

2017 Form OR-706



Office use only

Oregon Estate Transfer Tax Return

Submit original form—do not submit photocopy.

Part 1 (Print or type)

Amended Return Decedent's first name and initial Decedent's last name Decedent's Social Security number (SSN)

Decedent's domicile (legal residence) City County State Country

Date of birth Date of death Year domicile established An extension of time to file is included. A separate election is claimed.

Executor's name Executor's SSN Executor's FEIN Executor's mailing address City State ZIP code Executor's title Executor's phone

Include a copy of all required schedules and supporting documents.

Part 2—Tax computation

Table with 16 rows for tax computation: Total gross estate, Total allowable deductions, Taxable estate, Oregon estate tax, Gross value of property located in Oregon, Oregon percentage, Tax payable to Oregon, Natural Resource Credit, Net estate tax, Amount paid by original due date of return, Tax due, Overpayment, Penalty for late filing or late payment, Interest on late payment, Total due, Refund.

Signatures and authorization: Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete.

Executor signature Date Executor's phone Title Executor's SSN Executor's FEIN

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

Preparer's name (print) Title Preparer's mailing address City State ZIP code Signature of preparer Phone Date License number

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_____, Estate

Part 3—Elections by the executor

Check the "Yes" box for each question, if applicable. See instructions.

- 1. Do you elect alternate valuation?
2. Do you elect special use valuation?
3. Do you elect to postpone the part of the taxes attributable to a reversionary or remainder interest as described in Section 6163?

Part 4—General information

You must include a copy of the death certificate and all supporting documents. See instructions.

1. Marital status of the decedent at time of death:

Married Single Legally separated Divorced: Date divorce decree became final

Widow or widower Name of deceased spouse SSN of deceased Date of death

2. 2a. Surviving spouse's name 2b. Survivor's SSN 2c. Amount received (see instructions)

3a. Individuals (other than the surviving spouse), trusts, or other estates who receive benefits from the estate (don't include charitable beneficiaries shown in Schedule O) (see instructions). For Privacy Act Notice (applicable to individual beneficiaries only), see instructions for federal Form 1040.

Table with 10 rows for beneficiaries, columns for Name, SSN, FEIN, Relation to decedent, and Amount.

3b. All unascertainable beneficiaries and those who receive less than \$5,000

3c. Total

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_____, Estate

Check the "Yes" box for each question, if applicable.

- 4. Does the gross estate contain any Section 2044 property [qualified terminable interest property (QTIP) from a prior gift or estate]? (Schedule F) 4. Yes
- If you answer "Yes" to any of questions 5–12, you must include additional information as described in the instructions.**
- 5. a. Was any insurance on the decedent's life not included on the return as part of the gross estate? (Schedule D, Form 712) 5a. Yes
- b. Did the decedent own any insurance on the life of another that is not included in the gross estate? (Schedule D, Form 712) 5b. Yes
- 6. Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (a) one or more of the other joint tenants was someone other than the decedent's spouse, and (b) less than the full value of the property is included on the return as part of the gross estate? (Schedule E) 6. Yes
- 7. a. Did the decedent, at the time of death, own any interest in a partnership or unincorporated business, limited liability company, or any stock in an inactive or closely held corporation? 7a. Yes
- b. If yes, was the value of any interest owned (from 7a) discounted on this estate tax return? If yes, see the federal instructions on reporting the total accumulated or effective discounts taken on Schedule F or G 7b. Yes
- 8. Did the decedent make any transfer described in Section 2035, 2036, 2037, or 2038? (Schedule G) 8. Yes
- 9. Were there in existence at the time of the decedent's death:
 - a. Any trusts created by the decedent during his or her lifetime? (Schedule G and trust document) 9a. Yes
 - b. Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship? (Schedule F and trust document) 9b. Yes
- 10. Did the decedent ever possess, exercise, or release any general power of appointment? (Schedule H) 10. Yes
- 11. Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I? (Schedule I) 11. Yes
- 12. Was the decedent ever the beneficiary of a trust for which a deduction was claimed by the estate of a pre-deceased spouse under Section 2056(b)(7) which isn't reported on this return? If "Yes," include an explanation 12. Yes

Part 5—Recapitulation

Gross Estate

	(a) Alternate value	(b) Value at date of death
501. Schedule A—Real estate.....	.00	.00
502. Schedule B—Stocks and bonds.....	.00	.00
503. Schedule C—Mortgages, notes, and cash.....	.00	.00
504. Schedule D—Insurance on the decedent's life [include Form(s) 712]...	.00	.00
505. Schedule E—Jointly owned property.....	.00	.00
506. Schedule F—Other miscellaneous property.....	.00	.00
507. Schedule G—Transfers during decedent's life.....	.00	.00
508. Schedule H—Powers of appointment.....	.00	.00
509. Schedule I—Annuities.....	.00	.00
510. Total gross estate (add lines 501 through 509).....	.00	.00
511. Schedule U—Qualified conservation easement exclusion.....	.00	.00
512. Total gross estate less exclusion (line 510 minus line 511). Enter here and on part 2, line 1.....	.00	.00

