

# Oregon 2017 Corporation Excise Tax Form OR-20 Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR).

## Important

If your registered corporation or insurance company isn't doing business in Oregon and has no Oregon-source income, then you don't need to file a corporation tax return.

## Go electronic!

Fast • Accurate • Secure

File corporate tax returns through the Federal/State 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".

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## 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](http://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 on page 8 below.

## 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](http://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 rural technology workforce development program must be operated in a qualifying county. The term qualifying county is defined in statute. The employee training 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.

### Credits can't offset minimum excise tax

For tax years beginning on or after January 1, 2015, credits can't be used to reduce minimum excise tax for corporations (ORS 317.090).

## 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. This includes Oregon's minimum tax.

If you don't make estimated payments as required, you may be subject to interest on underpayment of estimated tax (UND). If you have an underpayment of estimated tax, refer to Form OR-37.

### Payment due dates

Estimated tax payments are due quarterly, as follows:

- **Calendar year filers:** April 15, June 15, September 15, and December 15.
- **Fiscal year filers:** The 15th day of the 4th, 6th, 9th, and 12th months of your fiscal year.
- If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

### Payment options

**Important:** For details about making payments **with your return**, see "Filing checklist."

Estimated payments may be made by electronic funds transfer (EFT), online, or by mail.

**EFT.** You **must** make your Oregon estimated payments by EFT if you're required to make your federal estimated payments by EFT. We may grant a waiver from EFT payments if you'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](http://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](http://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. Tax credits can't be used to reduce minimum tax. 3. \_\_\_\_\_
4. Net tax (line 2 minus line 3). 4. \_\_\_\_\_  
If the amount on line 4 is less than \$500, **stop**. You don't have to make estimated tax payments.  
**Caution: If your final tax liability when you file your return is \$500 or more, you may be subject to UND.**
5. Amount of each payment. 5. \_\_\_\_\_  
(Divide line 4 by the number of payments you need to make. This is usually 4.)

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).

## 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 and 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 and 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](http://sos.oregon.gov).

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

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.
- Employees or representatives providing services to customers as the primary business activity (such as accounting or personal services), or services incidental to the sale of tangible or intangible personal property (such as installation, inspection, maintenance, warranty, or repair of a product).
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.

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

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

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

## Filing requirements

**Consolidated 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 non-unitary 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 Oregon taxable income, begin with taxable income from the consolidated federal return and use Oregon additions or subtractions to show removal of the nonunitary affiliates.

## E-file

If you're required to e-file with the IRS, you're also required to e-file for Oregon. We accept calendar year, fiscal year, short year, and amended electronic corporation tax returns utilizing the IRS Modernized e-file platform (MeF). Beginning January 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](http://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 amended Oregon return within **90 days** of when the original or amended federal or other state return is filed. Include a copy of your original or amended federal or other state return with your amended Oregon return and explain the adjustments made.

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

You may make payments online for your amended returns at [www.oregon.gov/dor](http://www.oregon.gov/dor).

Don't make payments for amended returns with electronic funds transfer (EFT). This also applies to e-filed amended returns. For paper returns, you may pay online or include a check or money order with your return. For e-filed returns, you may pay online or send a check or money order separately. If you mail your payment separate from your return, write "Amended" on the payment and include a completed Form OR-20-V with the "Amended" box checked.

Don't amend your Oregon return if you amend the federal return to carry a net operating loss back to prior years. Oregon allows corporations to **carry net operating losses forward only**.

On the **estimated tax payments** line on your amended Form OR-20, enter the net excise tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

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

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

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

## Protective claims

**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

### Agricultural or horticultural cooperatives

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

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

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

### Exempt organizations

If you're an exempt organization under IRC §§501(c) through (f), 501(j), 501(n), 521, or 529, you're exempt from Oregon corporation taxes [ORS 317.080 (1)–(8)]. Apply to the IRS for exempt status, don't apply to us. Two

exceptions are nonprofit homes for the elderly and people's utility districts established under ORS Chapter 261.

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

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

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

### Homeowners associations

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

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

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

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

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

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

- An IC-DISC formed on or before January 1, 2014 is exempt from minimum tax. Check the IC-DISC checkbox in the header.
- An IC-DISC formed after January 1, 2014 isn't exempt from minimum tax. However, it's disregarded to the extent it has transactions with related parties. Do **not** check the IC-DISC checkbox in the header.
- Commissions received by an IC-DISC formed on or before January 1, 2014, are taxed at 2.5 percent. Check the IC-DISC checkbox in the header.

