NEW information has been added from 2017 Federal Tax Reform and Oregon Legislation

Oregon 2017 Corporation Income Tax Form OR-20-INC Instructions

Table of contents

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 Electronic Filing Program. If you're mandated to e-file your federal return, you're required to e-file your Oregon return.

With approved third-party software, you can e-file your return 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 FAQs.

OREGON DEPARTMENT OF REVENUE

Late changes to 2017 Instructions for Forms OR-20 and OR-20-INC

Note: The changes described below have also modified the instructions throughout this publication.

Federal Tax Reform (Public Law 115-97) and SB 1529 (2018)

As a result of the passage of Public Law 115-97, enacted on December 22, 2017, IRC 965 is amended to require that taxpayers include the accumulated post-1986 deferred foreign income of foreign corporations in their federal taxable income for 2017 (deemed repatriation).

In response, the Oregon Legislature passed SB 1529 (2018). In relevant part, this legislation:

A. Repeals the Oregon listed jurisdiction provisions at ORS 317.716 for tax years beginning on or after January 1, 2017.
B. Requires an Oregon addition related to the IRC 965 inclusion for tax year 2017.
C. Allows an Oregon subtraction related to the IRC 965 inclusion for tax year 2017.
D. Creates a credit related to the IRC 965 inclusion for tax year 2017.

A. Repeal of listed jurisdiction provisions

SB 1529 repeals ORS 317.716 for tax years beginning on or after January 1, 2017. Accordingly, don't include the addition or subtraction required by ORS 317.716 on your tax year 2017 Oregon tax return. Taxpayers who paid Oregon tax because of the addition required by ORS 317.716 in tax years 2014, 2015, and/or 2016 may qualify for a tax credit. See more information below under Repatriation credit (due to IRC 965).

B. Repatriation addition (due to IRC 965)—addition code 184

SB 1529 requires that the gross amount of the IRC 965 inclusion be included in Oregon taxable income. Compute this addition by adding to federal taxable income the amount included on Line 1 of your IRC 965 Transition Tax Statement. Include this addition on Schedule OR-ASC-CORP, using code 184. Include a copy of your federal IRC 965 Transition Tax Statement with your Oregon return.

Special note: The IRS allows tax on the repatriated income to be paid over eight years; however, Oregon isn't tied to this extension of time for paying the tax. The Oregon tax on the repatriated income is due by the due date of your return, excluding extensions.

C. Repatriation subtraction (due to IRC 965)—subtraction code 377

SB 1529 allows an Oregon dividend received deduction against the Oregon repatriation addition. This subtraction is not computed using Form OR-DRD. Instead, if the repatriation is derived from a 20% owned corporation as described in ORS 317.267(2)(b), compute the subtraction by multiplying the repatriation addition by 80%. Otherwise, compute the subtraction by multiplying the amount of the repatriation addition by 70%. Include this subtraction on Schedule OR-ASC-CORP using code 377.

D. Repatriation credit (due to IRC 965)—credit code 870

SB 1529 creates a tax year 2017 tax credit equal to the lesser of two amounts:

- The Oregon tax attributable to the IRC 965 inclusion for tax year 2017.
- The total Oregon tax attributable and imposed on the ORS 317.716 listed jurisdiction additions as filed or as adjusted for tax years 2014, 2015, and 2016.

The amount of the Oregon credit is computed using Oregon Form OR-REPAT-CR, *Repatriation Credit,* (Due to IRC 965). OR-REPAT-CR must be included with your return to claim the credit. Claim this credit on Schedule OR-ASC-CORP, using code 870. Visit www.oregon.gov/dor for more information.

Special note: We encourage taxpayers impacted by SB 1529 to file on extension. However, remember that an extension of time to file isn't an extension of time to pay tax due.

Interstate Broadcasters and SB 1523 (2018)

SB 1523 extended the commercial domicile apportionment method for two years. For tax years beginning before January 1, 2019, 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. See ORS 314.680 to 314.690 and SB 1523 (2018) for more information. Also see Interstate broadcaster filing information in Form OR-20 instructions.