Deductions

	Amount
513. Schedule J—Funeral expenses and expense incurred in administering property subject to claims.....	.00
514. Schedule K—Debts of the decedent.....	.00
515. Schedule K—Mortgages and liens.....	.00
516. Total of lines 513 through 515.....	.00
517. Allowable amount of deductions from line 516 (see instructions).....	.00
518. Schedule L—Net losses during administration.....	.00
519. Schedule L—Expenses incurred in administering property not subject to claims.....	.00
520. Schedule M—Bequests, etc., to surviving spouse (see instructions) or Oregon Schedule OR-OSMP.....	.00
521. Schedule O—Charitable, public, and similar gifts and bequests.....	.00
522. Total deductions (add lines 517 through 521) (Enter here and on part 2, line 2).....	.00

Part 6—Estate transfer tax table. See part 6 in the instructions for the tax table, computation instructions, and an example.

Include a copy of all required schedules and supporting documents. Mail to: Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910

2017 Estate Transfer Tax Instructions

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

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Important

Request for Discharge from Personal Liability

Don't file form OR-706-DISC, *Request for Discharge from Personal Liability*, 150-104-005, with your form OR-706. Send this form separately.

Overview

Purpose of Form OR-706

The executor of a decedent's estate will use Form OR-706, to figure the estate tax imposed by ORS Chapter 118. This transfer tax is levied on the entire taxable estate and is paid by the estate. This tax isn't imposed on the heirs or beneficiaries of the estate. If the estate has assets outside of Oregon, you'll apportion the tax on part 2, lines 5-7.

Filing requirements

Form OR-706 must be filed for dates of death on or after January 1, 2012, if the value of the gross estate at the date of death is \$1 million or more. If the date of death was before January 1, 2012, use Oregon Form IT-1, *Oregon Inheritance Tax Return*, 150-103-001. All schedules referenced in these instructions are referring to schedules included with federal Form 706, unless otherwise noted. Report the estate assets and deductions on the federal schedules and include the schedules with your Form OR-706.

The requirements for the estate to file an Oregon Form OR-706 are different from the federal Form 706 filing requirements. Oregon requires the same forms, schedules, and supporting information (such as photocopy of death certificate, Form 712, will, trust documents, appraisals, etc.) that would have been required if the estate had filed a federal return.

To help us to process your return more efficiently, assemble your return in the order as outlined on page 8 of these instructions. This will assist us in processing the return in the most efficient and effective manner.

Oregon same-sex marriage

Oregon recognizes same-sex couples legally married in Oregon and other jurisdictions as married for Oregon tax purposes.

If the decedent was an Oregon registered domestic partner or in a recognized same-sex marriage, established in Oregon or another jurisdiction, use the marital status of "Married" in part 4 of these instructions.

Gross estate

The gross estate of the decedent is the value of all real and personal property, tangible or intangible, valued as of the date of death. Include all assets whether located inside or outside of Oregon.

Executor

According to ORS 118.005, the definition of "executor" is the executor, administrator, personal representative (PR), fiduciary, or custodian of property of the decedent. For probate estates, the personal representative appointed or approved by the court has the duty to file the return. For non-probate estates, any person having actual or constructive possession of the property of the decedent must file the return.

If two or more people must file a return, they should file one return together.

When to file return

You must file Form OR-706 within nine months after the date of the decedent's death. Example: If the date of death is February 13, the due date to file Form OR-706 is November 13. See also extension of time to file later.

Payment

Your tax payment is due within nine months after the date of the decedent's death, unless you requested an extension of time to pay and we approved your extension of time to pay.

If the tax paid with the return is less than the balance due shown on part 2, line 11, explain why you didn't pay the full amount of tax in a statement included with the return. If we approved your request for an extension of time to pay, include a copy of the approval with Form OR-706 and check the extension of time to pay box.

To assist us in posting your payment to your account, use Form OR-706-V, *Oregon Estate Transfer Tax Payment Voucher*, 150-104-172. Send Form OR-706-V with your payment; don't send Form OR-706-V without a payment.

You may send payment prior to filing the return, with the return, or after filing the return. Always include Form OR-706-V with your payment. Payments received after the original due date will be applied first to penalty, then to interest, and then to tax.