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

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

### Form OR-20 line instructions for IC-DISCs formed on or before January 1, 2014

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

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

**Line 10.** Calculated excise tax. Multiply the amount from line 9 by 2.5 percent. Enter the result. Carry this amount to **line 14** – Tax, **line 16** – Tax before credits, **line 20** – Excise tax after credits, and **line 22** – Net excise tax.

### IC-DISC's formed after January 1, 2014

**Important:** Do **not** check the IC-DISC checkbox in the header.

For corporate excise tax purposes, Oregon doesn't recognize any transactions between the taxpayer and a related domestic international sales company.

### Interstate broadcasters

For tax years beginning on or after January 1, 2014 and 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.

If your corporation, or one or more of the affiliates filing as part of your consolidated return, is an interstate broadcaster, check the box for Question M on your Form OR-20.



Include a schedule with your tax year 2017 return that clearly shows the following for each interstate broadcaster affiliate:

- (1) Total gross receipts from broadcasting,
- (2) Broadcasting gross receipts sourced to Oregon using the commercial domicile method of apportionment, and
- (3) Broadcasting gross receipts sourced to Oregon as if the audience factor method had been used.

### Limited liability companies (LLCs)

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

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

An LLC taxed as a C corporation must file Form OR-20 if doing business in Oregon, or Form OR-20-INC if not doing business in Oregon but 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 political organizations and taxable income.

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

For more information, including how to file your return, go to [www.oregon.gov/dor/business](http://www.oregon.gov/dor/business).

### Publicly traded partnerships

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

The partners in a publicly traded partnership aren't subject to tax on their distributive shares of partnership income. A publicly traded partnership taxed as a corporation must file Form OR-20 if doing business in Oregon, or Form OR-20-INC if not doing business in Oregon but 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. When you file, include the extension as the final page of your return.
- **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](http://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 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:
    1. Form OR-20, *Oregon Corporation Excise Tax Return*;
    2. Schedule OR-AP, *Apportionment of Income for Corporations and Partnerships*;
    3. Schedule OR-AF, *Schedule of Affiliates*;
    4. Schedule OR-ASC-CORP, *Oregon Adjustments*;
    5. Form OR-37, *Underpayment of Corporation Estimated Tax*;
    6. Form OR-DRD, *Dividends-Received Deduction*;
    7. Form OR-24, *Like-Kind Exchanges/Involuntary Conversions*;
    8. Schedule OR-FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Adjustment*;
    9. Other Oregon statements;
    10. Oregon credit forms including notice of credit transfers;
    11. Copy of federal tax return and schedules; and
    12. Form 7004, Federal extension.

#### Tax-due returns, mail to:

Oregon Department of Revenue  
PO Box 14790  
Salem OR 97309-0470

#### Refunds or no tax-due returns, mail to:

Oregon Department of Revenue  
PO Box 14777  
Salem OR 97309-0960

## Form instructions

### Heading and checkboxes

- **OR-FCG-20 checkbox.** A reduced tax rate is available if you sold or exchanged capital assets used in farming. Complete Schedule OR-FCG-20 and check the box in the header of the form.
- **Extension checkbox.** For an Oregon extension when you're also filing for a federal extension: Send the federal extension with the Oregon return when you file. Check the "Extension" checkbox on your Oregon return and include the extension after all other enclosures. The Oregon extension due date is the 15th day of the month following the federal extension's due date. Don't send the extension until you file your Oregon return.

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

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

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.
  - "Extension".
  - 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 OR-37" box in the header of your return.

Use Form OR-37 to:

- Calculate the amount of underpayment of estimated tax;
  - Compute the amount of interest you owe on the underpayment; or
  - Show you meet an exception to the payment of interest.
- **Federal Form 8886 checkbox, REIT/RIC checkbox, and reportable transactions.** If you participate in listed or reportable transactions, you must report it on your Oregon tax return.

**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.**

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

We'll assess penalties if you don't comply with this requirement.

- **Amended checkbox.** Check the "Amended" box if this is an amended return.
- **Form OR-24, Deferred gain checkbox.** Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC §1031 or §1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it's included in federal taxable income.

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

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

For a more detailed explanation, see ORS 314.650 and 314.665 and supporting rules regarding apportionment of deferred gain.