Important reminders

Revenue Online. Revenue Online provides convenient, secure access to tools for managing your Oregon tax account—completely free. With Revenue Online, you may:

- View your tax account.
- Make payments.
- View correspondence we sent you.
- Check the status of your refund.

For more information and instructions on setting up your Revenue Online account, visit our main website, www.oregon.gov/dor.

Oregon tax credits. Some credits allow a carryforward of any unused amount. When you prepare your 2017 return, refer to your 2016 Schedule OR-ASC-CORP to see if you have any unused credit to carry forward.

What's new?

Note: Not all information in What's new and Looking ahead sections pertain to all taxpayers or form types.

General

Tie to federal tax law

In general, Oregon tax law is based on federal tax law. Oregon is tied to the federal definition of taxable income as of December 31, 2016; however, Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans (IRC §139A; ORS 317.401).
- **Domestic production activities income** (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).

Bankrupt taxpayer's tax attributes

A taxpayer who realized discharge of indebtedness income as a result of a corporate bankruptcy must reduce their Oregon tax attributes pursuant to the version of 11 USC 346(j) as amended and in effect on December 31, 2016 if the bankruptcy petition was filed on or after October 17, 2005. See ORS 314.306 and SB 29 (2017) for more details.

E-filers

Beginning January 1, 2017, a paper return filed by a corporation required to electronically file its Oregon corporation tax return may be rejected, unless a waiver request has been approved by us prior to the filing of the paper return.

Insurers

The 2017 Oregon Legislature passed SB 153 which contains a number of provisions that change or clarify Oregon law related to the taxation of insurers with a separate return filing requirement, and their noninsurance affiliates, under ORS 317.710(5) and (7). The provisions apply to returns subject to audit or adjustment by the Department of Revenue, returns subject to appeal, and refund claims made on or after October 6, 2017.

In summary, SB 153 (2017) provides the following:

1. Insurers with a separate return filing requirement under ORS 317.710(5) and (7) may not be included in an Oregon consolidated return and shall determine its Oregon corporate excise tax on a separate basis,
2. The remaining affiliates in the Oregon consolidated return shall compute their modified federal consolidated taxable income after exclusion of the insurer with the separate return filing requirement, and
3. The remaining affiliates in the Oregon consolidated return shall receive a dividends-received deduction of 100 percent if the dividend is paid by an insurer that would have been included in the Oregon consolidated return of the remaining affiliates but for the operation of ORS 317.710(5) and (7).

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

We have a new form for filing a protective claim for refund. Use Oregon Form OR-PCR, *Protective Claim for Refund*, 150-101-184, when your claim to a refund is contingent on a pending court decision or legislative action. 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.

Credits

Rural technology workforce development tax credit

The rural technology workforce development tax credit 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 rural technology workforce development tax credit applies to tax years beginning on or after January 1, 2017. See Sections 18–20 of HB 2066 (2017).

Extended credits

- 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).

Looking ahead

General

Apportionable income

For tax years beginning on or after January 1, 2018, the current term "business income" becomes "apportionable income" and "nonbusiness income" becomes "nonapportionable income." See HB 2275 (2017).

Market-based sourcing

For tax years beginning on or after January 1, 2018, Oregon corporate excise taxpayers must apportion their income from sales of services and intangible property according to market-based sourcing principles rather than cost of performance. See SB 28 (2017).

Sales factor computation

For tax years beginning on or after January 1, 2018, Oregon corporate excise taxpayers must exclude functional type income from the computation of their Oregon sales factor. Also, amounts held in trust or amounts received by an agent or fiduciary are excluded from the computation of the Oregon sales factor. See HB 2273 (2017).

Unitary determination

For tax years beginning on or after January 1, 2018, any facts related to any affiliated corporation may be used to determine whether a domestic US corporation is part of a unitary consolidated group. Currently, Oregon law prevents any facts related to foreign corporations from being used to determine if a domestic US corporation is part of a unitary consolidated group unless tax avoidance or evasion is at issue. See SB 30 (2017).