Important: Submit only one copy of your return. If you are sending in a payment prior to or after filing your return, only include Form OR-706-V.

Extensions

To request an extension of time to file or an extension of time to pay, complete and submit federal Form 4768 to us by or before the original due date of Form OR-706. Oregon doesn't have its own extension form.

Two different types of extensions are available for an estate transfer tax return using federal Form 4768:

Extension of time to file.

When we receive your extension request by the original due date of the tax return filing, you'll have an automatic six month extension of time to file. Include a copy of this extension with your Form OR-706. An extension of time to file doesn't extend the time to pay the tax.

Extension of time to pay tax.

We must receive your request for extension of time to pay by the original due date of the tax return. You must include a written statement detailing why the estate can't pay the tax by the original due date. If the estate doesn't provide a written statement explaining why they can't pay the tax, the request for extension of time to pay will be denied. We'll evaluate your request and send you written approval or denial. Once your tax return is filed and an extension to pay is approved, the estate must provide collateral in an amount equal to twice the amount of unpaid tax to secure the debt (ORS 118.225). An extension of time to pay the tax doesn't extend the time to file the tax return.

Interest accrues on any unpaid tax during the extension period.

Signature of executor and Social Security number (SSN)

The executor who files the return must sign the return under penalties of false swearing, per ORS 118.990. If there's more than one executor, all executors must provide their full name, title (personal representative, trustee, etc.), address, phone number, and SSN on an attached page. All executors are responsible for the return as filed and are liable for penalties provided for willfully filing erroneous or false returns per ORS 118.990. This also applies to amended returns.

All executors must notify us in writing of any change of address, phone number, or authorized representative.

ORS 305.100 and Section 405, Title 42, of the United States Code, authorizes requests for SSNs. You must provide this information. The SSN will be used to establish both the decedent's and executors' identities.

If you paid a tax preparer to complete this tax return, the preparer must sign and date the return, and provide their identifying information.

Authorization

If you want the tax return preparer to talk to us about this return, check the box located between the signature lines for the executor and the preparer. This is a limited authorization. If you want to authorize a person other than the preparer, include a signed *Oregon Tax Information Authorization and Power of Attorney for Representation (POA)*, 150-800-005, with the tax return, or submit the POA form to us separately. The POA form is on our website at www.oregon.gov/dor/forms.

Where to file

We are not offering e-file.

Mail to:

Oregon Department of Revenue
P O Box 14110
Salem OR 97309-0910

We're unable to acknowledge the receipt of tax returns or payments. Don't send an addressed envelope for acknowledgements. If you want verification we received your envelope, you may send it by certified mail with a return receipt

requested. If you want to know if we cashed your payment check, contact your bank.

Private delivery services require a physical address.

Use this address:

Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

Your private delivery service will tell you how to get written proof of mailing and delivery dates.

Amended returns

Do you need to amend your return? If yes, it's the duty of the executor or other responsible person to file an amended return with us. Use Form OR-706 to prepare the amended return using the amended figures and include a statement describing the reason for the amendment. Include any schedules that have changed since your prior tax return and check the amended return box in the upper left corner on page 1. If an asset value has changed, provide substantiation, such as an appraisal, to establish the new value.

If the statute of limitations is still open for an estate in which the decedent had established a recognized same-sex marriage in Oregon or another jurisdiction, the estate return may be amended to use the married status. For example: If the decedent's date of death was January 14, 2016, the due date of the return was October 14, 2016; the return may be amended to claim a refund three years from the due date of the return or two years from the last payment of tax, whichever is later.

Did the IRS audit or another taxing authority make a change or correction to the estate tax resulting in change to the Oregon estate tax? If yes, the executor or other responsible party must report the change or correction to us by sending a report showing all the changes and how the changes affect the Oregon estate tax.

If you owe more tax with your amended tax return or because of a change or audit to your estate tax return, include Form OR-706-V with your payment. You will be assessed interest on the additional tax owing calculated from the original due date of the return to the payment date.

Note: See also instructions for part 2, line 10.

Separate election

If the estate makes an election on the Oregon tax return which is different from the election made on the federal tax return, check the box "A separate election is claimed" in the upper right section of the form. Examples of separate elections are qualified terminable interest property (QTIP) and Oregon special marital property (OSMP). See part 5, line 520.

Late filing or late payment penalty

If you file Form OR-706 or pay the tax due more than nine months after the date of death, the estate is subject to penalties. See part 2, line 13 for penalty information.

Interest charge

Interest is charged on tax not paid within nine months of the date of death. Interest will accrue during the extension period. The interest rate may change once a calendar year. If the tax is unpaid after 60 days of our assessment notice, the interest rate will generally increase by 4 percent per year. See part 2, line 14 for more information about interest.