- **IC-DISC checkbox.** If your corporation qualifies for special treatment, check this box (ORS 317.283). See "Special filing requirements" for more information.
- **Ag co-op checkbox.** Check this box if your corporation qualifies as an agricultural or horticultural cooperative and you're determining Oregon sales for minimum tax purposes differently than the Oregon sales reported on Schedule OR-AP, part 1. See "Special filing requirements" for more information.
- **Federal Form 5471 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.
- **Accounting period change checkbox.** Check this box only if both of the following apply:
  - The excise tax return covers a period of less than 12 months; **and**
  - The short-period return is due to a qualified change in accounting period per IRC §§441 to 444.

**Note:** A short-period return doesn't automatically constitute a qualified change in accounting period. A taxpayer that isn't in existence for the entire year shouldn't

check this box. This includes subsidiaries that join or leave a consolidated filing group, and newly formed or dissolved corporations.

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

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

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

- **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 has changed, **don't** use the old address or our system will incorrectly change your information.

## Questions

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

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

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

**Question E(2).** If you checked the box, complete Schedule OR-AF, *Schedule of Affiliates*, to list only the corporations included in the consolidated Oregon return that:

- Are doing business in Oregon; or
- Have income from Oregon sources.

**Question E(3).** If you checked the box, include a list of corporations included in the consolidated federal return that aren't included in this Oregon return. List each corporation's name and FEIN. **Note:** Include a copy of your federal return and schedules as filed with the IRS.

**Question F.** 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 G.** Enter the total number of corporations doing business in Oregon that are included in this return.

**Question L. 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 M. Interstate broadcaster.** Check this box only if you or an affiliate included in this return meet the definition provided in ORS 314.680: a taxpayer that engages in the for-profit business of broadcasting to persons located both within and outside this state and that for the tax year is of a class or type of taxpayer that would properly be subject to apportionment under ORS 314.680 to 314.690.

**Question N. 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. Generally, C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross rent and lease payments received;
- Gross receipts from the performance of services;
- Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
- Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income. (This is a non-exclusive list.)

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes gross business income amounts from federal Form 1120, lines 1c and 5 through 10. Include positive numbers only.

## Line instructions

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

### Additions

**Line 2. Total additions.** The amount by which any item of gross income is greater under Oregon law than under federal law, or the amount by which any allowable deduction is less under Oregon law than under federal law, is an addition on your Oregon return.

Use Schedule OR-ASC-CORP, 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 are entered on Form OR-20, line 2.

Additions include:

- **Bad debt reserve addition of a financial institution to the extent that the federal amount exceeds the amount that's allowable for Oregon.** The bad debt method of financial institutions is tied to the federal method. For taxpayers required to use the specific write-off method, an addition must be made if the amortization of the federal reserve is less than the amortization of the Oregon reserve (ORS 317.310).
- **Capital construction fund.** Amounts deferred under Section 607 of the Merchant Marine Act of 1936 and IRC §7518 must be added back to 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 of related FSC or DISC.** Net income or loss must be included in the net income of the related U.S. affiliate if the related FSC or DISC doesn't qualify for ORS 317.283(2) treatment. (ORS 317.283 and 317.286).
  - **Income from sources outside the United States.** Add income from sources outside the United States, as defined in IRC §862, not included in federal taxable income under IRC §§861 to 864 (ORS 317.625).
  - **Individual Development Account credit.** Donations deducted on the federal return must be added back to federal taxable income if the credit is claimed [ORS 315.271(2)].
  - **Intercompany transactions involving intangible assets.** The user of the intangible asset must add the royalty or other expense for such use to federal taxable income as an addition on the Oregon tax return if:
    - An intangible asset is owned by one corporation or business (the owner), and used by another (the user) for a royalty or other fee;
    - Both the owner and the user are "owned by the same interests," as defined in Treas. Reg. §1.469-4T(j);
    - The owner and the user aren't included in the same Oregon tax return; and
    - The separation of ownership of the intangible asset from the user of the intangible asset results in either: evasion of tax or a computation of Oregon taxable income that isn't clearly reflective of Oregon business income.
- If the owner also files an Oregon return, the owner of the intangible asset must report the corresponding royalty or other income from such use from federal taxable income as an offset to Oregon taxable income. The offset should be shown as a negative 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 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 income on your Oregon return (ORS 317.152).

- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation 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 are entered on Form OR-20, line 4.

