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.
- **Include a schedule** showing your computations, including the tax year the net capital loss originated (ORS 317.013 and accompanying rules).

Line 8. 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 10. Calculated excise tax. Don't enter the minimum tax on this line. See Appendix B.

Line 11. OR-FCG-20 adjustment. A reduced tax rate is available if you sold or exchanged capital assets used in farming. Subtract the amount of adjustment for tax on net long-term capital gain from farm property from line 9 of Schedule OR-FCG-20 (ORS 317.063).

Line 12. Total calculated excise tax (line 10 minus line 11).

Line 13. 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—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 gross business income amounts from federal Form 1120, lines 1c, and 5 through 10. Include positive numbers only.

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.

Note: Some entity structures have specific minimum tax and filing instructions. See "Special filing requirements." These include:

- Agricultural and horticultural cooperatives.
- Exempt organizations.
- Homeowners associations.
- IC-DISCs.
- LLCs.
- Political organizations.
- Publicly traded partnerships.
- REMICs.

Corporations and partnerships with Oregon source income who are not doing business in Oregon aren't subject to the minimum tax. See "What form do I use?"

Line 14. Tax (greater of line 12 or line 13). Oregon tax is the greater of total calculated tax or minimum tax.

Line 15. Tax adjustments.

- **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.
- **Tax paid on composite return.** Subtract the amount of tax that was paid on behalf of any corporation included in the consolidated return if they elected to be part of an Oregon Composite Return. The amount can be found on Schedule OR-OC-2, column g, "net tax." Enter the amount as a negative number. **Note:** This tax adjustment is allowed to reduce minimum tax.

Line 16. Tax before credits (line 14 plus line 15).

Credits

For a complete list and description of all Oregon corporation credits, visit www.oregon.gov/dor/business.

Note: 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.
- Use the numeric description code from the list in Appendix A.
- 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.

Pollution control facilities credit. Enter the following information from the face of the Pollution Control Facility Certificate to compute the annual tax credit.

1.	Actual cost of pollution control facility.	1. ____________
2.	Percent of actual cost properly allocable to pollution control.	2. ____________
3.	Line 1 multiplied by line 2.	3. ____________
4.	Maximum tax credit allowed (50%).	4. ____________
5.	Eligible tax credit (line 3 multiplied by line 4).	5. ____________
6.	Remaining useful life (see below).	6. ____________
7.	Yearly allowable credit (line 5 divided by line 6).	7. ____________

Remaining useful life

The useful life of the facility begins on the date the taxpayer places the facility into operation. The taxpayer may take the tax credit over the remaining useful life at the time of certification but not less than one year or more than 10 years. Calculate the spent life by subtracting the date you placed the facility into operation from the date of certificate issuance.

		Example
Year in date of issue	_________	2001
Year in placed in operation	_________	2000
Spent life	_________	1

Subtract the spent life from the useful life (one-year minimum, 10-year maximum).

The 2001 legislature provided an additional three-year carryforward on any unexpired tax credit that exists as of the tax year of the taxpayer that begins in the 2001 calendar year. This means the certificate holder of these certificates may carry forward unused credits for a total of six years.

Unexpired tax credits defined as "Any tax credit otherwise allowable under this section which isn't used by the taxpayer in a particular year," may be carried forward and offset against the taxpayer's tax liability for the next succeeding tax year [ORS 315.304(9)].

Computation of credit for current year:

1. Annual credit. 1. _________
2. Add credit carryover from prior years. 2. _________

The certificate holder may carry forward any unused credit in any one tax year for up to three years. The taxpayer should carry forward the oldest credit first. Prepare and include a schedule to show how you computed the credit carryover amount entered on line 2.

3. Total credit available. 3. _________

4a. Net tax after other credits. 4a. ________

4b. Less: minimum tax per table. 4b. ________

4c. Maximum tax that can be offset by credit. 4c. ________

You may choose the order in which tax credits will reduce the current year tax. Prepare and include a schedule to show which credits you want to apply to your tax liability before the pollution control credit. Enter the net tax from your schedule on line 4a.

5. Pollution control facility tax credit for this year (lesser of line 3 or line 4c). 5. _________

Carry this amount to the line on your Oregon corporation, fiduciary, or individual tax return.

6. Credit potentially carried forward to future years (line 3 minus line 5). 6. _________

Line 17. Total standard credits. Enter the total from Schedule OR-ASC-CORP, Section C.

Line 18. Total carryforward credits. Enter the total from Schedule OR-ASC-CORP, Section D.

Line 19. Excise tax after credits (line 16 minus lines 17 and 18). This can't be less than minimum tax unless you've claimed a "Tax adjustment" for "Tax paid on composite return" on line 15.

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

Line 20. LIFO benefit recapture. This amount is a subtraction from tax after credits. Oregon has adopted the provisions of IRC §1363(d) for S corporations. LIFO benefits are included in taxable income for the last year of the C corporation under these provisions. On a separate schedule, compute the difference between tax (after credits and any surplus refund) on income per the return and income without the recapture of LIFO benefits. Multiply this difference by 75 percent and enter the result on Form OR-20, line 20 as a subtraction from the tax after credits. Include the computation schedule with the Oregon return.

On the LIFO benefits line of each of the first three returns of the new S corporation, add one-third of the tax that was deferred from the last year of the C corporation. The tax on LIFO benefit recapture will be in addition to the Oregon minimum tax, if any (ORS 314.750).

Net excise tax

Line 21. Net excise tax (line 19 minus line 20). Don't enter less than minimum tax.

Payments, penalty, interest, and UND

Line 22. 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) (ORS 315.068 and accompanying rules).

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 that total to Form OR-20, line 22.

Line 23. Withholding payments. If taxes were paid on the corporation's behalf, enter the amount on line 23.