Forms

You may access our forms and instructions anytime on our website at www.oregon.gov/dor.

On our website you may:

- Download current forms, instructions, and publications.
- Download prior year forms and instructions.

To request help for estate transfer tax via email, write to: estate.help.dor@oregon.gov.

Professional tax preparers must research questions before contacting us for assistance.

Federal forms and publications are available on the IRS website at www.irs.gov/forms-pubs or by calling 1 (800) 829-3676.

Documents to file with your return

You must file all three pages of Form OR-706 and the appropriate federal schedules, A through I, to support the entries on the recapitulation—part 5, lines 501 through 509.

If you claim an exclusion on the recapitulation—part 5, line 511—complete and include Schedule U.

If you claim any deductions on the recapitulation—part 5, lines 513 through 521—complete and include any Schedules J, K, L, M, O, as required, and provide documentation to support the claimed deductions.

If there isn't enough space on a schedule to list all the items, include a continuation schedule.

Number the items you list on each schedule, beginning with the number "1" each time.

Total the items listed on each schedule and its attachments, and any continuation schedules.

Enter the total of all schedules and continuation schedules at the bottom of each schedule.

Don't carry the totals forward from one schedule to the next.

Enter the total for each schedule on part 5—recapitulation.

Don't complete the "Alternate valuation date" or "Alternate value" columns of any schedule unless the executor elected alternate valuation under elections—part 3.

Additional documents to file with your return

Processing delays will result if you don't provide the following required documents with your tax return:

- You must include a photocopy of the **death certificate** with the return. If the decedent was a citizen or resident and died testate, include a **photocopy of the will** with the return.
- Other supplemental documents may be required. Examples include: federal Forms 712 and 706-CE, expert valuations, independent fee appraisals, trust documents, and power of appointment instruments.
- **If the decedent was a U.S. citizen but not a resident of the United States**, you must include the following documents with the return:
 - A copy of the inventory of property and the schedule of liabilities, claims against the estate, and expenses of administration filed with the foreign court of probate jurisdiction, certified by a proper official of the court;
 - A copy of the return filed under the foreign inheritance, estate, legacy, succession tax, or other death tax act, certified by a proper official of the foreign tax department, if the estate is subject to such a foreign tax; and
 - A photocopy of the will, if the decedent died testate.

Part 1: Decedent and executor information

Decedent's name and Social Security number

Enter the decedent's name and SSN assigned to the decedent. If the decedent didn't have a SSN, the executor should obtain one for the decedent by filing federal Form SS-5, *Application for Social Security Card*, with the Social Security Administration.

Don't use the SSN assigned to the decedent's spouse.

Decedent's domicile

Domicile is the place where the decedent had their fixed, permanent, principal home. The decedent had only one domicile, though they may have had multiple residences.

Name and address of executor

If there's more than one executor, enter the name and the address of the executor we should contact. List the other executors' names, addresses, phone numbers, and SSNs on an attached sheet. Notify us in writing of a change of address or phone numbers of any executor(s) or authorized representative.

Part 2: Tax computation

Rounding off to whole dollars

On the return and schedules enter whole dollar amounts only, don't include cents, and round to the nearest dollar.

Example: \$5,762.81 becomes \$5,763 and \$1,294.33 becomes \$1,294.

Line 1. Total gross estate

Enter either:

- Amount from part 5, line 512, column (b) "Value at date of death," or;
- Amount from part 5, line 512, column (a) "Alternate value," if the executor elected alternate valuation on part 3, line 1, elections by the executor.

Line 4. Oregon estate tax

See part 6 of these instructions for the tax table, computation instructions, and an example.

Line 5. Gross value of property located in Oregon

When the estate has property located outside of Oregon, use lines 5, 6, and 7 to compute the prorated Oregon tax.

On line 5, enter the gross value of estate assets taxable by Oregon. Property taxable for Oregon purposes depends on whether the decedent was a resident or nonresident of Oregon.

Oregon resident decedent. For a resident decedent, property taxable by Oregon includes all real property located in Oregon, tangible personal property located in Oregon, and intangible personal property. Don't include intangible personal property taxed by another state or another country as a result of the decedent's death. **Enter the combined value of these assets on line 5.**

If the decedent was an Oregon resident and all assets were located in Oregon, enter the gross estate amount from line 1 on line 5.

