

Example 1: Single taxpayer, no dependents, \$25,000 income

Terry, a single individual with no dependents, has an adjusted gross income (AGI) of \$25,000 for 2020. Terry will file a 2020 return with the single filing status and will claim the standard deduction. During the summer of 2020, Terry received \$1,200 for the first stimulus payment and in January 2021, \$600 for the second stimulus payment, for a total of \$1,800. The Recovery Rebate Credit (RRC) on Terry's 2020 federal return is \$0.

Result: Terry's Oregon tax increased by \$114 due to the stimulus payments reducing the Oregon federal tax subtraction.

Note that only part of Terry's stimulus payments was applied to the federal tax subtraction because the total was more than Terry's federal tax.

Federal Return

AGI	\$ 25,000
Standard deduction—single	- 12,400
Taxable income	<u>\$ 12,600</u>
Tax using federal tax table	\$ 1,318
Child tax credit (nonrefundable)	- 0
Tax after nonrefundable credits	\$ 1,318
Recovery Rebate Credit	- 0
Net tax after refundable credits	\$ 1,318

Oregon Federal Tax Subtraction Worksheet

	With Stimulus	Without Stimulus
Federal tax liability after nonrefundable credits	\$ 1,318	\$ 1,318
Additional child tax credit (CTC), etc.	- 0	- 0
Tax after additional CTC	\$ 1,318	\$ 1,318
Total stimulus payments & RRC	- 1,800	- 0
Federal tax liability before limitation	\$ 0	\$ 1,318
Federal tax subtraction: lesser of \$6,950 or liability	<u>\$ 0</u>	<u>\$ 1,318</u>

Oregon Personal Income Tax Return

	With Stimulus	Without Stimulus
Federal AGI	\$ 25,000	\$ 25,000
Federal tax subtraction from worksheet	- 0	- 1,318
Income after subtractions	\$ 25,000	\$ 23,682
Standard deduction - single	- 2,315	- 2,315
Oregon taxable income	<u>\$ 22,685</u>	<u>\$ 21,367</u>
Oregon tax from tax table	\$ 1,729	\$ 1,615

Example 2: Single parent, one child, \$60,000 income

Jamie, a single parent of a baby born in October 2020, has an AGI of \$60,000 for 2020. Jamie will file a 2020 return with the head of household (HH) filing status and will claim the standard deduction. During the summer of 2020, Jamie received \$1,200 for the first stimulus payment and in December 2020, \$600 for the second stimulus payment, for a total of \$1,800. Jamie didn't receive the stimulus payment for the child because the IRS didn't know that the child existed. The RRC on Jamie's 2020 federal return is \$1,100 (\$500 from the CARES Act and \$600 from the December stimulus) for the child born during 2020.

Result: Jamie's Oregon tax increased by \$235 due to the stimulus payments and RRC reducing the Oregon federal tax subtraction.

Note that only part of Jamie's stimulus payments and RRC was applied to the federal tax subtraction because the total was more than Jamie's federal tax.

Federal return

AGI	\$ 60,000
Standard deduction—HH	- 18,650
Taxable income	<u>\$ 41,350</u>
Tax using federal tax table	\$ 4,683
Child tax credit (nonrefundable)	- 2,000
Tax after nonrefundable credits	\$ 2,683
Recovery Rebate Credit	- 1,100
Net tax after refundable credits	\$ 1,583

Oregon Federal Tax Subtraction Worksheet

	With Stimulus	Without Stimulus
Federal tax liability after nonrefundable credits	\$ 2,683	\$ 2,683
Additional child tax credit (CTC), etc.	- 0	- 0
Tax after additional CTC	\$ 2,683	\$ 2,683
Total stimulus payments & RRC	- 2,900	- 0
Federal tax liability before limitation	\$ 0	\$ 2,683
Federal tax subtraction: lesser of \$6,950 or liability	<u>\$ 0</u>	<u>\$ 2,683</u>

Oregon Personal Income Tax Return

	With Stimulus	Without Stimulus
Federal AGI	\$ 60,000	\$ 60,000
Federal tax subtraction from worksheet	- 0	- 2,683
Income after subtractions	\$ 60,000	\$ 57,317
Standard deduction - HH	- 3,725	- 3,725
Oregon taxable income	<u>\$ 56,275</u>	<u>\$ 53,592</u>
Oregon tax from tax table	\$ 4,418	\$ 4,183

Example 3: Married taxpayers, no children, \$75,000 income

Fred and Wilma are married with no children and have an AGI of \$75,000 for 2020. Fred and Wilma will file a 2020 return with the married filing jointly (MFJ) filing status and will claim the standard deduction. During the summer of 2020, Fred and Wilma received \$2,400 for the first stimulus payment and in January 2021, \$1,200 for the second stimulus payment, for a total of \$3,600. The RRC on their 2020 federal return is \$0.