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,* for more information (ORS 314.258 and accompanying rules).

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,* for more information.

Line 26. 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 27. 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 28. 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 carry-overs 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 30. Total due. See "Filing checklist" for payment options. Include a Form OR-20-V payment voucher with your payment.

Special instructions

- If you owe penalty or interest and have an overpayment on line 25, and your overpayment is less than total penalty and interest, then fill in the result of line 29 minus line 25, on line 30.
- 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 32. 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 at www.oregon.gov/dor.

Schedule OR-AF should list **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
2016 Schedule OR-ASC-CORP codes

Additions

Description	Code
Bad debt reserve federal exceeding Oregon	156
Capital construction fund	152
Charitable donations not allowed for Oregon	132
Child Care Office contributions	153
Claim of right income repayment	173
Deferred gain from out-of-state disposition of property	118
Depletion (percentage in excess of cost)	166
Depreciation differences	174
Gain or loss on disposition of depreciable property	158
Income from sources outside U.S.	159
Income of related FSC or DISC	178
Individual Development Account credit	113
Intercompany transactions involving intangible assets	160
Interest income excluded on federal (state, municipal, and other interest income)	150
Inventory costs	161
IRC §139A federal subsidies for prescription drugs	123
IRC §631(a) treatment of timber not recognized by Oregon	162
Listed foreign jurisdictions—income	176*
Listed foreign jurisdictions—loss	177*
Listed foreign jurisdictions—previously included loss or expense	177*
Losses of nonunitary corporations	164
Net federal capital loss deduction	165
Oregon Cultural Trust contributions	170
Oregon excise tax and other tax	151
Oregon production investment fund	157
QPAI deductions	102
Qualified research and development credit	167
REITs and RICs	168
Renewable energy development contributions (auction)	175
Safe harbor lease agreements	169
Uncategorized addition (must include explanation)	199
University venture development fund contributions	171
Unused business credits	122

* 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.

Subtractions

Description	Code
Bad debt reserve Oregon exceeding federal	359
Cancellation of debt (COD) income §108(i)	365
Charitable contribution	351
Deferred gain from out-of-state disposition of property	352
Depletion (Oregon in excess of federal allowance)	362
Depreciation differences	353
Dividend deduction	370
Energy conservation payments	368
Federal credits	354
Federal investment tax credit on certain assets	355
Film production labor rebate	336
Gain or loss on sale of depreciable property	356
IC-DISC commission payments (DISC formed before 01/02/2014)	366
Income of nonunitary corporations	371
Inventory costs	357
Land donation or bargain sale of land to educational institutions	350
Listed foreign jurisdiction—previously included income	367*
Losses from outside U.S.	358
Manufactured dwelling park tenant payments	344
Marijuana business expenses	375
Oregon Investment Advantage	342
REITs and RICs	360
Sale of manufactured dwelling park	338
Uncategorized subtraction (must include explanation)	399
Work opportunity credit wages not deducted on the federal return	372

* 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.

Credits

Description	Code
Standard credits	
Oregon Cultural Trust contribution	807
Reservation enterprise zone	810
Uncategorized credit (must include explanation)	899
Carryforward credits	
Agricultural workforce housing	835
Alternative fuel vehicle auction	865
Alternative qualified research activities	837
Biomass production/collection	838
Business energy	839
Child Care Fund contributions	841
Contributions of computers or scientific equipment (carryforward only)	842
Crop donation	843
Electronic commerce zone investment	845
Employer-provided dependent care assistance (carryforward only)	846
Employer scholarship	847
Energy conservation projects	849
Fish screening devices	850

Description	Code
Fueling stations for alternative fuel vehicles (carryforward only)	851
Individual Development Account (IDA) donation	852
Lender's credit: energy conservation (carryforward only)	848
Long term enterprise zone facilities	853
Oregon affordable housing lender's credit	854
Oregon Low Income Community Jobs Initiative (carryforward only)	855
Oregon production investment fund (auction)	856
Pollution control facilities	857
Qualified research activities	858
Reforestation of underproductive forestlands (carryforward only)	867
Renewable energy development contributions	859
Renewable energy resource equipment manufacturing facility (carryforward only)	860
Riparian land (carryforward only)	862
Transportation projects (carryforward only)	863
Uncategorized carryforward credit (must include explanation)	899
University venture fund	864
Weatherization lender's credit (carryforward only)	866

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

Note: Corporation **excise** tax filers pay the greater of calculated tax or minimum tax.
See "Special filing requirements" for entity types with alternate tax requirements.

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

Oregon sales of filing group	*Minimum tax*
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

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
Anguilla	AV
Antigua and Barbuda	AC
Aruba	AA
The Bahamas	BF
Bahrain	BA
Barbados	BB
Belize	BH
Bermuda	BD
Bonaire	10
The British Virgin Islands	VI
The Cayman Islands	CJ
The Cook Islands	CW
Curacao	UC
Cyprus	CY
Dominica	DO
Gibraltar	GI
Grenada	GJ
Guatemala	GT
Guernsey-Sark-Alderney	GK
The Isle of Man	IM
Jersey	JE
Liberia	LI

Liechtenstein	LS
Luxembourg	LU
Malta	MT
The Marshall Islands	RM
Mauritius	MP
Montserrat	MH
Nauru	NR
Niue	NE
Saba	11
Samoa	WS
San Marino	SM
Seychelles	SE
Sint Eustatius	12
Sint Maarten	NN
St. Kitts and Nevis	SC
St. Lucia	ST
St. Vincent and the Grenadines	VC
The Turks and Caicos Islands	TK
The U.S. Virgin Islands	VQ
Trinidad and Tobago	TD
Vanuatu	NH

Appendix D
Oregon Corporation Form OR-20
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.)