Nonresident decedent. For a nonresident decedent, property taxable by Oregon includes all real property located in Oregon and tangible personal property located in Oregon. **Enter the combined value of these assets on line 5.**

Line 6. Oregon percentage

Divide the amount on line 5 by the amount on line 1; round the decimal to six places. Convert the decimal to a percentage by multiplying the decimal by 100, or move the decimal two places to the right. For example, 0.551724 becomes 55.1724%. Write the percentage on line 6. Don't enter more than 100 percent or less than -0-.

Line 7. Tax payable to Oregon

Example:

Line 1, gross estate = \$1,450,000

Line 2, deductions = \$20,000

Line 4, tax = \$43,000

Line 5, gross value of assets located in Oregon = \$800,000

The prorated estate tax is computed as follows:

$[Line 5 \div line 1 = Oregon\ percentage] \times line 4 = prorated\ tax\ for\ line\ 7$

$[\$800,000 \div \$1,450,000 = 0.551724] \times \$43,000 = \$23,724$
prorated tax, enter on line 7.

Line 8. Natural resource and commercial fishing business credit

In 2015, Senate Bill 864 made modifications to this credit. See Schedule OR-NRC for details.

ORS 118.140 provides a natural resource or commercial fishing business credit. You may elect to take all, part, or none of this credit, for which you qualify. Natural resource property is farm use and forestland, as defined in ORS 308A.056, 308A.250, and 321.201. Real property must be in Oregon [ORS 118.140(a)(L)]. The qualifying property also includes property used in commercial fishing business operations defined in ORS Chapter 508 and IRC Section 1301(b)(4). To calculate credit, see Schedule OR-NRC and instructions at www.oregon.gov/dor.

Line 10. Amount paid by the due date of the return

For an original Form OR-706, enter the total of prior timely payments. For an amended return, enter the net payments (total payments made minus any refunds we paid to the estate) to date.

Example: Estate tax payments made with the original return = \$105,000. Tax on the original return: \$88,000. Original refund paid to the estate: \$17,000.

\$88,000 is the amount of your prior payments reduced by prior refunds ($\$105,000 - \$17,000 = \$88,000$). Enter \$88,000 on your amended return, line 10, as your net prior payments.

Line 13. Penalty due

A penalty of 5 percent of the tax will be imposed if the return isn't filed within nine months from the date of death or by the extended filing date. A penalty of 5 percent of the tax will be imposed if the tax isn't paid within nine months from the date of death. If you have an approved extension of time to pay, the tax must be paid by the extended payment date to avoid a penalty. Only one 5 percent penalty will be assessed, the 5 percent late filing penalty or the 5 percent late payment penalty.

Penalty is 5 percent of the unpaid balance of your tax. If you get an extension, the 5 percent late payment penalty won't be charged if you:

- Pay at least 90 percent of the tax due by the original due date of the return; and
- Pay the balance of tax and interest when you file within the extension period; and
- Pay any interest due either when the return is filed or within 30 days of our billing.

If you file the tax return more than three months after the due date (including extension), add an additional 20 percent penalty, for a total of 25 percent penalty.

Line 14. Interest due

If you file or pay after the due date, calculate and pay interest on any unpaid tax or on tax paid after the original due date (or the approved extended payment date). We calculate interest

daily. Interest accrues on any unpaid tax during an extension of time to file. Here's how to calculate the interest due:

Tax x Daily interest rate x Number of days.

For periods beginning	Annual	Daily
January 1, 2018	5%	0.0137%
January 1, 2017	5%	0.0137%
January 1, 2016	4%	0.0110%

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on deficiencies or delinquencies if the following occurs:

- You file a return showing tax due, or we assess an existing deficiency; and
- The assessment isn't paid within 60 days after we issue the notice of assessment; and
- You haven't filed a timely appeal.

Exception to additional interest: If we approved your request for extension of time to pay and you're in compliance with the extension terms, the interest rate won't increase by 4 percent per year.

Special instructions. Do you owe a penalty on part 2, line 13 or interest on line 14 and have an overpayment on line 12? If your overpayment is less than the total penalty and interest, you have an amount due. To calculate the amount due, on line 15 fill in the result of line 13 plus line 14 minus line 12. If your overpayment is more than the total penalty and interest, you have a refund. To calculate your refund, enter on line 16 the result of line 12 minus the sum of line 13 plus line 14.

Line 15. Total due

Enclose a check or money order for the total amount due (tax plus any applicable penalty and interest) with your return. Include the payment voucher, Form OR-706-V, with your check. Don't send cash or postdated checks. Place your check and Form OR-706-V in the envelope with your tax return; don't staple your check or Form OR-706-V to any page of your tax return.

