

2017 Form OR-41



Office use only		
Date received		
Payment		
Penalty date		
1	2	3
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Oregon Fiduciary Income Tax Return

Submit original form—do not submit photocopy

<input type="checkbox"/> Amended return		Fiscal year beginning: / /		Ending: / /			
Name of trust or estate (first name, initial, last name)—print clearly or type		<input type="checkbox"/> New name		Federal employer identification number (FEIN) of trust or estate		Check if new FEIN	
Name of executor or trustee (first name, initial, last name)		<input type="checkbox"/> New name		-		<input type="checkbox"/>	
Title (TTEE or PR)		<input type="checkbox"/> New address		<input type="checkbox"/> Extension to file		<input type="checkbox"/> Form OR-24 is included	
Street address or PO Box							
City	State	ZIP code	Phone				
			() -				

<input type="checkbox"/> A. Check only one box: An estate—date of death: / / Decedent's SSN: - -	B. This is: <input type="checkbox"/> A first return <input type="checkbox"/> A final return	<input type="checkbox"/> C. Check one box: <input type="checkbox"/> An Oregon resident <input type="checkbox"/> A nonresident <input type="checkbox"/> A part-year trust (use Schedule OR-SCH-P to compute the tax)	<input type="checkbox"/> D. If exempt organization, check federal form filed: <input type="checkbox"/> 990-T—Specify your due date: / / <input type="checkbox"/> Other—Specify:
<input type="checkbox"/> A bankruptcy estate <input type="checkbox"/> A funeral trust <input type="checkbox"/> A trust			
<input type="checkbox"/> A trust filing as an estate. Include federal Form 8855. Date of death: / / Decedent's SSN: - -			

Include a copy of federal Form 1041, Schedule K-1s, applicable schedules, 1099s and W-2s

	Beneficiary column	Fiduciary column
1. Revised distributable net income from Form OR-41, Schedule 1, line 34.....	1. <input type="text" value="0.00"/>	
2. Distribution deduction from federal Form 1041, Schedule B, line 15, plus Form OR-41, Schedule 1, line 36.....	2. <input type="text" value="0.00"/>	
a. Tax-exempt income deducted in computing distribution deduction from federal Form 1041, Schedule B, line 12.....	2a. <input type="text" value="0.00"/>	
b. Add lines 2 and 2a.....	2b. <input type="text" value="0.00"/>	
3. Percentage (line 2b divided by line 1).....	3. <input type="text" value="0.00"/> % (Round to four decimal places)	
4. Revised taxable income of fiduciary from Form OR-41, Schedule 1, line 37.....	4. <input type="text" value="0.00"/>	
5. Fiduciary adjustment from Form OR-41, Schedule 2, line 49 (enter as a positive, whole number). Indicate whether to be:		
<input type="checkbox"/> Added or <input type="checkbox"/> Subtracted.....	5. <input type="text" value="0.00"/>	
a. Beneficiary's share (line 5 × percent on line 3—see instructions).....	5a. <input type="text" value="0.00"/>	
b. Fiduciary's share (line 5 minus line 5a).....	5b. <input type="text" value="0.00"/>	
6. Income to be reported by beneficiaries (Form 1041, Schedule K-1 included—see instructions; total or net of lines 2 and 5a).....	6. <input type="text" value="0.00"/>	

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Name of estate or trust FEIN

7. Oregon taxable income of fiduciary (total or net of lines 4 and 5b)..... 7. .00

Oregon tax

8. Tax using rate schedule on page 3, or from Schedule OR-SCH-P, line 11 8. .00
9. Reduced-rate tax amount and qualifying source(s)..... 9. .00

9a. NLTCG 9b. PTE

10. Total tax (add lines 8 and 9) 10. .00

Standard and carryforward credits

11. Total standard credits from Schedule OR-ASC-FID, Section 3 11. .00
12. Tax minus standard credits (line 10 minus line 11; if line 11 is more than line 10, enter -0-) 12. .00
13. Total carryforward credits from Schedule OR-ASC-FID, Section 4 13. .00
14. Tax after standard and carryforward credits (line 12 minus line 13) 14. .00

Payments and refundable credits

15. Oregon income tax withheld (include Forms 1099 or W-2)..... 15. .00
16. Payments with OR-18 or OR-19 (don't include copies of Forms OR-18 or OR-19) 16. .00
17. Payments prior to filing your return. Include any extension payment made 17. .00
18. Oregon surplus credit (kicker). Enter your kicker amount (see instructions) 18. .00

If you elect to donate your kicker to the State School Fund, enter -0- on line 18 and see lines 27 and 28 below.