Subtractions include:

- **Bad debt reserve addition of a financial institution to the extent that the Oregon amount exceeds the amount that's allowed on the federal return.** A subtraction is also made if the amortization of the federal reserve is greater than the amortization of the Oregon reserve (ORS 317.310).
- **Cancellation of debt (COD) income IRC §108(i).** Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return, you may subtract for Oregon the amount that was previously included in Oregon income (ORS 317.301).
- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC §170(d)(2)(B) (ORS 317.307).
- **Deferred gain recognized from out-of-state disposition of property acquired in an IRC §1031 or 1033 exchange.** See ORS 317.327 regarding the computation of the subtraction if gain or loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Depletion.** Oregon 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).
- **Energy conservation payments.** Any amount received as a cash payment for energy conservation measures is exempt from Oregon excise tax (ORS 469.631 to 469.687). Subtract any amount that's included in federal taxable income (ORS 317.386).
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming a federal credit (ORS 317.303).
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must recalculate the gain or loss on disposal of those assets and subtract the difference (ORS 317.356).
- **Film production labor rebate.** Subtract the amount received as a labor rebate and 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 greater than your federal basis (ORS 317.356).
- **IC-DISC commission payments.** For tax years beginning on or after January 1, 2013, a deduction is allowed for commission payments made to an IC-DISC if the DISC was formed on or before January 1, 2014 (ORS 317.283).
- **Income of nonunitary corporations.** Net income of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net

income includes the separate taxable income, as determined under Treasury Regulations adopted for IRC §1502, and any deductions, additions, or items of income, expense, gain, or loss for which consolidated treatment is prescribed. Include a schedule showing computation of the net income eliminated [ORS 317.715(2)].

- **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)].
- **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.
- **Oregon Investment Advantage.** To qualify, facilities must be certified by the Oregon Business Development Department (dba Business Oregon). For more information about the program or to get an application, visit [www.oregon4biz.com](http://www.oregon4biz.com). **This applies to excise tax filers only.**  
How is the subtraction computed? Multiply the Oregon taxable income figure (Form OR-20, line 9) as computed without applying this subtraction by the sum of 50 percent of the ratio of the payroll from the certified facility over the corporation's total payroll within Oregon, plus 50 percent of the ratio of the average value of property from the certified facility over the corporation's total average value of property in Oregon. Corporations that do business both inside and outside of Oregon and complete Schedule OR-AP must claim the subtraction on Schedule OR-AP, part 2, line 10b. (ORS 317.391)
- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC

are included in the apportionment calculation 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).
- **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).

#### Line 6. Net loss.

- A net loss is the amount determined under IRC Chapter 1, Subtitle A, with the modifications specifically prescribed under Oregon law.
- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- A net operating loss carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years [ORS 317.476(4)(b)].
- Enter the deduction on **line 6 if taxable only by Oregon**. Enter as a positive number.
- Enter the deduction on Schedule OR-AP, part 2, **line 10a if taxable both in Oregon and another state**.
- Net losses can be carried forward up to 15 years.
- Oregon doesn't allow net losses to be carried back.
- For losses, and built-in losses occurring before a change in ownership (SRLY limitations), Oregon is tied to the federal limitations (IRC §382 and §384; ORS 317.476 and 317.478).
- The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in ORS 317.476 and supporting rules.
- REITs, if qualified under IRC §856, aren't allowed a net loss deduction [ORS 317.476(5)].
- **Include a schedule** showing your computations.

#### Line 7. Net capital loss deduction.

- Enter the deduction on **line 7 if taxable only by Oregon**. Enter as a positive number.
- Enter the deduction on Schedule OR-AP, part 2, **line 10b if taxable both in Oregon and another state**.
- Oregon allows a net capital loss deduction for losses **apportioned to Oregon** and carried from another year.
- The deductible loss is limited to net capital gain included in Oregon income. 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 317.013 and supporting rules).

**Line 8. Apportionment percentage.** Enter the apportionment percentage from Schedule OR-AP, part 1, line 22. If you have income only in Oregon and don't apportion, enter 100.0000.

## Tax

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

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

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

**Line 13. Minimum tax.** The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales. Use the table in **Appendix B**.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return. One minimum tax applies to the affiliated group filing the consolidated return, not to each individual affiliate included in the consolidated return doing business in Oregon.
- The minimum tax isn't apportionable for a short tax year (except a change of accounting period).

