Oregon Corporation Tax Additions 2008

Oregon Corporation Tax Additions 2008

Oregon Form 20 Additions

Oregon Form 20-I Additions

Oregon Form 20-S Additions

Oregon Form 20-INS Additions

Oregon Corporation Tax Additions 2008

- **Bone marrow donor expense credit.** Add to federal taxable income the amount of bone marrow donor expense deducted on the federal return if the Oregon credit is claimed on your Oregon return. ORS 315.604
- **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
- **Certain interest excluded on 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
- **Child Care Division and community agency contributions.** The deduction claimed on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed. ORS 315.213
- **Claim of right income repayment adjustment when credit is claimed.** The deduction under IRC section 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
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount of federal deduction must be added to federal taxable income if the Oregon credit is claimed. ORS 317.151(4)
- **Decreases in certain reserves (Form 20-INS, line 12 only).** These are changes that have not been included in the computation of net income from operations. Add **decreases in mandatory reserves** that the insurer is required to maintain by law or by rules or directives of the director of the Department of Consumer and Business Services, **other than** decreases that (a) are deducted in arriving at the insurer's net gain from operations, or (b) result from net gains or losses, realized or unrealized, in the value of the insurer's property and investments.
    - Life companies: Annual statement, "Summary of Operations," page 4, line 44.
        - Also add **decreases in reserves for policies and obligations outstanding** before the beginning of the taxable year resulting from changes in the basis and methods of computing such reserves that are justified by accounting and actuarial practices applicable to or accepted by the insurance industry. Such practices are commonly known as "reserve strengthening" or "reserve weakening."
    - Life companies: Annual statement, "Summary of Operations," page 4, line 43.
    - P&C companies: Annual statement, "Statement of Income," page 4, line 37.
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the addition if gain is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Dependent care credits.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed. ORS 315.204(7)

- **Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is 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
- **Federal income taxes (Form 20-INS, line 8 only).** Add the amount of federal income taxes deducted in computing net income from operations. If a net refund of federal tax is shown on the annual statement (due to an excess of refund for a prior year over current year net tax), enter a negative figure.
    - Life companies: Annual statement, amount included in "Summary of Operations," page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included in "Summary of Operations," page 4, line 34.
    - P&C companies: Use tax on ordinary income from the annual statement, included in "Statement of Income," page 4, line 19.
- **Film production development contributions.** Add back the amount of contribution for which a tax credit certification is made that is allowed as a deduction for federal tax purposes. ORS 315.514
- **Gain or loss on the disposition of depreciable property.** The difference in gain or loss on sale of business assets when the Oregon basis is less than it is for federal purposes. ORS 317.356
- **Income from sources outside the United States.** Income not included in federal taxable income under IRC 861 or 864. ORS 317.625
- **Income of related FSC or DISC.** Net income or loss must be included in the net income of the related U.S. affiliate. ORS 317.283 and 317.286
- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit is claimed. ORS 315.271(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)
- **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.
- **IRC 631(a) treatment of timber is not 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
- **Long-term care insurance premiums.** Premiums deducted on the federal return must be added back if the Oregon credit is claimed under ORS 315.610. ORS 317.322
- **Losses of non-unitary corporations.** The net losses of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Attach a schedule showing computation of the net loss eliminated. See instructions for line 10 and line 14. 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.OAR 150-317.013
- **Oregon excise tax and other state 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, local taxes, such as the Multnomah County Business Income tax, are deductible. ORS 317.314
- **Penalty interest on prepayment of loans (Form 20-INS, line 10 only).** Add any amounts not already included in the computation of net income on the annual statement.
- **Percentage depletion in excess of cost.** Percentage depletion is allowed only on metal mines. All

other assets are limited to cost depletion. ORS 317.374

- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC 199 claimed on the federal return. ORS 317.398
- **Realized gains and losses (Form 20-INS, line 11 only).** Add realized gains and losses on sales or exchanges of assets, including non-admitted assets, that were not included in net income from operations. Enter net realized losses as a negative amount.
- **Safe harbor lease agreements.** Oregon does not tie to the federal safe harbor lease provisions. See OAR 150-317.349-(A) and 150-317.349-(B) for details about the adjustments required for Oregon.
- **State income taxes, all jurisdictions (Form 20-INS, line 9 only).** Include only the amount of state income taxes included in the following amounts on the annual statement.
    - Life companies: Annual statement, included in "General Expenses," page 11, exhibit 3, lines 4 and 6.
    - P&C companies: Annual statement, included in "underwriting and Investment Exhibit," page 11, lines 20.1 and 20.4.
- **State, municipal, or other interest income** excluded from federal taxable income. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income. Income tax filers should not include interest on state of Oregon obligations.
- **Trust for cultural development account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return.
- **University venture 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

Oregon Form 20 Additions

Enter 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. ORS 317.151 through 317.488, 317.625.

- Bone marrow donor expense credit
- Capital construction fund
- Child Care Division and community agency contributions
- Claim of right income repayment adjustment when credit is claimed
- Contributions of computers or scientific equipment for research to educational organizations credit
- Deferred gain from out-of-state disposition of property
- Dependent care credits
- Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowable for Oregon
- Film production development contributions
- Gain or loss on the disposition of depreciable property
- Income from sources outside the United States
- Income of related FSC or DISC
- Individual development accounts credit
- Inventory costs
- IRC 139A federal subsidies for prescription drug plans
- IRC 631(a) treatment of timber is not recognized by Oregon
- Long-term care insurance premiums

- Losses of non-unitary corporations
- Net federal capital loss deduction
- Oregon excise tax and other state taxes on or measured by net income
- Percentage depletion in excess of cost
- QPAI deduction
- Safe harbor lease agreements
- State, municipal, and other interest income
- Trust for cultural development account contributions
- University venture fund contributions
- Unused business credits

Oregon Form 20-I Additions

Enter 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. ORS 317.151 through 317.488, 317.625

- Bone marrow donor expense credit
- Capital construction fund
- Child Care Division and community agency contributions
- Claim of right income repayment adjustment when credit is claimed
- Contributions of computers or scientific equipment for research to educational organizations credit
- Deferred gain from out-of-state disposition of property
- Dependent care credits
- Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is allowable for Oregon
- Film production development contributions
- Gain or loss on the disposition of depreciable property
- Income from sources outside the United States
- Income of related FSC or DISC
- Individual development accounts credit
- Inventory costs
- IRC 139A federal subsidies for prescription drug plans
- IRC 631(a) treatment of timber is not recognized by Oregon
- Long-term care insurance premiums
- Losses of non-unitary corporations
- Net federal capital loss deduction
- Oregon excise tax and other state taxes on or measured by net income
- Other additions
- Percentage depletion in excess of cost
- QPAI deduction
- Safe harbor lease agreements
- State, municipal, and other interest income
- Trust for cultural development account contributions
- University venture fund contributions
- Unused business credits

Oregon Form 20-S Additions

Enter only additions that apply to taxable income included in line 1. ORS 317.259 through 317.488

Additions for S corporations with federal taxable income or LIFO benefit recapture only (S corporations without federal taxable income, start on line 7).

Examples of additions that apply to S corporation income are:

- Claim of right income repayment adjustment when credit is claimed
- Gain or loss on the disposition of depreciable property
- Oregon excise tax and other state taxes on or measured by net income
- QPAI deduction
- State, municipal, and other interest income

Oregon Form 20-INS Additions

- Decreases in certain reserves
- Federal income taxes
- Penalty interest on prepayment of loans
- Realized gains and losses
- State income taxes (all jurisdictions)