19. Total refundable credits from Schedule OR-ASC-FID, Section 5 19. .00
20. Total payments and refundable credits (add lines 15 through 19)..... 20. .00

Tax to pay or refund

21. Tax due. Is line 14 more than line 20? If so, line 14 minus line 20 Tax due 21. .00
22. Overpayment. Is line 20 more than line 14? If so, line 20 minus line 14 Overpayment 22. .00
23. Penalty for filing or paying late (see instructions) 23. .00
24. Interest due with this return (see instructions)..... 24. .00
25. Total due (line 21 plus lines 23 and 24) Total due 25. .00
26. Refund (line 22 minus lines 23 and 24) (see instructions)..... Refund 26. .00

Oregon surplus credit (kicker) donation

27. If you elect to donate your total kicker to the State School Fund, check the box. This election is irrevocable 27.
28. Write the amount of the kicker calculation here Donation 28. .00

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Name of estate or trust

FEIN

Schedule 1—Oregon changes to distributable net income (DNI) and taxable income of fiduciary (TIF)

	(Column A) DNI	(Column B) TIF
29. Distributable net income (federal Form 1041, Schedule B, line 7).....	29. <input type="text" value=".00"/>	
30. Taxable income of fiduciary (from federal Form 1041, line 22).....		30. <input type="text" value=".00"/>
31. Difference in depreciation for Oregon (see instructions).....	31. <input type="text" value=".00"/>	31. <input type="text" value=".00"/>
32. Other changes. Identify: • _____	32. <input type="text" value=".00"/>	32. <input type="text" value=".00"/>
33. Line 31 plus line 32.....	33. <input type="text" value=".00"/>	33. <input type="text" value=".00"/>
34. Revised distributable net income (column A, line 29 plus line 33); enter here and on page 1, line 1	34. <input type="text" value=".00"/>	
35. Total taxable income (column B, line 30 plus line 33)		35. <input type="text" value=".00"/>
36. Changes included on column A, line 33, that were distributed.....		36. <input type="text" value=".00"/>
37. Revised taxable income of fiduciary (line 35 minus 36); enter here and on page 1, line 4....		37. <input type="text" value=".00"/>

Schedule 2—Fiduciary adjustment (see instructions)

Subtractions

38. 2017 federal income tax subtraction—limited to \$6,550	38. <input type="text" value=".00"/>
39. Interest on U.S. obligations included in income on federal Form 1041 net of allocable administration and miscellaneous expenses	39. <input type="text" value=".00"/>
40. Oregon income tax refund included as income on federal Form 1041	40. <input type="text" value=".00"/>
41. Total other subtractions from Schedule OR-ASC-FID, Section 2	41. <input type="text" value=".00"/>
42. Add lines 38 through 41	42. <input type="text" value=".00"/>

Additions

43. Oregon income tax deducted on 2017 federal Form 1041	43. <input type="text" value=".00"/>
44. Interest on obligations of other states or their political subdivisions	44. <input type="text" value=".00"/>
45. Depletion in excess of adjusted basis	45. <input type="text" value=".00"/>
46. Estate taxes on income in respect to a decedent not taxable by Oregon	46. <input type="text" value=".00"/>
47. Total other additions from Schedule OR-ASC-FID, Section 1	47. <input type="text" value=".00"/>
48. Add lines 43 through 47	48. <input type="text" value=".00"/>
49. Fiduciary adjustment (difference between lines 42 and 48; enter as a positive, whole number). Indicate whether to be:.....	49. <input type="text" value=".00"/>

• Added or • Subtracted. Enter amount on page 1, line 5.

2017 rate schedule—compute the tax using the following rates (see instructions)

If your taxable income is:..... Your tax is:

Not over \$3,400	5% of taxable income
Over \$3,400 but not over \$8,500.....	\$170 plus 7% of the excess over \$3,400
Over \$8,500 but not over \$125,000.....	\$527 plus 9% of the excess over \$8,500
Over \$125,000	\$11,012 plus 9.9% of the excess over \$125,000

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Name of estate or trust	FEIN —
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Under penalty of false swearing, I declare that the information in this return and any included forms or statements is true, correct, and complete.

Signature of executor or trustee X	Print name	
Title (if applicable)	Phone () -	Date / /

● **Check the box to authorize** the following individual(s) to receive and provide confidential tax information relating to this return.

<input type="checkbox"/>	Preparer's name (print)	Title	License number ●	
	Preparer's mailing address	City	State	ZIP code
	Signature of preparer X	Phone () -	Date / /	

Mail to: Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

Fiduciary Income Tax

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) and Oregon Department of Revenue Administrative Rules (OAR). For more information, refer to the laws and rules at, www.oregon.gov/dor.

New information

Credits. All credit codes have been separated into three categories: standard credits, carryforward credits, and refundable credits. See Credits below.

Credits that have been extended:

- Fish screening devices tax credit is extended to tax years beginning before January 1, 2024 (ORS 315.138).
- Oregon affordable housing lender's credit is extended to tax years beginning before January 1, 2026. (ORS 317.097). The maximum credits allowed for each fiscal year has also increased from \$17 million to \$25 million.
- Oregon production investment fund (auction) credit is extended to tax years beginning before January 1, 2024. (ORS 315.514).
- Reservation enterprise zones tax credit is extended to tax years beginning before January 1, 2028 (ORS 285C.309).

E-file. You may file Form OR-41 through the Federal/State Electronic Filing Program. Please include all pertinent schedules. For more information about e-filing, visit us at www.oregon.gov/dor.

Form OR-DECD-TAX. Don't include Form OR-DECD-TAX when you file your Form OR-41. Send this form to us separately.

Manufactured dwelling park tenant payments. The 2017 Oregon Legislature increased the amount of mobile home park closure payments and the subtraction amount. See HB 2008 (2017) for more information.

Protective claims. Use Oregon Form OR-PCR when your claim to a refund is contingent on a pending court decision or legislative action. We will hold your claim for refund past the normal three-year statute of limitations per ORS 314.415(2). Notify us within 90 days of the final determination by filing an amended return. Don't file an amended return before the pending action is final.