Result: Fred and Wilma's Oregon tax increased by \$315 due to the stimulus payments reducing the Oregon federal tax subtraction.

Federal return

AGI	\$ 75,000
Standard deduction—MFJ	<u>- 24,800</u>
Taxable income	<u>\$ 50,200</u>
Tax using federal tax table	\$ 5,632
Child tax credit (nonrefundable)	<u>- 0</u>
Tax after nonrefundable credits	\$ 5,632
Recovery Rebate Credit	<u>- 0</u>
Net tax after refundable credits	\$ 5,632

Oregon Federal Tax Subtraction Worksheet

	With Stimulus	Without Stimulus
Federal tax liability after nonrefundable credits	\$ 5,632	\$ 5,632
Additional child tax credit (CTC), etc.	<u>- 0</u>	<u>- 0</u>
Tax after additional CTC	\$ 5,632	\$ 5,632
Total stimulus payments & RRC	<u>- 3,600</u>	<u>- 0</u>
Federal tax liability before limitation	\$ 2,032	\$ 5,632
Federal tax subtraction: lesser of \$6,950 or liability	<u>\$ 2,032</u>	<u>\$ 5,632</u>

Oregon Personal Income Tax Return

	With Stimulus	Without Stimulus
Federal AGI	\$ 75,000	\$ 75,000
Federal tax subtraction from worksheet	<u>- 2,032</u>	<u>- 5,632</u>
Income after subtractions	\$ 72,968	\$ 69,368
Standard deduction - MFJ	<u>- 4,630</u>	<u>- 4,630</u>
Oregon taxable income	<u>\$ 68,338</u>	<u>\$ 64,738</u>
Oregon tax from tax table	\$ 5,474	\$ 5,159

Example 4: Married taxpayers, two children, income \$100,000

Barney and Betty are married and have two children under the age of 17 and have an AGI of \$100,000 for 2020. Barney and Betty will file a 2020 return with the married filing jointly (MFJ) filing status and will claim the standard deduction. During the summer of 2020, Barney and Betty received \$3,400 for the first stimulus payment and in January 2021, \$2,400 for the second stimulus payment, for a total of \$5,800. The RRC on their 2020 federal return is \$0.

Result: Barney and Betty's Oregon tax increased by \$405 due to the stimulus payments reducing the Oregon federal tax subtraction.

Federal return

AGI	\$ 100,000
Standard deduction—MFJ	<u>- 24,800</u>
Taxable income	<u>\$ 75,200</u>
Tax using federal tax table	\$ 8,632
Child tax credit (nonrefundable)	<u>- 4,000</u>
Tax after nonrefundable credits	\$ 4,632
Recovery Rebate Credit	<u>- 0</u>
Net tax after refundable credits	\$ 4,632

Oregon Federal Tax Subtraction Worksheet

	With Stimulus	Without Stimulus
Federal tax liability after nonrefundable credits	\$ 4,632	\$ 4,632
Additional child tax credit (CTC), etc.	<u>- 0</u>	<u>- 0</u>
Tax after additional CTC	\$ 4,632	\$ 4,632
Total stimulus payments & RRC	<u>- 5,800</u>	<u>- 0</u>
Federal tax liability before limitation	\$ 0	\$ 4,632
Federal tax subtraction: lesser of \$6,950 or liability	<u>\$ 0</u>	<u>\$ 4,632</u>

Oregon Personal Income Tax Return

	With Stimulus	Without Stimulus
Federal AGI	\$ 100,000	\$ 100,000
Federal tax subtraction from worksheet	<u>- 0</u>	<u>- 4,632</u>
Income after subtractions	\$ 100,000	\$ 95,368
Standard deduction - MFJ	<u>- 4,630</u>	<u>- 4,630</u>
Oregon taxable income	<u>\$ 95,370</u>	<u>\$ 90,738</u>
Oregon tax from tax table	\$ 7,839	\$ 7,434