Oregon Corporation Tax Subtractions 2008

Oregon Corporation Tax Subtractions for 2008

Oregon Form 20 Subtractions

Oregon Form 20-I Subtractions

Oregon Form 20-S Subtractions

Oregon Form 20-INS Subtractions

Oregon Corporation Tax Subtractions for 2008

- **Amortization of past service credits.** Subtract the amortized portion of contribution for past service credits made to qualified plans and exempt employee trusts. The subtraction is for amounts not deducted in the computation of net gain from operations in the annual statement. There is no explicit item in the annual statement.
    - P&C and life companies: See note(s) in the NAIC annual statement about retirement plans.
- **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 from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the subtraction if loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Depreciation.** Subtract, if you choose for Oregon excise tax purposes, additional or accelerated depreciation on real and personal property that is in excess of the depreciation used in computing net gain from operations. You may elect to use any accelerated depreciation method allowable for federal corporation income tax purposes.
- **Depreciation differences (form).** If Oregon basis is higher than federal basis for an asset due to claiming a federal tax credit, subtract the excess of Oregon depreciation over federal depreciation. OAR 150-317.368(1)
- **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 the worksheet to compute the Oregon deduction. ORS 317.267
- **Dividends from debt financed stock** to the extent deductible for federal tax purposes (see IRC 246A). ORS 317.267(2)
- **Dividends from foreign sales corporations and domestic international sales corporations,** the net income of which was included on line 4. ORS 317.283, 317.286
- **Dividends from other corporations in this consolidated Oregon return.** Subtract 100 percent from federal taxable income. ORS 317.267(1)
- **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 refigure 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 the Oregon basis is greater than it is for federal purposes. ORS 317.356
- **Income of non-unitary corporations.** Net income of non-unitary 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. Attach a schedule showing computation of the net income eliminated. ORS 317.715(2)

- **Increases in certain reserves (Form 20-INS only).** Subtract increases in reserves described in the instructions for additions.
- **Interest on certain installment sales.** Interest you owe on deferred tax liabilities with respect to installment obligations under ORS 314.302. Attach a schedule showing how you figured the interest.
- **Interest on obligations** of the United States and its instrumentalities included in Form 20-I, line 1. **This applies to income tax filers only.**
- **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 Section 78 dividends (gross-up dividends)** must be subtracted in full from federal taxable income. ORS 317.273
- **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
- **Losses from outside the United States.** Losses 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
- **Net long-term capital gain from farm property.** Subtract the amount of adjustment for tax on net long-term capital gain from farm property (ORS 317.063) from line 9 of Worksheet FCG-20, Farm Liquidation Long-Term Capital Gain Tax Adjustment.
- **Oregon bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is 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).
- **Oregon depletion in excess of federal allowance** (ORS 317.374).
- **Oregon Investment Advantage** (ORS 317.391). To qualify, facilities must be certified by the Oregon Economic and Community Development Department (OECDD). For more information about the program or to get an application, visit OECDD.

  How is the subtraction computed? Multiply the Oregon taxable income figure (Form 20, line 15) 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 are doing business both inside and outside of Oregon and completing Schedule AP, Apportionment of Income for Corporations and Partnerships, must claim the subtraction on Schedule AP-2, line 10b.
- **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).
- **State of Oregon interest income included on line 2 (Form 20-I only).** Interest income from obligations of the state of Oregon is not taxable if the obligation was issued after May 24, 1961.
- **Temporary dividends-received deduction.** Dividends from controlled foreign corporations are deductible to the extent deductible for federal tax purposes per IRC 965.
- **The difference in gain or loss on sale of assets** when the Oregon basis is greater than it is for federal purposes. ORS 317.356

- **Work opportunity credit wages not deducted on the federal return.** Enter the amount of wages that were not deducted on the federal return because the work opportunity credit was claimed. ORS 317.303

Worksheet for computing dividend deduction

1.	Dividends included in federal taxable income prior to "special deductions"	1._____
2.	Subtract:	
a.	Dividends described in IRC 243(d)(1) that are actually interest on deposits	2a._____
b.	Dividends described in IRC 245(c) and 246(d) (from FSCs and DISCs)	2b._____
c.	Dividends from debt financed stock	2c._____
d.	Dividends from corporations included in consolidated Oregon return	2d._____
e.	IRC Section 78 Gross-Up	2e._____
f.	Dividends not treated as dividend under IRC 243(d) or 965(c)(3)	2f._____
g.	Dividends described in IRC 246(a) or (c) that do not receive a deduction	2g._____
3.	Total (add lines 2a through 2g)	3._____
4.	Balance subject to 70% (or 80%) deduction (line 1 minus line 3)	4._____
5.	Percentage deduction	5._____
6.	Allowable deduction (line 5 × line 4)	6._____

Oregon Form 20 Subtractions

Enter the amount in which any item of gross income is less under Oregon law than federal law, or the amount in which any allowable deduction is greater under Oregon law than federal law. ORS 317-151 through 317-488, 317-625

- Charitable contribution
- Deferred gain from out-of-state disposition of property
- Depreciation differences
- Dividend deduction
- Dividends from debt financed stock
- Dividends from foreign sales corporations and domestic international sales corporations
- Dividends from other corporations in this consolidated Oregon return
- Federal credits
- Federal investment tax credit on certain assets
- Film production labor rebate
- Gain or loss on the sale of depreciable property
- Income of non-unitary corporations
- Inventory costs
- IRC Section 78 dividends (gross-up dividends)
- Land donation or bargain sale of land
- Losses from outside the United States
- Manufactured dwelling park tenant payments
- Oregon bad debt reserve addition of a financial institution
- Oregon depletion in excess of federal allowance

- Oregon Investment Advantage
- Sale of manufactured dwelling park
- Work opportunity credit wages

Oregon Form 20-I Subtractions

Enter the amount in which any item of gross income is less under Oregon law than federal law, or the amount in which any allowable deduction is greater under Oregon law than federal law. ORS 317-151 through 317-488, 317-625

- Charitable contribution
- Deferred gain from out-of-state disposition of property
- Depreciation differences
- Dividend deduction
- Dividends from debt financed stock
- Dividends from foreign sales corporations and domestic international sales corporations
- Dividends from other corporations in this consolidated Oregon return
- Federal credits
- Federal investment tax credit on certain assets
- Film production labor rebate
- Gain or loss on the sale of depreciable property
- Income of non-unitary corporations
- Interest on U.S. obligations and instrumentalities (line 9)
- Inventory costs
- IRC Section 78 dividend (gross-up dividends)
- Land donation or bargain sale of land
- Losses from outside the United States
- Manufactured dwelling park tenant payments
- Oregon bad debt reserve addition of a financial institution
- Oregon depletion in excess of federal allowance
- Sale of manufactured dwelling park
- State of Oregon interest income included
- Work opportunity credit wages

Oregon Form 20-S Subtractions

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

- Film production labor rebate
- Interest on obligations
- Manufactured dwelling park tenant payments
- Sale of manufactured dwelling park
- Temporary dividends-received deduction
- The difference in gain or loss on sale of assets

Oregon Form 20-INS Subtractions

- Amortization of past service credits
- Depreciation
- Increases in certain reserves