Reduced tax rates. This year the Oregon Form OR-41 will accommodate fiduciary filers who have income which qualifies for a reduced tax rate for farm net long-term capital gains (NLTCG) under ORS 316.045 and pass-through entity (PTE) income under ORS 316.043. If you qualify for either of these reduced rates, refer to the instructions for line 9 and Schedule 1, line 32 of this form.

Rural technology workforce development tax credit. This is a new tax credit that equals 12 percent of a taxpayer's expenses that are incurred to establish and implement an employee training program. A qualifying employee training program must be operated in collaboration with a local community college operated under ORS Chapter 341. In

addition, the employee training program must be operated in a qualifying county. The term qualifying county is defined in statute. The credit applies to tax years beginning on or after January 1, 2017. See Sections 18–20 of HB 2066 (2017).

Kicker refund. Oregon's surplus credit (known as the "kicker") will be claimed as a credit on your 2017 tax return. The credit is 5.6 percent of your 2016 tax liability from Form OR-41, line 10. You may choose to donate your surplus credit to the Oregon State School Fund. See page 6 for more information and instructions for calculating your credit and donating your credit to the Oregon State School Fund. You must file a 2017 return to claim your kicker credit, even if you don't have an obligation to file.

Looking ahead

Credits

Bovine manure tax credit. The bovine manure tax credit is a new tax credit that equals \$3.50 for each wet ton of bovine manure and may only be claimed once for each wet ton of bovine manure. The credit is certified by the Oregon Department of Agriculture and applies to tax years beginning January 1, 2018. It's scheduled to sunset on January 1, 2022. See Sections 6 through 11 of HB 2066 (2017) for more details.

Tax credit sunsets. Beginning January 1, 2018, the following tax credits are no longer available, except for applicable carryforward purposes:

- Biomass production/collection (ORS 315.141).
- Electronic commerce zone investment (ORS 315.507).
- Energy conservation projects (ORS 315.331).
- Long-term rural enterprise zone facilities (June 30, 2018) (ORS 317.124).*
- Qualified research activities and alternative qualified research activities (ORS 317.152 and 317.154).

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- Renewable energy development contributions (ORS 315.326).
- Transportation projects (ORS 315.336).

*The credit for long-term rural enterprise zone facilities must be certified on or before June 30, 2018.

Reminders

Do you need a new FEIN (federal employer identification number)?

Estates

You **are** required to obtain a new FEIN if any of the following statements are true:

- A trust is created with funds from the estate (not simply a continuation of the estate).
- You represent an estate that operates a business after the owner's death.

You **aren't** required to obtain a new FEIN if the following statement is true:

- The administrator, personal representative, or executor changes.

Trusts

You **are** required to obtain a new FEIN if any of the following statements are true:

- One person is the grantor/maker of many trusts. Each trust must have its own FEIN.
- A trust changes to an estate.
- A living or inter vivos trust changes to a testamentary trust.
- A revocable trust changes to an irrevocable trust.
- A living trust terminates by distributing its property to a residual trust.

You **aren't** required to obtain a new FEIN if any of the following statements are true:

- The trustee changes.
- The grantor or beneficiary changes their name or address.

Note: If you need a new FEIN, apply for one with the Internal Revenue Service (IRS) by using federal Form SS-4. For more information about a FEIN, see IRS Publication 1635, available on the IRS website at www.irs.gov.

Extension of time to file. Oregon accepts the same automatic extension of time to file allowed by the IRS. If you timely applied to the IRS for the **five-and-a-half month** automatic extension to file (federal Form 7004), check the "Extension to file" box on your Form OR-41. Oregon accepts a valid federal extension.

Payment. You may pay online at www.oregon.gov/dor or by mail. If by mail, send a completed Form OR-41-V and check or money order to:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

Include on your check:

- FEIN.
- Tax year.
- Daytime phone.

Estates and trusts aren't required to make estimated tax payments to Oregon. Your full payment is due on the original due date of the tax return; don't include your five-and-a-half month extension period.

Federal election. Oregon accepts the federal election made by the executor of an estate and the trustee of a qualified revocable trust to treat the trust as part of the estate. Internal Revenue Code (IRC) § 645.

If you made this election for your federal return, check the "A trust filing as an estate" box on Form OR-41, box A, and fill in the date of death. Include a copy of the required federal Form 8855.

Confirmation of mailing. We can't respond to requests for receipt of returns, extensions, or payments. If you want verification that your envelope reached us, send it by certified mail.

Change of name or address. It's important, if you change the name or address of your trust or estate, to check the appropriate box(es) on Form OR-41, page 1.

Deferral of gain. Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check the box on the front of Form OR-41, "Form OR-24 is included." Then complete and include Form OR-24 with the return.

In the year that the gain is finally recognized for federal purposes, you'll need to file a return and report the portion of the gain that is subject to Oregon taxation.

Capital gain on liquidated farm assets. A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent a substantially complete termination of a farming business you own. The sale can't be to a family member. See instructions for line 32 (ORS 316.045).

PTE reduced tax rate. ORS 316.043 allows a taxpayer to claim a reduced rate for income from a PTE if certain conditions are met. See instructions for lines 9 and 32.