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).
- Fire insurance gross premiums tax (ORS 317.122).
- 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).
- 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.

Estimated tax payments

Requirements

Oregon estimated tax payment requirements aren't the same as federal estimated tax payment requirements. You must make estimated tax payments if you expect to owe tax of $500 or more.

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'd be disadvantaged by the requirement (ORS 314.518 and supporting 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 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, *Oregon Corporation Tax Payment Voucher.*

Mail. If paying by mail, send each payment with a Form OR-20-V, payment voucher, to: Oregon Department of Revenue, PO Box 14780, Salem, Oregon 97309-0469.

Include on your check:

- FEIN.
- Tax year.
- Daytime phone.

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. 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 supporting rules).

Example: During the year, Corporation A's expected net tax increased from $2,000 to $6,000. Corporation A made timely first and second quarter estimated payments of $500 before its expected net tax increased. Corporation A should make four payments of $1,500 each during the year. Because of its increased net tax, Corporation A will be subject to UND charges for the first and second quarters. To avoid UND charges for the third and fourth quarters, Corporation A must make timely payments of $3,500* for the third quarter and $1,500 for the fourth quarter.

*$1,000 for the first-quarter underpayment, plus $1,000 for the second-quarter underpayment, plus $1,500 for the required third-quarter installment equals $3,500 (ORS 314.525 and supporting administrative rules).

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 or ORS 314.665(2)(b)(A) provides exceptions to the Oregon filing requirement for certain corporations doing business in Oregon.

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.

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 excise or 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 or ORS 314.665(2)(b)(A), 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 generally must file Form OR-20-INC. There is no minimum tax for Form OR-20-INC filers. 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 required to file a corporation tax return.

Filing requirements

Consolidated federal 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. An Oregon return, based on the federal consolidated return, is required when two or more affiliated corporations are:

- Included in a consolidated federal return;
- Unitary; and
- At least one of the affiliated corporations must be 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.

Unitary insurance affiliates. If a unitary insurance affiliate has a separate return filing requirement, they're excluded from the Oregon return of the consolidated group. The insurance affiliate is treated as if it's a nonunitary affiliate of the consolidated group by subtracting income or adding losses to federal taxable income. The other members of the insurer's federal consolidated group receive a 100 percent dividend-received deduction for any dividend received from the insurer. See Additions and Subtractions below.

Separate federal 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 your Oregon taxable income, take the 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 2018, we'll accept e-filed returns for tax year 2017, and will continue accepting returns for 2016 and 2015.

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

Note: Beginning January 1, 2017, a paper return filed by a corporation required to electronically file its Oregon corporation tax return may be rejected, unless a waiver request has been approved by the department prior to the filing of the paper 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.

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 original or amended Oregon return within **90 days**. 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-INC, check the **"Amended"** box on Form OR-20-INC.

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-INC, enter the net income tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

If paying additional tax with your amended return, you must include interest with your payment. Interest is figured from the day after the due date of your original return up to the day we receive your full payment. See "Interest rates."

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

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

Protective claims

Don't file an amended return as a protective claim. Use Oregon Form OR-PCR, *Protective Claim for Refund,* 150-101-184, when your claim to a refund is contingent on a pending court decision or legislative action. 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.

Special filing requirements

See *Oregon 2017 Corporation Excise Tax Form OR-20 Instructions*, for filing information for the following entity types:

- Agricultural or horticultural cooperatives.
- Exempt organizations.
- Homeowners associations.
- IC-DISCs.
- Interstate broadcasters.

(These entities don't file Form OR-20-INC.)

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 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, *Oregon 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 corporation's apportionment percentage calculation on Schedule OR-AP, (ORS 314.650 and supporting 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 a 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 [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 a Form OR-20 if doing business in Oregon, or Form OR-20-INC if not doing business in Oregon, but 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. 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. Report 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.
- **Extensions.** See the instructions for the extension checkbox below. Include your extension as the final page of your return when you file.
- **Payments.**
  - **Estimated payments and prepayments**. Identify all estimated payments claimed by completing Schedule ES on page 3 of 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 2017.
—Daytime phone.

