

# Oregon 2014 Corporation Income Tax Form 20-I Instructions

## Table of Contents

<b>What's new?</b>		Publicly traded partnerships.....6
General.....2		Real Estate Mortgage Investment Conduits (REMICs)...6
Additions and subtractions .....2		<b>Filing checklist</b>
Credits.....2		Due date of return, Extensions.....7
<b>Estimated tax payments</b>		Business identification number (BIN).....7
Requirements, Payment due dates, Payment options.....3		Estimated payments and prepayments .....7
Worksheet to calculate Oregon estimated tax .....3		Payments with your return.....7
<b>Filing information</b>		Assembling and submitting returns.....7
Who must file with Oregon? .....4		<b>Form instructions</b>
Excise or income tax?.....4		Heading and Checkboxes .....7
What form do I use?.....4		Questions.....8
Filing requirements .....4		<b>Line instructions</b>
Consolidated returns.....4		Additions.....9
Unitary business, Separate returns .....5		Subtractions .....11
E-file.....5		Tax .....13
Federal audit changes.....5		Credits.....13
Amended returns and protective claims .....5		LIFO benefit recapture .....13
<b>Special filing requirements</b>		Net income tax.....13
Agricultural or horticultural cooperatives.....6		Payments, penalty, interest, and UND.....14
Exempt organizations.....6		Schedule ES—Estimated tax payments or other prepayments.....14
Homeowners associations .....6		Total due or refund .....15
IC-DISCs .....6		Schedule AF instructions.....15
Interstate broadcasters.....6		Appendix A, 2014 Schedule ASC-CORP code list.....16
Limited liability companies (LLCs).....6		Appendix B, 2014 tax rates.....18
Political organizations.....6		

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

With approved third party software you can e-file your return complete 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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- Registration and account status.
- Online payments.
- Forms, instructions and law.
- Announcements and common questions.



## What's new?

### General

#### Tie to federal tax law

In general, Oregon income tax law is based on federal income tax law. Oregon is tied to the federal definition of taxable income as of December 31, 2013; however Oregon is still disconnected from:

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

#### Interstate broadcasters (HB 4138)

For tax years beginning on or after January 1, 2014 and before January 1, 2017, an interstate broadcaster's apportionment will be determined based on the broadcaster's customers who are domiciled in Oregon. For tax years beginning on or after January 1, 2017, the method of apportionment of business income for the interstate broadcaster will revert to pre-HB 4138 law and will be based on an estimate of Oregon's national audience or subscribers' share. (ORS 314.684 and 314.680)

For more information, see "Special filing requirements" in Form 20 Instructions, *Oregon 2014 Corporation Excise Tax Form 20 Instructions*, 150-102-020-1.

#### Refund applications

You may elect to apply part or all of your refund to your next estimated tax payment installment. Your election is irrevocable.

We will apply the elected amount to the estimated tax installment that next becomes due on or after the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later. The application will be credited as of the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later. See instructions for Line 34.

#### Repeal of ORS 317.057

##### (Exemption for certain out-of-state financial institutions)

For tax years starting January 1, 2014 and later, exemption from corporation tax for certain out-of-state financial institutions is no longer available. (ORS 317.057)

### Additions and subtractions

#### Listed foreign jurisdictions—income or loss (formerly "tax havens")

Taxable income or loss of any unitary corporation that's incorporated in a listed foreign jurisdiction and isn't otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income as an "Other addition." See ORS 317.715 for the listed foreign jurisdictions.

Use the subject corporation's net income or loss as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033. Don't combine amounts of multiple corporations.

If a subject corporation's **income** has been excluded from your federal consolidated taxable income as carried to your Oregon return, **it's a positive "Other addition"** [code 176]. If a subject corporation's **loss or item of expense** has been excluded from your federal consolidated taxable income as carried to your Oregon return, **it's a negative "Other addition"** [code 177].

#### Listed foreign jurisdictions—previously included amounts

If any portion of a subject corporation's income, loss or item of expense was already included in your Oregon taxable income, it won't be included again. If a portion of income was previously included, claim a separate "Other subtraction" [code 367] for the portion of the income that was previously included. **Don't** combine this amount with the "Other addition" to report income. If any portion of a subject corporation's loss or item of expense was already included in your Oregon taxable income, reduce the "Other addition" loss for the portion that was previously included [code 177]. Include a schedule with your return to explain how each amount is determined.