Filing requirements

A fiduciary return must be filed for:

- Resident estates or trusts required to file a federal Form 1041 or 990-T.
- All estates and trusts upon termination to report the final distribution to beneficiaries.
- Ancillary Oregon estates with federal gross income of \$600 or more for the tax year.
- Nonresident estates with federal gross income of \$600 or more from Oregon sources for the tax year.
- All estates that want to establish a fiscal tax year, even if the estate had less than \$600 of federal gross income for the tax year.

- Part-year resident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.
- Nonresident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.

If you're a nonresident estate or trust and the only Oregon source income you had for the tax year has been included in a composite filing by a pass-through entity, you're not required to file an OR-41.

Note: If you had a tax liability in 2016 on Form OR-41, line 10, you need to file a 2017 return to claim your surplus refund (kicker) credit, even if you don't meet the filing requirements.

Residency definitions

- **Estates.** An estate is an Oregon resident if the personal representative is appointed by an Oregon court, or if the estate administration is in Oregon. All other estates are nonresidents. An estate can't be a part-year resident.
- **Trusts.** A trust is a resident if the trustee is an Oregon resident or if the trust administration is in Oregon. If there are several trustees and one is an Oregon resident, the trust is an Oregon resident trust. A trust can be a part-year resident if a trustee moves in or out of Oregon during the tax year. See part-year resident instructions.
- If a trustee is a corporate fiduciary engaged in interstate trust administration, the trust is an Oregon resident only if the trustee conducts the major part of the trust's administration in Oregon.
- **Funeral trust.** A resident funeral trust is a qualified funeral trust (QFT) that has the meaning given in IRC § 685. A resident funeral trust is required to be established under the law of this state, or is established by contract, for the funeral home or cemetery to provide services or merchandise in Oregon.

Name of executor or trustee. If there are co-fiduciaries, enter the name and address of the one who signs the return.

Other returns required of fiduciaries. File the final applicable personal income tax return (Form OR-40, Form OR-40-N, or Form OR-40-P) for a deceased taxpayer's last tax year, the year of death. If a federal Form 1040NR is required for a nonresident beneficiary, a Form OR-40-N, may be required. If a federal return is required for a minor, incompetent person, missing person, or conservatee, an Oregon return must be filed. If a person who is incompetent or is now deceased failed to file a prior year individual income tax return as required, the trustee is required to file the return. If you filed a federal Form 1040NR for a nonresident trust, you must file an Oregon Form OR-41 to report the income.

If Form 5227 or Form 1041-A is required for federal income tax purposes, file a copy of that form with the Oregon Department of Revenue. If there is tax due to Oregon, file a Form OR-41 and attach a copy of the Form 5227. If no Oregon tax is due, don't attach a Form OR-41. Mark the copy

"Oregon information copy." Usually no Oregon report or copy is required if the only federal returns are Form 990 (exempt organizations), Form 990-PF (private foundations), or Form 4720 (certain charities).

If you file federal Form 990-T and you're a corporation, file Form OR-20. If a federal Form 990-T is filed, also file Oregon Form OR-41 for your trust. Don't complete Form OR-41, lines 1, 2, 5, 5a, and 6. From Form 990-T, enter any unrelated business taxable income on Form OR-41, Schedule 1, line 30, and the fiduciary adjustment on line 5b. Also complete Form OR-41, Schedule 1 and Schedule 2, column B.

Is your original due date for federal Form 990-T the 15th day of the 5th month after the end of your tax year? Example: Your organization year end is December 31, 2017. Your original due date for federal Form 990-T is May 15, 2018. At the top of Form OR-41 write, "Original due date May 15, 2018."

Bankruptcy estates. Your return will consist of Oregon Forms OR-41 and OR-40, and copies of your federal Forms 1041 and 1040. Oregon Form OR-41 is used only as a transmittal for Form OR-40. Enter the tax amount computed on Form OR-40 on Form OR-41, line 8. If you request a prompt determination (aka: rapid audit), send your written request separate from Form OR-41.

Period covered by the return. The return must be for the same tax year used for filing the federal return. Trusts are required to file on a calendar year.

When and where to file the return. All trust and estate returns filing for the 2017 calendar year are due by **April 17, 2018**. Estate returns for other tax periods, fiscal year or short period, are due by the 15th day of the fourth month following the close of the estate's year. **Example:** Your estate is on a fiscal year starting June 1, 2017 and ending May 31, 2018. The 2017 Form OR-41 is due by September 17, 2018. Mail the return to:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

Signature. The fiduciary or officer representing the fiduciary must sign the return and provide the fiduciary's phone number.

Accounting period. The accounting period must be the same as for federal income tax purposes. Show the same accounting period on your Form OR-41-V and your Form OR-41.

Accounting method. The accounting method must be the same as for federal income tax purposes. If the method is changed, adjustments must be made to avoid duplication or omission of income and deductions.

Amended return. If you need to amend your tax return, use the Form OR-41 for the specific tax year. Check the "Amended" box on the front of the return. Include a complete narrative explanation with your reason for amending, a complete copy of the amended federal Form 1041, and all supporting documents.

Unused loss carryovers. IRC §§ 172 and 1212 apply to an estate or trust and the beneficiaries. Include a copy of the federal loss carryover schedule with Form OR-41.