  - **To speed processing:**

—Use Form OR-20-V payment voucher.
—Don't staple payment to the return or to the voucher.
—Don't send cash or postdated checks.
—Don't use red or purple or any gel ink.

  - **Sending check or money order payments separate from your return.** Follow the instructions above except don't include with your return. Mail separate payments with Form OR-20-V to: Oregon Department of Revenue, PO Box 14790, Salem, Oregon 97309-0470. Don't use this address for filing your return.
- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:

Federal Form 5471 Checkbox. Check this box if your corporation files a federal Form 5471 for an affiliate that is incorporated in a listed foreign jurisdiction found in ORS 317.716 (rev. 2015): Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, Bonaire, the British Virgin Islands, the Cayman Islands, the Cook Islands, Curacao, Cyprus, Dominica, Gibraltar, Grenada, Guatemala, Guernsey-Sark-Alderney, the Isle of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta, the Marshall Islands, Mauritius, Montserrat, Nauru, Niue, Saba, Samoa, San Marino, Seychelles, Sint Eustatius, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, the Turks and Caicos Islands, the U.S. Virgin Islands and Vanuatu. **If a federal form 5471 isn't filed for an affiliate incorporated in one of these jurisdictions, don't check the box.**

1. Form OR-20-INC, *Oregon Corporation Income 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. Other Oregon statements;
9. Oregon credit forms including notice of credit transfers;
10. Copy of federal tax return and schedules;
11. 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

- **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 supporting rules regarding apportionment of deferred gain.

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

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

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

  If you're making an extension payment by mail, send the payment to: Oregon Department of Revenue, PO Box 14780, Salem, OR 97309-0469.

  Include on your check:

  - FEIN.
  - Tax year.
  - Daytime phone.

- **Form OR-37 checkbox.** If you have an underpayment of estimated tax, you must include a completed Form OR-37. Check the "Form 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.
- **Federal Form 5471 checkbox.** If your corporation files a federal Form 5471 for an affiliate incorporated in any of the listed foreign jurisdictions in Appendix C, check this box.

- **Alternative apportionment checkbox.** See Appendix C 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 that the member has the largest Oregon property value as determined under ORS 314.655 (see Schedule OR-AP).

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

Questions

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

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

Question E(1). If you checked the box, attach 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. 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 federal Form 1120, *Schedule K.*

Question K. 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 supporting rules). Check the box if making this election.

Question L. Apportioned returns. Enter the amount of Oregon sales from Schedule OR-AP, line 21(a).

Nonapportioned returns. Enter the amount of sales as defined by ORS 314.665.

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, Section A, to report the amount and description of each difference. Use the description code from the list in Appendix A. The total of all additions is entered on Form OR-20-INC, 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 federal taxable 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 your Oregon return if the Oregon credit's 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).** Federal deduction for depletion in excess of Oregon allowance for 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 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).
- **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).
- **Individual Development Account credit.** Donations deducted on the federal return must be added back to federal taxable income if the credit's 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 addition on Schedule OR-ASC-CORP, Section A, (ORS 314.295 and supporting 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's no taxable event until actual sale (ORS 317.362).
- **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 your computation of the net loss eliminated [ORS 317.715(2)].
- **Losses of unitary insurance affiliates.** If a unitary insurance affiliate has a separate return filing requirement, they're excluded from the Oregon return of the consolidated group. The insurance affiliate is treated as if it's a nonunitary affiliate of its consolidated group and the loss (if any) is an addition [SB 153 (2017)].
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to federal taxable 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 supporting rules).
- **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 some 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 activities credit.** After you've calculated the credit, you must add the amount back to your federal taxable taxable income on your Oregon return (ORS 317.152).
- **REITs and RICs.** An 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 of the consolidated Oregon return (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).
- **Repatriation addition (due to IRC 965).** SB 1529 requires that the gross amount of the IRC 965 inclusion be included in Oregon taxable income. Compute this addition by adding to federal taxable income the amount included on Line 1 of your IRC 965 Transition Tax Statement. Include a copy of your federal IRC 965 Transition Tax Statement with your Oregon return.
- **Safe harbor lease agreements.** Oregon doesn't tie to the federal safe harbor lease provisions. See ORS 317.349 and supporting 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 federal taxable 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, Section B, to report the amount and description of each difference. Use the description code from the list in Appendix A. The total of all subtractions is entered on Form OR-20-INC, 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 [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 allowance for depletion in excess of federal deduction for 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.
- **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 it with your return (ORS 317.267).
- **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 that was included in federal 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 less 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)].