**Nonapportioned returns**—C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
  - Gross rent and lease payments received;
  - Gross receipts from the performance of services;
  - Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
  - Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income.
- (This is a non-exclusive list.)

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes gross business income amounts from federal Form 1120, lines 1c, and 5 through 10. Include positive numbers only.

**Apportioned returns**—C corporations and insurance companies doing business in more than one state that apportion business income for Oregon tax purposes, use

the Oregon sales amount from line 21(a) on Schedule OR-AP, part 2.

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

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

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

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

**Line 15. Tax adjustments.**

- **Installment sales interest.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount of interest as a positive number. Include a schedule showing how you figured the interest.
- **Tax paid on composite return.** Subtract the amount of tax that was paid on behalf of any corporation included in the consolidated return if they elected to be part of an Oregon Composite Return. The amount can be found on Schedule OR-OC-2, column g, "net tax." Enter the amount as a negative number. **Note:** This tax adjustment is allowed to reduce minimum tax.

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

## Credits

For a complete list and description of all Oregon corporation credits, visit [www.oregon.gov/dor/business](http://www.oregon.gov/dor/business).

**Note:** Minimum tax can't be reduced, paid, or otherwise satisfied through the use of any tax credit (ORS 317.090).

### Important:

- 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).
- Credits can't be used to offset minimum tax.

**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 OR-ASC-CORP, using code 870. Visit [www.oregon.gov/dor](http://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 is not an extension of time to pay tax due.**

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

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

**Remaining useful life**

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

**Example**

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

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

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

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

**Computation of credit for current year:**

- |   |          |
|---|----------|
| 1. Annual credit.                         | 1. _____ |
| 2. Add credit carryover from prior years. | 2. _____ |

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

- |   |           |
|---|-----------|
| 3. Total credit available.                    | 3. _____  |
| 4a. Net tax after other credits.              | 4a. _____ |
| 4b. Less: minimum tax per table.              | 4b. _____ |
| 4c. Maximum tax that can be offset by credit. | 4c. _____ |

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

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

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

- |  |          |
|--|----------|
| 6. Credit potentially carried forward to future years (line 3 minus line 5). | 6. _____ |
|--|----------|

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

**Line 18. Tax minus standard credits.**

**Line 19. Total carryforward credits.** Enter the total from Schedule OR-ASC-CORP, Section D.

**Line 20. Excise tax after standard and carryforward credits** (line 18 minus 19). This can’t be less than minimum tax unless you’ve claimed a “Tax adjustment” for “Tax paid on composite return” on line 15.

**Line 21. LIFO benefit recapture.** This amount is a subtraction from tax after credits. Oregon has adopted the provisions of IRC §1363(d) for S corporations. LIFO benefits are included in taxable income for the last year of the C corporation under these provisions. On a separate schedule, compute the difference between tax (after credits and any surplus refund) on income per the return and income without the recapture of LIFO benefits. Multiply this difference by 75 percent and enter the result on Form OR-20, line 21 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. The tax on LIFO benefit recapture will be in addition to the Oregon minimum tax, if any (ORS 314.750).

## Net excise tax

**Line 22. Net excise tax** (line 20 minus line 21). Don't enter less than minimum tax.

## Payments, penalty, interest, and UND

**Line 23. 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 the 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, line 23.

**Line 24. Withholding payments.** If taxes were paid on the corporation's behalf, enter the amount on line 24.

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

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

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

**Line 27. 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 28. 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:

$$\text{Tax} \times \text{daily interest rate} \times \text{number of days.}$$

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 29. Interest on underpayment of estimated tax (UND).** You must make quarterly estimated tax payments if you expect to owe \$500 or more in tax. This includes Oregon's minimum tax. Oregon charges UND if:

- The quarterly payment is less than the amount due for that quarter; or
- We receive the quarterly payment after that quarter's due date; or
- No quarterly payments are made during the year and the final tax debt is \$500 or more.

Use Form OR-37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the interest you owe on the underpayment; or
- Show you meet an exception to the payment of interest.

If you have an underpayment of estimated tax, include Form OR-37 with your tax return, check the box on page 1 of Form OR-20, and file them before the due date of the return.

If your current year corporation tax liability, including the minimum tax, is less than \$500, you don't need to make estimated payments. Don't complete this form. However, this provision doesn't apply to a high-income taxpayer. A

**"high-income taxpayer"** is one that had federal taxable income before net operating loss and capital loss 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

**Special note about 2017 repatriated income:** 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.

**Line 31. 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 26, and your overpayment is less than total penalty and interest, then fill in the result of line 30 minus line 26, on line 31.