Income taxable to the grantor or substantial owner. Any part of trust income taxable to the grantor or another person under IRC §§ 671 through 678 isn't taxed on a fiduciary return. However, the income information must be shown on Schedule OR-ASC-FID and be included with Form 1041. Include this schedule with Form OR-41 to show Oregon additions and subtractions to federal taxable income. If the grantor trust is exempt from filing Form 1041 under IRC regulation 1.671-4, it's also exempt from filing Form OR-41 (OAR 150-316-0445).

Returns for estates and complex trusts. On Oregon Form OR-41, lines 1 through 7, allocate the income and Oregon modifications between the estate or trust and the beneficiary if an authorized distribution was made or required during the tax year. The fiduciary must provide the beneficiary with income distribution and Schedule K-1 on federal Form 1041. Include a copy of each K-1 with Form OR-41. See instructions for line 6.

Transferee. The money and property of a taxpayer who has died passes to a person, estate, or trust, called the transferee. The transferee may be liable for the obligations and liabilities of the deceased person. The liability includes tax, interest, and penalty. The transferee's liability is limited to the value of the property acquired from the decedent (ORS 314.310).

Extension of time for filing

The extension of time to file a fiduciary tax return is five-and-a-half months.

If you need more time to file, send your payment and Form OR-41-V to:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

When you make a payment, check the "Extension payment" box on the Form OR-41-V. If you aren't making an Oregon payment, complete and file the federal extension Form 7004 with the IRS. Keep a copy of your complete federal extension form. Check the "Extension to file" box on Form OR-41, page 1, and include a copy of the Form 7004 with the return.

An extension of time to file your return isn't an extension of time to pay your tax. All tax due must be paid by the original due date of the return to avoid penalties.

When you file your return

- If applicable, check the box on the front of Form OR-41 indicating "Extension to file."
- Include the amount you paid with Form OR-41-V, on line 17.

Form OR-41 line instructions

Simple trusts without capital gains or losses, or estates terminating in this tax year, must complete Form OR-41, lines 2, 5a, and 6 on the front, and lines 29–49 on page 3.

If there are no distributions to the beneficiary, begin on line 4. If no distributions were made to beneficiaries, the fiduciary adjustment on line 5 should be carried over to line 5b.

Line 3. Percentage. When computing the percentage, round to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Line 5a. Enter the fiduciary adjustment allocable to the beneficiary. The number entered is a positive whole number. (ORS 316.287 and OAR 150-316-0410.) If the adjustment is a **subtraction**, the beneficiary's share is limited to an amount equal to the distribution of income taxable on the beneficiary's individual return. A fiduciary adjustment **addition** increases the beneficiary's income. The beneficiary's share of the addition is limited as follows: Subtract the taxable portion of the distribution from the total amount of the distribution. The balance is the beneficiary's share, unless the amount of the addition is smaller.

Any amount of a fiduciary adjustment not allocable to a beneficiary is an adjustment to the fiduciary's taxable income.

Line 6. A copy of federal Form 1041, Schedule K-1 or an acceptable substitute, for each beneficiary, must be filed

with Form OR-41. The total of the income and Oregon fiduciary adjustment reported on all Schedules K-1 must equal the amount entered on line 6. Each beneficiary's share of the fiduciary adjustment must either be shown at the bottom of their K-1 on a blank line or on a separate sheet included with the K-1. Mark it "Oregon fiduciary addition (or subtraction)" and write in the amount the beneficiary is to report. Don't break the fiduciary adjustment down into separate components.

Example: An Oregon fiduciary adjustment includes a \$3,300 federal tax subtraction, a \$600 U.S. government interest subtraction, and a \$1,300 Oregon tax addition. The amount reported to the beneficiary is an Oregon fiduciary adjustment subtraction of \$2,600.

If you have a capital gain which isn't distributed to the beneficiaries, line 2 plus line 5a won't equal line 6. Include a statement with your return and explain there is an undistributed capital gain on Form 1041, Schedule B, line 6.

Line 8. Tax. Use the 2017 rate schedule on Form OR-41, page 3, to figure the tax.

Line 9. Reduced-rate tax amount and qualifying source(s). If you qualify for a reduced tax rate for NLTCG under ORS 316.045, see Worksheet OR-FCG at www.oregon.gov/dor/forms. This worksheet is for reference only; do not attach to Form OR-41.

To claim the reduced tax rate, you must check the NLTCG box on Form OR-41, line 9. Enter the amount you have computed and attach an explanation of how you computed the tax you claim on your return. Name your attachment "FID Reduced Tax Rate Schedule."

If you qualify for a reduced tax rate for qualifying income under ORS 316.043 from a partnership or an S corporation, you may elect to use a reduced tax rate for PTE income. The reduced tax rate can be claimed for qualifying income up to \$5 million. This election is irrevocable. To determine if you qualify, refer to the instructions for Schedule OR-PTE-FY. This schedule is for reference only; do **not** attach to Form OR-41.

To claim the reduced tax rate, you must check the PTE box on Form OR-41, line 9. Enter the amount you have computed and attach an explanation of how you computed the tax you claim on your return. Name your attachment "FID Reduced Tax Rate Schedule."

If you qualify for more than one of these reduced tax rates, add the total tax from each source and report it all on this line.

Credits

All credit codes are separated into three categories: standard credits, carryforward credits, and refundable credits.

Standard credits are nonrefundable credits that can only be claimed on the current year's tax return. Credit amounts awarded and not used in the current tax year will be lost.