- **Income of unitary insurance affiliates.** If a unitary insurance affiliate has a separate return filing requirement, they're excluded from the Oregon return of the consolidated group. The insurance affiliate is treated as if it's a nonunitary affiliate of its consolidated group and any income is subtracted [SB 153 (2017)].
- **Interest on obligations of the United States and its instrumentalities** included in Form OR-20-INC, line 1. **This applies to income tax filers only.** Reduce the subtraction by any expenses incurred to produce this interest income.
- **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).
- **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 IRC §280E if the taxpayer is engaged in marijuana-related activities authorized by ORS 475B.010 to 475B.395.
- **REITs and RICs.** An 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 of the consolidated Oregon return (ORS 317.010 and corresponding administrative rules).
- **Repatriation subtraction (due to IRC 965).** SB 1529 allows an Oregon dividend received deduction against the Oregon repatriation addition. If the repatriation is derived from a 20% owned corporation as described in ORS 317.267(2)(b), compute the subtraction by multiplying the repatriation addition by 80%. Otherwise, compute the subtraction by multiplying the amount of the repatriation addition by 70%.
- **Sale of manufactured dwelling park.** The net 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 OR-20-INC only).** Interest income from obligations of the state of Oregon isn't taxable if the obligation was issued after May 24, 1961. Reduce the subtraction by any expenses incurred to produce this interest income.
- **Work opportunity credit wages not deducted on the federal return.** Subtract the amount of wages that weren't deducted on the federal return because the work opportunity credit was claimed (ORS 317.303).

Net loss and net capital loss deductions are entered on Schedule OR-AP for Form OR-20-INC filers.

Net loss deduction

- 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 Schedule OR-AP-2, **line 10a** for net losses assigned to Oregon during the preceding taxable years (and not previously deducted). Enter as a positive number.
- 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 OAR 150-317-0460.
- REITs, if qualified under IRC §856, aren't allowed a net loss deduction [ORS 317.476(5)].
- **Attach a schedule** showing your computations.

Net capital loss deduction

- Enter the deduction on Schedule OR-AP-2, **line 10b.** Enter as a positive number.
- 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. Capital losses must be carried back three tax years and then may be carried forward for up to five tax years.
- **Include a schedule** showing your computations including the tax year the net capital loss originated (ORS 317.476 and supporting rules).

Line 6. Apportionment percentage. Enter the apportionment percentage from Schedule OR-AP-1, line 22.

Tax

Line 8. Calculated income tax. See Appendix B for computation.

Line 9. 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 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.

Line 10. Tax before credits (line 8 plus line 9).

Credits

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

Important:

- All credits are claimed on Schedule OR-ASC-CORP.
- Use the 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).

New credit for 2017 only: Repatriation credit (due to IRC 965).

SB 1529 creates a tax year 2017 tax credit equal to the lesser of two amounts:

- The Oregon tax attributable to the IRC 965 inclusion for tax year 2017.
- The total Oregon tax attributable and imposed on the ORS 317.716 listed jurisdiction additions as filed or as adjusted for tax years 2014, 2015, and 2016.