Part 3: Elections by the executor

Line 1. Alternate valuation

Refer to the federal Form 706 instructions for alternate valuation election. In the federal instructions, replace "IRS" with "Oregon Department of Revenue" and replace Form 706 with Oregon Form OR-706. Search for the current year federal Form 706 and instructions at www.irs.gov/forms-pubs (if the current year isn't available, use the prior year's form).

Line 2. Special use valuation of Section 2032A

Refer to the federal Form 706 instructions for special use valuation of Section 2032A election. In the federal instructions, replace "IRS" with "Oregon Department of Revenue" and replace Form 706 with Oregon Form OR-706. Search for the current year Form 706 and instructions at www.irs.gov/forms-pubs (if the current year isn't available, use the prior year's form).

Line 3. Reversionary or remainder interests

For details of this election, see IRC Section 6163 and the related regulations.

Part 4: General information

Line 2. Surviving spouse

Complete line 2 whether or not there is a surviving spouse and whether or not the surviving spouse received any benefits from the estate. If there was no surviving spouse on the date of decedent's death, enter "None" on line 2a and leave lines 2b and 2c blank. The value entered on line 2c doesn't need to be exact. See the instructions for "Amount" under line 3.

Line 3. Beneficiary's information

Name

On line 3a, enter the name of each individual, trust, or estate who received or will receive benefits of \$5,000 or more from the estate directly as an heir, next-of-kin, devisee, or legatee; or indirectly (for example, as beneficiary of an annuity or insurance policy, shareholder of a corporation, or an heir that is a partner in a partnership, etc.).

Identifying number

Enter the SSN of each individual beneficiary listed. If the number is unknown, or the individual has no number, indicate "unknown" or "none." For trusts and other estates, enter the federal employer identification number (FEIN).

Relationship

For each individual beneficiary, enter the relationship (if known) to the decedent by reason of blood, marriage, or adoption. For trust or estate beneficiaries, indicate TRUST or ESTATE.

Amount

Enter the value actually distributed (or to be distributed) to each beneficiary, including transfers during the decedent's life, from Schedule G. This value is required to be included in the gross estate. The value entered doesn't need to be exact; a reasonable estimate is sufficient. For example, where precise values can't readily be determined, as with certain future interests, a reasonable approximation should be entered. The total of these distributions should approximate the value of the gross estate reduced by funeral and administrative expenses, debts and mortgages, bequests to surviving spouse, charitable bequests, and any federal estate

and state inheritance taxes paid (or payable) relating to the benefits received by the beneficiaries listed on lines 2 and 3. All distributions of less than \$5,000 to specific beneficiaries may be included with distributions to unascertainable beneficiaries on line 3b.

Line 4. Section 2044 property

If you answered “Yes,” these assets must be shown on Schedule F.

Section 2044 property is property for which a previous Section 2056(b)(7) election (qualified terminable interest property, or QTIP election) has been made, or for which a similar gift tax election (Section 2523) has been made. For more information, see the instructions on the back of Schedule F.

Line 5. Insurance not included in the gross estate

If you checked “Yes” for either 5a or 5b, you must complete and include both **Schedule D** and **Form 712, Life Insurance Statement**, for each policy with an explanation of why the policy or its proceeds are not includible in the gross estate.

Line 7. Partnership interests and stock in close corporations

If you answered “Yes” to line 7, you must include full details for partnerships and unincorporated businesses on Schedule F (Schedule E if the partnership interest is jointly owned). You must include full details for the stock of inactive or close corporations on Schedule B.

Value these interests using the federal Regulations Section 20.2031-2 (stocks) or 20.2031-3 (other business interests).

A “close corporation” is a corporation whose shares are owned by a limited number of shareholders. Often, one family holds the entire stock issue. As a result, little, if any, trading of the stock takes place. There is, therefore, no established market for the stock, and those sales that do occur are at irregular intervals and seldom reflect all the elements of a representative transaction as defined by the term “fair market value” (FMV).

Line 9. Trusts

If you answered “Yes” to either 9a or 9b, you must include a copy of the trust instrument for each trust. You must complete Schedule G if you answered “Yes” to 9a and Schedule F if you answered “Yes” to 9b.

Part 5: Recapitulation

Lines 501 through 510—gross estate: You must make an entry on each line 501 through 509. If the gross estate doesn't contain any assets of the type specified by the separate schedules, enter zero on that line. Entering zero on any lines 501 through 509 is a statement by the executor, made under penalties of perjury, that the gross estate doesn't contain any includible assets covered by that line.

Don't enter any amounts in the “Alternate value” column unless you elected alternate valuation on elections by the executor—part 3, line 1.

If you elect alternate value, list amounts in both the alternate value column and value at date of death column. Per IRC 2032(c) in order to elect the alternate valuation it must decrease the value of the gross estate.