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried forward to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules of the credit.

If you have both standard credits and carryforward credits, standard credits should be used first so they aren't lost.

Refundable credits can only be claimed on your current year's tax return; however, any amount that is more than your tax will be refunded to you.

Line 11. Standard tax credits. Use Schedule OR-ASC-FID, Section 3, to report the amount and description of any standard credits claimed. See Appendix A for a list of available credits. The total of all standard credits from Schedule OR-ASC-FID, Section 3, is entered on Form OR-41, line 11. **Don't include payments or claim of right credit on line 11.**

Common standard credits include:

Credit for income taxes paid to another state

[Code 802] (ORS 316.082, 316.131, 316.292).

Resident estates and trusts. Generally, you can claim this credit if the estate or trust has income that is taxed by both Oregon and another state. An Oregon resident trust that has income taxed by Arizona, California, Indiana, or Virginia may not claim the credit on the Oregon return. The credit should be claimed on the nonresident return for that state. If the trust is a resident of Oregon and also a resident

www.oregon.gov/dor

of another state, the credit may be claimed on the Oregon return. Include a copy of the return you filed with the other state and proof of payment of the tax. No credit is allowed if the tax has been claimed as a deduction. If a deduction for the other state's tax was claimed on Form 1041, it must be added to income on Oregon Form OR-41, Schedule 2, line 47.

How much is the credit? Your credit is the smallest of:

- Your Oregon tax after all other credits, or
- The tax you actually paid to the other state, or
- The amount figured using the formula below.

Modified adjusted gross income (MAGI)

Full-year residents. Your modified adjusted gross income is your total income (amount on federal Form 1041, line 9), modified by Oregon additions and subtractions (Form OR-41, line 49).

(MAGI taxed by both states x Oregon tax after subtracting your total MAGI.)

Nonresident estates and trusts. Oregon will allow a credit for taxes paid to another state if all of the following conditions are met:

- The estate or trust is a nonresident of Oregon.
- The estate or trust is a resident of Arizona, California, Indiana, or Virginia.
- The estate or trust has income that is taxed by both Oregon and the resident state.

Oregon cultural trust contributions

[Code 807] (ORS 315.675).

Did you make a donation to an Oregon nonprofit cultural organization during the tax year? If so, you can make a matching donation to the Trust for Cultural Development Account and get an Oregon tax credit. You may get a credit of up to 100 percent of the amount of the matching contribution. The maximum credit is \$500 per taxpayer.

Part-year residents and nonresidents must multiply the allowable credit by your Oregon percentage. Any credit not used this year is lost. For more information about the Oregon Cultural Trust, contact the Oregon Arts Commission or go to their website at www.culturaltrust.org.

Line 13. Carryforward credits. Use Schedule OR-ASC-FID, Section 4, to report the amount and description of any carryforward credits claimed. See Appendix A for a list of available credits. The total of all carryforward credits from Schedule OR-ASC-FID, Section 4, is entered on Form OR-41, line 13. **Don't include payments or claim of right credit on line 13.**

Common carryforward credits include:

Business energy

[Code 839] (ORS 315.354, 315.357).

2012 was the last year this credit was being certified. To claim this credit for your qualifying project you must have:

- Filed a preliminary certification application with the Oregon Department of Energy (ODOE) on or before April 15, 2011;
- Received preliminary certification from the ODOE before July 1, 2011; and
- Received final certification from the ODOE before January 1, 2013, or demonstrated evidence of beginning construction before April 15, 2011.

Any Oregon business with investments in energy conservation, recycling, renewable energy resources, or less-polluting transportation fuels may qualify for this tax credit.

Line 15. Oregon withholding and tax payments. Fill in any Oregon withholding supported by Form W-2 or Form 1099. Match the FEIN on Form W-2 or Form 1099 with the FEIN reported on Form OR-41. Also, match the recipient's name on the Form W-2 or Form 1099 to the name of the trust or estate on Form OR-41. Include any Form W-2 or Form 1099 showing Oregon withholding reported on line 15.

If you claim credit for Oregon withholding and don't attach Form W-2 or 1099, we won't give you credit for the withholding and will:

- Send you a bill, or
- Reduce your refund, or
- Deny your full refund.

Line 16. Payments with Form OR-18 or Form OR-19. Fill in any Oregon withholding or payments supported by Oregon Form OR-18 or Form OR-19. Match the FEIN on Form OR-18 or Form OR-19 with the FEIN reported on Form OR-41. Also, match the recipient's name on the Form OR-18 or Form OR-19 to the name of the trust or estate on Form OR-41. **Don't** attach Form OR-18 or Form OR-19.

Line 17. Payments prior to filing your return. Fill in any payments you made for tax year 2017 prior to filing your return. Include any payments made with an extension. **Don't** include the tax due payment you send with your return or paid the same day you file your return if you send payment separately.