The amount of the Oregon credit is computed using Oregon Form OR-REPAT-CR, *Repatriation Credit,* (Due to IRC 965). OR-REPAT-CR must be included with your return to claim the credit. Claim this credit on Schedule ORASC-CORP, using code 870. Visit www.oregon.gov/dor for more information and availability updates.

**We encourage taxpayers impacted by SB 1529 to file on extension. However, remember that an extension of time to file isn't an extension of time to pay tax due.

Line 11. Total standard credits. Enter the total from Schedule OR-ASC-CORP, Section C.

Line 12. Tax minus standard credits.

Line 13. Total carryforward credits. Enter the total from Schedule OR-ASC-CORP, Section D.

Line 14. Income tax after standard and carryforward credits (line 12 minus line 13). Enter -0- if line 13 is greater than line 12.

Line 15. 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-INC, line 15 as a subtraction from the tax after standard and carryforward 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 (ORS 314.750).

Net income tax

Line 16. Net income tax (line 14 minus line 15). Income filers don't pay a minimum tax.

Payments, penalty, interest, and UND

Line 17. Estimated tax payments, other prepayments, and refundable credits (from Schedule ES on page 3).

- Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form OR-20-V on lines 1–4.
- List name and FEIN of the payer only if different from the corporation filing this return.

Note: Consolidated return filers. If estimated payments were made under a different name, fill in the paying corporation's name and FEIN on Schedule ES for correct application of estimated payments.

- Include any refunds applied from other years on line 5.
- Enter payments made with your extension or other prepayments on line 6.
- Fill in on line 7 the refundable credits from Schedule OR-ASC-CORP, Section E.
- Carry the total from line 8 to Form OR-20-INC, line 17.

Line 18. Withholding payments. If taxes were paid on the corporation's behalf, enter the amount on line 18.

There's 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 meets one of the requirements in ORS 314.258(3)(d) through (f).

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

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

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

Line 21. Penalty. To avoid penalty and interest, you must make any tax payment owed by the **original** due date of the tax return. You must also e-file or 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 22. Interest. You must pay interest on unpaid taxes if:

- You don't pay the tax balance by the original filing due date;
- You file an amended return and have tax to pay; or
- Your taxable income is changed because of a federal or state audit and you owe more tax.

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 computed daily.

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

To calculate interest:

Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annually	Daily
January 1, 2018	5%	0.0137%
January 1, 2017	5%	0.0137%
January 1, 2016	4%	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 23. Interest on underpayment of estimated tax (UND). You must make quarterly estimated tax payments if you expect to owe $500 or more in 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 of estimated tax, include Form OR-37 with your tax return, check the box on page 1 of your Form OR-20-INC, and file them before the due date of the return.

If your current year corporation tax liability is less than $500, you aren't required to make estimated payments. Don't complete this form. However, this provision doesn't apply to a high-income taxpayer. A **"high-income taxpayer"** is one that had federal taxable income before net operating loss and capital loss carryovers and carrybacks of $1 million or more in any one of the last three years, not including the current year.

Total due or refund

Line 25. 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 20, and your overpayment is less than total penalty and interest, then fill in the result of line 24 minus line 20, on line 25.

Line 27. Amount of refund to be credited to estimated tax. You may elect to apply part or all of your refund to your next year's estimated tax payments. Fill in the amount you want to apply. **Your election is irrevocable.**

Elected amounts that are attributable to estimated tax payments received prior to the following year's first quarter estimated tax due date, will be applied as a timely first quarter installment of the following year. Elected amounts attributable to payments received after the following year's first quarter estimated tax due date, will be applied to the following year's estimated tax account as of the date the payment is received. See ORS 314.515 and OAR 150-314-0302.

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.

List on Schedule OR-AF **only** those affiliates doing business in Oregon, or with Oregon-source income, that are included in the Oregon consolidated return. Don't include the filing corporation on the Schedule OR-AF.

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 only if this occurred during the tax year being reported.
- Date the affiliate left the unitary group only if this occurred during the tax year being reported.

Include as many schedules as necessary to list all the appropriate affiliates.