**Line 33. 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](http://www.oregon.gov/dor).

Schedule OR-AF should list **only** those affiliates doing business in Oregon, or with Oregon-source income, that are included in the Oregon consolidated return. 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

### 2017 Schedule OR-ASC-CORP codes

#### Additions

Description	Code	Description	Code
Bad debt reserve federal exceeding Oregon.....	156	IRC §631(a) treatment of timber not recognized by Oregon.....	162
Capital construction fund.....	152	Losses of nonunitary corporations.....	164
Charitable donations not allowed for Oregon.....	132	Losses of unitary insurance affiliates.....	183
Child Care Office contributions.....	153	Net federal capital loss deduction.....	165
Claim of right income repayment.....	173	Oregon excise tax and other tax.....	151
Deferred gain from out-of-state disposition of property.....	118	Oregon production investment fund.....	157
Depletion (percentage in excess of cost).....	166	QPAI deductions.....	102
Depreciation differences.....	174	Qualified research activities credit.....	167
Gain or loss on disposition of depreciable property...	158	REITs and RICs.....	168
Income from sources outside U.S. ....	159	Renewable energy development contributions (auction).....	175
Income of related FSC or DISC.....	178	Repatriation addition (due to IRC 965).....	184
Individual Development Account credit.....	113	Safe harbor lease agreements.....	169
Intercompany transactions involving intangible assets.....	160	Uncategorized addition (must include explanation)..	199
Interest income excluded on federal (state, municipal, and other interest income).....	150	University venture development fund contributions.....	171
Inventory costs.....	161	Unused business credits.....	122
IRC §139A federal subsidies for prescription drugs ...	123		

#### Subtractions

Description	Code	Description	Code
Bad debt reserve Oregon exceeding federal.....	359	Income of unitary insurance affiliates.....	376
Cancellation of debt (COD) income §108(i).....	365	Inventory costs.....	357
Charitable contribution.....	351	Land donation or bargain sale of land to educational institutions.....	350
Deferred gain from out-of-state disposition of property.....	352	Losses from outside U.S.....	358
Depletion (Oregon in excess of federal allowance).....	362	Manufactured dwelling park tenant payments.....	344
Depreciation differences.....	353	Marijuana business expenses.....	375
Dividend deduction.....	370	Oregon Investment Advantage.....	342
Energy conservation payments.....	368	REITs and RICs.....	360
Federal credits.....	354	Repatriation subtraction (due to IRC 965).....	377
Federal investment tax credit on certain assets.....	355	Sale of manufactured dwelling park.....	338
Film production labor rebate.....	336	Uncategorized subtraction (must include explanation).....	399
Gain or loss on sale of depreciable property.....	356	Work opportunity credit wages not deducted on the federal return.....	372
IC-DISC commission payments (DISC formed before 01/02/2014).....	366		
Income of nonunitary corporations.....	371		

## Standard credits

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

## Carryforward credits

Description	Code
Agricultural workforce housing (ORS 315.164).....	835
Alternative fuel vehicle fund (auction) (Note 2: ORS 315.336).....	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
Fish screening devices (ORS 315.138).....	850
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
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) (must include form).....	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

### 2017 Tax rates and minimum tax table

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

#### Calculated tax

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If Oregon taxable income is:

- \$1 million or less, multiply Oregon taxable income by 6.6% (not below zero).
- more than \$1 million, multiply the amount that's more than \$1 million by 7.6%, and add \$66,000.

#### Minimum tax

---

##### Minimum tax table—C corporations only

<i>Oregon sales of filing group</i>	<i>Minimum tax</i>
under \$500,000	\$150
\$500,000 to \$999,999	500
\$1,000,000 to \$1,999,999	1,000
\$2,000,000 to \$2,999,999	1,500
\$3,000,000 to \$4,999,999	2,000
\$5,000,000 to \$6,999,999	4,000
\$7,000,000 to \$9,999,999	7,500
\$10,000,000 to \$24,999,999	15,000
\$25,000,000 to \$49,999,999	30,000
\$50,000,000 to \$74,999,999	50,000
\$75,000,000 to \$99,999,999	75,000
\$100,000,000 and above	100,000

# Appendix C

## Oregon Corporation Form OR-20

### Alternative apportionment

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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.)