Line 18. Oregon surplus credit (kicker). The Oregon surplus credit is a refundable credit claimed on your 2017 Oregon tax return. The credit is 5.6 percent of your 2016 Oregon tax liability before credits (2016 Form OR-41, line 10) as adjusted or amended, reduced by any 2016 credit claimed for income taxes paid to another state. The surplus credit percentage has been determined by the Oregon Department of Administrative Services in accordance with ORS 291.349. In order to claim the Oregon surplus credit, you must file a 2017 return, even if you're not otherwise required to do so. You must have filed your 2016 Oregon return before you can claim a surplus credit on your 2017 Oregon return. Your credit is 5.6 percent

Amended returns. If your 2016 return is amended or adjusted after you claim your 2017 surplus credit, we will automatically adjust your 2017 surplus credit amount. You won't need to amend your 2017 return for this reason only. If your amended return reduces your 2016 tax liability, you may owe additional tax on your 2017 return if your kicker

is reduced. This may cause additional interest or penalties to be charged on your 2017 return. You may review your account balance at www.oregon.gov/dor; click the link for Revenue Online.

Surplus credit worksheet

1. Tax before credits reported on your **2016** Oregon Form OR-41, line 10. 1. _____
2. Credit for income taxes paid to another state reported on your **2016** Oregon Form OR-41, line 11. 2. _____
3. Total 2016 tax before credits and after income taxes paid to another state (subtract line 2 from line 1). If line 2 is more than line 1, enter -0-. 3. _____
4. Oregon surplus credit percentage (decimal value). The 2017 Oregon surplus credit percentage is 5.6 percent. This amount has been filled in for you. 4. 0.056
5. **Surplus credit amount.** Multiply line 3 by line 4. Round to the nearest dollar. **This is your surplus credit amount.** 5. _____

Claiming your surplus credit. If you would like to claim your surplus credit, enter this amount on your 2017 Oregon Form OR-41, line 18. Enter -0- on line 28 and **do not mark the box on line 27.**

Donating your surplus credit. You can elect to donate your surplus credit to the Oregon State School Fund.

The fund is used for public elementary and secondary education. If you would like to donate your **entire** surplus credit to the Oregon State School Fund, enter -0- on your 2017 Oregon Form OR-41, line 18. Check the box on line 27 and enter the surplus credit amount (from line 5 above) on Form OR-41, line 28. Your refund will first offset to any amount owing on your original 2017 Oregon return and any other past due liabilities prior to being donated to the Oregon State School Fund. **Note: This election is irrevocable.**

If you would like to donate a **portion** of your refund to the Oregon State School Fund, follow the steps to claim your surplus refund above. You can then either send a check to the school district of your choice or to the Oregon State School Fund, which will be distributed to all school districts. The Oregon State School Fund's address is:

Oregon Department of Education
 Attn: OFA Cashier
 255 Capitol St NE
 Salem OR 97301

Line 19. Total refundable credits. Use Schedule OR-ASC-FID, Section 5, to report the amount and description of any refundable credits claimed. See Appendix A for a list of available credits. The total of all refundable credits from Schedule OR-ASC-FID, Section 5, is entered on Form OR-41, line 19.

dividends from U.S. obligations included on federal Form 1041 must be reduced by the deductions allocable to such income (see federal Form 1041 instructions). Use the same formula to allocate deductions to U.S. government interest.

Line 41. Other subtractions. Enter other subtractions required by ORS 316.680 and ORS 316.695 that don't have a specific line. Use Schedule OR-ASC-FID, Section 2, to report the amount and description of each item not reported elsewhere on your return. See Appendix A for a list of other subtractions. The total of all "Other subtractions" from Schedule OR-ASC-FID, Section 2, is entered on Form OR-41, Schedule 2, line 38.

Line 44. Interest on obligations of other states. Enter interest income from bonds of a state or political subdivision other than Oregon. (This type of income from another fiduciary is included in that fiduciary's adjustment and shouldn't be duplicated on this line.)

Line 45. Depletion. If natural resource depletion entered on Form 1041 is in excess of the adjusted basis of the property, enter the excess on this line.

Line 46. Estate tax paid on "income in respect of a decedent" (IRD). To figure the amount of the federal estate tax deduction that must be added to taxable income on the Oregon return, use this formula:

- A = IRD included in federal taxable income.
- B = IRD not taxable by Oregon.
- C = Estate tax deducted on Form 1041.

$$\frac{B}{A} \times C = \$ \text{_____} \text{ amount of the addition}$$

Enter amount on line 46.

Example:

- A: \$21,000 IRD included in federal taxable income.
- B: \$10,000 IRD not taxable by Oregon.
- C: \$1,170 federal estate tax deducted on Form 1041.

$(\$10,000 \div \$21,000) \times \$1,170 = \557 —amount of your Oregon addition on line 46.

Line 47. Other additions. Enter other additions required by ORS 316.680 and 316.695 that don't have a specific line. Use Schedule OR-ASC-FID, Section 1, to report the amount and description of each difference not already reported elsewhere on your return. See Appendix A for a list of other additions. The total of all "Other additions" from Schedule OR-ASC-FID, Section 1, is entered on Form OR-41, Schedule 2, line 47.

Deductions allowed under IRC §§ 2053 or 2054 may be claimed on either Form OR-706 or Form OR-41, but not both. The personal representative of an estate may make different elections for federal and Oregon returns. If the deductions are claimed on Form OR-41, include a statement that the deductions aren't being claimed on Form OR-706. For federal purposes, those deductions may be taken on either federal Form 706 or federal Form 1041 under IRC § 642(g). See OAR 150-118-0040. If you choose to make different elections for federal and Oregon, then you would report the addback as an "other addition" on Oregon Schedule OR-ASC-FID. Use addition code 199.