Appendix A
Corporation Form OR-20-INC
2017 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 from the federal return (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
Losses of nonunitary corporations	164
Losses of unitary insurance affiliates	183
Net federal capital loss deduction	165
Oregon excise tax and other tax	151
Oregon production investment fund	157
QPAI deductions	102
Qualified research activities credit	167
REITs and RICs	168
Renewable energy development contributions (auction)	175
Repatriation addition (due to IRC 965)	184
Safe harbor lease agreements	169
Uncategorized addition (must include explanation)	199
University venture development fund contributions	171
Unused business credits	122

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
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
Income of unitary insurance affiliates	376
Interest on obligations of the US and its instrumentalities	361
Inventory costs	357
Land donation or bargain sale of land to educational institutions	350
Losses from outside U.S.	358
Manufactured dwelling park tenant payments	344
Marijuana business expenses	375
REITs and RICs	360
Repatriation subtraction (due to IRC 965)	377
Sale of manufactured dwelling park	338
State of Oregon interest income included in additions	364
Uncategorized subtraction (must attach explanation)	399
Work opportunity credit wages not deducted on the federal return	372

Standard credits

Description	Code
Oregon Cultural Trust contribution (ORS 315.675)	807
Reservation enterprise zone (ORS 285CC.309)	810
Uncategorized credit (must include explanation)	899

Carryforward credits

Description	Code
Alternative fuel vehicle fund (auction) (ORS 315.164)	865
Alternative qualified research activities (ORS 317.154)	837
Biomass production/collection (ORS 315.141)	838
Business energy (carryforward only) (ORS 315.354)	839
Child Care Fund contributions (ORS 315.213)	841
Contributions of computers or scientific equipment (carryforward only) (ORS 317.151)	842
Crop donation (ORS 315.156)	843
Electronic commerce zone investment (ORS 315.507)	845
Employer-provided dependent care assistance (carryforward only) (ORS 315.204)	846
Employer scholarship (ORS 315.237)	847
Energy conservation projects (ORS 315.331)	849
Individual Development Account (IDA) donation (ORS 315.271)	852
Lender's credit: energy conservation (carryforward only) (ORS 317.112)	848
Long term enterprise zone facilities (ORS 317.124)	853
Oregon affordable housing lender's credit (ORS 317.097)	854

Description	Code
Oregon Low Income Community Jobs Initiative (carryforward only) (ORS 315.533)	855
Oregon production investment fund (auction) (ORS 315.514)	856
Pollution control facilities (ORS 315.304)	857
Qualified research activities (ORS 317.152)	858
Reforestation of underproductive forestlands (carryforward only) (ORS 315.104)	867
Renewable energy development contributions (ORS 315.326)	859
Renewable energy resource equipment manufacturing facility (carryforward only) (ORS 315.341)	860
Repatriation credit (due to IRC 965)	870
Rural technology workforce development	868
Transportation projects (carryforward only) (ORS 315.336)	863
Uncategorized carryforward credit (must include explanation)	999
University venture fund (ORS 315.521)	864
Weatherization lender's credit (carryforward only) (ORS 317.111)	866

Refundable credits

Description	Code
Claim of right (ORS 315.068)	890

Appendix B
Oregon Corporation Form OR-20-INC
2017 Tax rates

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.

Note: Income tax filers pay only calculated tax. They aren't subject to minimum tax.

Appendix C
Oregon Corporation Form OR-20-INC
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'll 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.

Allow at least 6 months for the department to make a determination.

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

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's no Alternative Apportionment checkbox on the return. Taxpayers must clearly identify they're 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 the extent of the taxpayer's business activity in Oregon and why standard apportionment doesn't fairly and equitably represent 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 doesn't fairly and equitably represent the amount of net income the taxpayer earns inside and outside Oregon. An insurer must explain why standard apportionment doesn't fairly and equitably represent the insurer's business activity within Oregon.
- The taxpayer's petition must fully explain their proposed method of alternative apportionment 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.

- 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.)