Schedules to include for lines 501 through 509. You must include:

- Schedules A, B, and C if the gross estate includes any real estate; stocks and bonds; or mortgages, notes, and cash, respectively.
- Schedule D if the gross estate includes any life insurance or if you answered “Yes” to general information—part 4, question 5.
- Schedule E if the gross estate contains any jointly owned property or if you answered “Yes” to general information—part 4, question 6.
- Schedule F must be filed with every tax return. Answer its questions, even if you report no assets on this schedule.
- Schedule G if the decedent made any of the lifetime transfers to be listed on that schedule or if you answered “Yes” to general information—part 4, question 8 or 9a.
- Schedule H if you answered “Yes” to part 4, question 10.
- Schedule I if you answered “Yes” to part 4, question 11.

Line 511. Conservation easement exclusion

You must complete and include Schedule U (along with any required attachments) to claim the exclusion on this line.

Lines 513 through 521. Deductions

You must include schedules J, K, L, M, and O as applicable, for the deductions you claim.

Line 517

If line 516 is less than or equal to the value (at the time of the decedent's death) of the property subject to claims, enter the amount from line 516 on line 517.

If the amount on line 516 is more than the value of the property subject to claims, enter the greater of (a) the value of the property subject to claims, or (b) the amount actually paid at the time the return is filed.

Don't enter more on line 517 than the amount on line 516. See Section 2053 and the related regulations for more information.

Line 520. Marital deduction—Schedule M

Oregon allows elections, including but not limited to Section 2056—Bequests to surviving spouse. See ORS 118.010 and relevant rules for details and examples.

If the estate claims a marital deduction or a QTIP deduction, complete and include an “Oregon-only” Schedule M. Identify the specific property for the deduction.

An estate may elect to claim an Oregon special marital property (OSMP) deduction. The OSMP deduction is allowed by

ORS 118.013 and 118.016. See ORS 118.010 and relevant rules for more detail and examples.

The Oregon estate transfer tax return for the second spouse to die must include any property previously claimed for the QTIP or OSMP deduction claimed on the Oregon estate or inheritance tax return for the first spouse to die. See ORS 118.010 and relevant rules for details.

Filing checklist for Form OR-706

When you complete the return, assemble all the required pages together in the following order:

- Form OR-706, pages 1, 2, and 3.
- Federal form 706 (if required to file with IRS).
- Federal schedules in alphabetical order, with Forms 712, if applicable.
- Oregon Schedule OR-OSMP, if applicable.
- Oregon Schedule OR-NRC, if applicable.
- Form 4768 extension request, if applicable.
- Death certificate.
- Will.
- Trust documents, if applicable.
- Powers of appointment document.
- A copy of another state's estate tax return or foreign estate tax return, if the estate is subject.
- A copy of property inventory, schedule of liabilities, claims against the estate, and expenses of administration filed with a foreign probate court, certified by an official of the court.
- Expert valuations (for example: business value, personal property, etc.).
- Independent fee appraisals for real property wherever located, used to support reported value.

What happens after you file the tax return?

We'll process your tax return in the order the returns are received. We may contact you for additional information or documentation in order to complete the processing of your return.

Once the return completes processing and the account is paid in full, we'll issue the Oregon estate tax receipt as required by ORS 118.250. The receipt will identify the estate and show the amount of tax, penalty, and interest paid to us. We'll send a copy of the receipt to the authorized representative, if the authorization box on part 2 of the form is checked, or if we have an Oregon POA form on file for a representative.

The executor may request a discharge from personal liability by completing the Oregon form OR-706-DISC, *Request for Discharge from Personal Liability*, 150-104-005. **This form must be filed separately from the Form OR-706.**

We have up to 18 months to respond to your request. During our review your return may be selected for an audit. We'll

issue the discharge after we have accepted the return and the account is paid in full.

You can download the discharge form at www.oregon.gov/dor/forms.

Part 6: Tax table

Compute your tax for part 2 line 4 by applying the rates in the table below to the amount on part 2, line 3 (taxable estate).

Example:

- The taxable estate, part 2, line 3, is \$1,700,000.
- Column 1, the taxable amount is equal to or more than \$1,500,000.
- Column 2, the taxable amount is less than \$2,500,000.
- Column 3, tax on the amount in column 1 is \$50,000.
- Column 4, tax rate of 10.25 percent; apply to the taxable estate amount which is more than the amount in column 1.
- \$1,700,000 less \$1,500,000 = \$200,000 x 10.25% = \$20,500 plus \$50,000 = \$70,500 total tax.
- Enter your Oregon estate transfer tax on part 2, line 4.