Common "other additions" include:

Federal income tax refunds

[Code 109] (ORS 316.680, 316.685, 316.695).

Did you get a federal tax refund in 2017 because you filed an amended federal return for a prior year or were audited? If so, you must add back the part of your refund that was claimed as part of your federal tax subtraction on your Oregon return for the prior year.

Income taxes paid to another state

[Code 148] (ORS 316.082).

If you want to claim the credit for income tax paid to another state on your Oregon return, and you deducted the other states income tax on your federal Form 1041, line 11, the amount you deducted must be added back to income on your Oregon Form OR-41, Schedule 2, line 47.

Line 49. Fiduciary adjustment. Enter as a positive whole number.

Part-year resident and nonresident fiduciaries

Use Schedule OR-SCH-P to figure the Oregon tax. File Schedule OR-SCH-P, with Form OR-41.

Oregon taxes gross income from **all sources** for the portion of the tax year the trust was an Oregon **resident** and gross income from **Oregon sources only** while the trust was a **nonresident**.

All federal deductions are allowed for the portion of the year the trust was an Oregon resident. But only deductions directly related to Oregon sources are allowed while the trust was a nonresident.

Part-year resident. A part-year resident trust required to file Form OR-41 must include a copy of federal Form 1041 as filed. See "Filing requirements" instructions. To determine your total Oregon taxable income for the year, you may choose to complete a second "pro forma, mock" federal Form 1041, using only Oregon source income and deductions, or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a "pro forma, mock" federal Form 1041, write "Oregon source income" at the top of the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Use the figures from the Oregon source Form 1041 (or Oregon source schedule) you prepared, to complete Form OR-41. Complete lines 1 through 7 and Form OR-41, Schedules 1 and 2 as though the Oregon source amounts were the only income and deductions for the tax year. The full federal tax subtraction is allowed on line 38 based on the federal liability from Form 1041 and subject to the \$6,550 limit.

Then complete Schedule OR-SCH-P and Form OR-41, using the figures from federal Form 1041, to figure Oregon tax. Write this amount on Oregon Form OR-41, line 8.

Nonresident estates and trusts. A nonresident estate or trust required to file Form OR-41 must include a copy of federal Form 1041 as filed. See “Filing requirements” instructions. Oregon taxes only Oregon-source income received by the estate or trust. Deductions are allowed if they’re directly related to Oregon-source income. The only exception is the federal tax subtraction, which must be apportioned as shown below.

To determine your total Oregon taxable income for the year, you may choose to complete a second federal Form 1041 using only Oregon-source income and deductions (a “pro forma, mock” return), or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a “pro forma, mock” federal Form 1041, write “Oregon-source income” at the top of the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Federal tax subtraction for nonresidents. The federal tax subtraction must be apportioned to determine the amount related to Oregon sources. Use this formula:

- A = Form OR-41, line 37, (Oregon-source items only).
- B = Form OR-41, line 37, (all source items).
- C = Federal tax (lesser of actual liability or \$6,550).

$$\frac{A}{B} \times C = \$\text{_____ amount of the subtraction}$$

Enter on Form OR-41, Schedule 2, line 38.

Oregon source income

Oregon is permanently tied to the federal definition of gross income as found in the IRC. This tie is retroactive to December 31, 2010.

Examples of Oregon source income are: wages or other compensation for services performed in Oregon; income or loss from business activities in Oregon, including rents, S corporations, and partnerships; gain or loss from the sales of real or tangible personal property located in Oregon; and income from intangible personal property if the property has acquired Oregon business situs.

For more information, see ORS 316.127 and the 2017 Publication OR-40-NP.

How to assemble the return

Assemble your Oregon fiduciary return in the following order:

1. Form OR-41, pages 1, 2, 3, and 4. Include Form W-2 or 1099 if they show Oregon withholding. If applicable, include the following:
 - Bankruptcy estates. Written request for a prompt audit.
2. Schedule OR-SCH-P (if part-year resident trust).

3. Schedule OR-ASC-FID, if applicable. **Important:** You must include this schedule for correct processing if you claim any other additions, other subtractions, or credits.
4. “Pro forma, mock” Form 1041 or a schedule of Oregon-source income and deductions, if the return is from a part-year resident trust or nonresident estate or trust.
5. Form OR-24, if necessary.
6. A copy of federal Form 1041 and all schedules, including Schedule K-1.
7. A copy of federal Form 8855, if it applies.
8. Credit for income tax paid to another state. Include the other state’s tax return and proof of income tax payment.

Authorize your preparer. To authorize your preparer to discuss your return with us, check the box located between the signature lines for the fiduciary and the preparer. To authorize a person other than the preparer, include a signed *Tax Information Authorization and Power of Attorney for Representation*.

Do you have questions or need help?

E-file help

Email: trustestate.electronicfiling@oregon.gov
For estate and trust e-filing questions only.

Trust and estate help

Email: estate.help.dor@oregon.gov
This email address isn't secure and confidentiality can't be ensured. General tax and policy questions only.

Forms

www.oregon.gov/dor/forms

General information

www.oregon.gov/dor
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Correspondence

Include your FEIN and a daytime phone number for faster service.

Write to: Oregon Department of Revenue
Fiduciary/Estate Unit
955 Center St NE
Salem OR 97301-2555

Appendix A

Fiduciary Form OR-41

2017 Schedule OR-ASC-FID codes

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