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or more than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate on taxable estate amount more than the amount in column 1 (percent):
\$ 1,000,000	\$ 1,500,000	\$ 0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

Installment payments

Does the estate include an interest in a closely held business? Does the estate wish to pay the taxes in installments under ORS 118.225? If you answered yes to both of these questions, you must submit a request for extension of time to pay using federal Form 4768. The department will issue a determination letter to inform the estate whether or not they qualified for installment payments under ORS 118.225. The number of payments can be up to 14 equal payments made up of annual interest and principal.

The portion of tax which doesn't qualify for the installment plan must be paid by the original due date of the tax return. The first of 14 installment payments will begin once the

extended payment period is approved by us, the total tax is determined, and collateral has been provided by the estate; see collateral required below. Other payment arrangements may be available for your estate under ORS 118.225.

Collateral required

According to ORS 118.225 and corresponding rules, for us to agree to an installment payment of tax, the following must occur:

- Acceptable collateral must be provided. For real property, a first mortgage, having a value of double the extended tax. For personal property, a surety bond in double the amount of the extended tax, executed by a corporation licensed to do business in the State of Oregon. The bond must be renewed every five years.
- Executor is **personally** liable for payment of the tax to the extent of the value of the property.
- Annual statements of account will be sent to the executor.
- If your payment isn't made timely, the installment payment arrangement is cancelled; a 5 percent late payment penalty will be assessed; and the remaining liability of penalty, interest, and tax is due and owing immediately.
- Interest on the Oregon Estate Transfer tax accumulates from the day after the due date of the original return, to the date your payment is received.
- Oregon interest rates are shown in these instructions for part 2, line 14.

You don't need to furnish the required mortgage or bond at the time you file Form OR-706. We will contact you and you'll be given the opportunity to furnish the collateral.

Important: *The interest paid on installment payments isn't deductible as an administrative expense of the estate.*

Survivor's information

The following information is designed to help if you're settling the finances of a deceased person. It's not a complete statement of laws or OARs.

If you have questions after reading these instructions, see your attorney. Some of these matters are complex and you may need legal advice.

Definitions

Beneficiary: One who will receive assets from an estate. The assets of an estate are distributed to beneficiaries after all taxes and expenses are paid. The assets may be distributed

under the terms of a will, or if there is no will, under the provisions of state law. (Other terms: heirs at law, devisee, legatee, and claiming successor.)

Decedent: A legal word for a person who has died.

Estate: All the property of the decedent. (See probate and small estate proceeding.) If an estate is probated, the court appoints a personal representative to be responsible for the property and finances of the estate. Any money the estate earns (such as rental income or stock dividends) must be reported on Form OR-41, *Oregon Fiduciary Income Tax Return*, 150-101-041.

Executor: An executor is a personal representative, administrator, trustee, fiduciary, or custodian of the property, or any person who has actual or constructive possession of the decedent's property.

Fiduciary: An individual or legal group (such as a bank or corporation) that has financial responsibility for an estate or a trust held for the benefit of others.

Personal property: All property that isn't real property, such as money, stocks, bonds, machinery, or equipment. A mobile home owned by the decedent, but located on rented or leased land is also personal property.

Personal representative: The executor, administrator, or anyone in charge of the decedent's property. The surviving spouse may or may not be the personal representative, depending on the will or the court appointment. The personal representative is also the estate's fiduciary.

Probate: A formal court proceeding used when the decedent held property solely in the decedent's name. Probate settles the decedent's finances and distributes the property according to the will or state law. The probate court appoints a personal representative.

Probate court: In Oregon, this is generally the circuit court. In some cases it may be the county district court or the county court.

Real property: Real property is land and stationary buildings. For example, a residence or commercial building is real property.

Small estate proceeding: A court procedure to transfer the title of solely owned property to heirs when the estate consists of:

- (a) The fair market value of the estate is \$275,000 or less;
- (b) No more than \$75,000 of the fair market value of the estate is attributable to personal property; and
- (c) No more than \$200,000 of the fair market value of the estate is attributable to real property.

Do you have questions or need help?

Internet

www.oregon.gov/dor

- Download forms, instructions, and publications.
- Check refund status.
- Make payments.
- Search FAQs.

Email

estate.help.dor@oregon.gov

This email address isn't secure and confidentiality can't be ensured. General tax and policy questions only. We ask that professional tax preparers and attorneys research questions before contacting us.

Correspondence

Include the estate's or the decedent's SSN and a daytime phone number for faster service.

Write to: Estate Audit, Business Division, Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

Fax to: (503) 945-8787, Estate Tax Unit.

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

Contact us for ADA accommodations or assistance in other languages.