For more information, see ORS 317.715 and the corresponding administrative rules.

### Credits

**Important:** Attach copies of **all** credit certifications to your return when claiming any certified credit.

#### Biomass production or collection credit

Beginning on January 1, 2014, the biomass production or collection credit isn't allowed for canola grown, collected or produced in the Willamette Valley. (ORS 315.141)

#### Crop donation credit

For tax years beginning on or after January 1, 2014, and before January 1, 2020, the amount of the credit has been increased from 10 percent of the value of the quantity of the crop donated computed at the wholesale market price to 15 percent. (ORS 315.156)

## Oregon surplus rebate credit

Tax biennia beginning on or after July 1, 2013, Oregon surplus revenues will no longer be credited to corporate taxpayers when actual revenues exceed the revenue forecast for the biennium by more than 2 percent. Any future excess corporate revenues will be appropriated to the State School Fund. (ORS 291.349)

## Qualified equity investment tax credit

You can carry forward unused credits for up to five years on investments made on or after January 1, 2014 and before July 1, 2016. For more information on qualifying investments and entities, visit [www.oregon4biz.com](http://www.oregon4biz.com). (ORS 315.533)

## University venture development fund contribution credit

For tax years beginning on or after January 1, 2014, the university venture development fund contribution credit shall be claimed in three consecutive tax years beginning with the year in which the credit's initially allowed. (ORS 315.521)

## Tax credit sunsets

Beginning January 1, 2014, the following tax credits aren't available, except for applicable carryforward purposes:

- Agricultural Workforce Housing Lender's Credit, ORS 317.147
- Contributions of Computers and Scientific Equipment Credit, ORS 317.151
- Workers' Compensation Credit, ORS 317.122 (for 20-INS only).

## Estimated tax payments

### Requirements

Oregon estimated tax laws aren't the same as federal estimated tax laws. You must make estimated tax payments if you expect to owe tax of \$500 or more with your return.

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, refer to Form 37, *Underpayment of Oregon Corporation Estimated Tax*, 150-102-037.

### 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), directly 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 participation in the EFT program if you would be disadvantaged by the requirement. (OAR 150-314.518)

If you don't meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

A business is required to have an authorization agreement filed with us before it can start initiating EFT payments. The EFT help/message phone number is 503-947-2017.

For more information, visit [www.oregon.gov/dor/e-filing](http://www.oregon.gov/dor/e-filing), then on the left navigation bar, click on "Electronic filing," then click on "Tax professionals."

EFT payments for corporation estimated taxes must be made using our EFT program. This program allows payments to be initiated by touch-tone telephone, a secure internet site, or through your financial organization. If you pay by EFT, **don't** send Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions*, 150-102-172.

**Online.** See [www.oregon.gov/dor](http://www.oregon.gov/dor) for more information.

**Mail.** If paying by mail, send each payment with a Form 20-V payment voucher.

## 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 tax rate tables for corporation tax rate). 2. \_\_\_\_\_
3. Subtract tax credits allowable in upcoming tax year. 3. \_\_\_\_\_
4. Net tax (line 2 minus line 3). 4. \_\_\_\_\_

If the amount on line 4 is less than \$500, **stop**. You don't have to make estimated tax payments.

**Caution: If your final tax liability when you file your return is \$500 or more, you may be subject to UND.**

5. Amount of each payment. (Divide line 4 by the number of payments you need to make. This is usually 4.) 5. \_\_\_\_\_

If your expected net tax changes during the year, divide the amended net tax amount by the number of required payments (usually four) to determine the correct amount of each required installment.

To avoid additional charges for UND, you must pay the amount of any prior underpayment plus the amount of the current required installment. [OAR 150-314.515(2)]

**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's correct amount of each required installment is \$1,500. 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 a timely third-quarter estimated payment of \$3,500\* and a timely fourth quarter payment of \$1,500.

\*\$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.

For more information, see ORS 314.525, OAR 150-314.525(1)-(A), 150-314.525(1)-(B), 150-314.525(1)(c)-(A), 150-314.525(1)(d), 150-314.525(2)-(A), and 150-314.525(2)-(B).

## 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 in Oregon or from an Oregon source is Oregon source income. Public Law (Pub.L.) 86-272 provides exceptions to this requirement.

**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. 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 minimum tax. Corporation income tax laws are in Chapter 318 of the Oregon Revised Statutes.

### What form do I use?

All corporations **doing business** in Oregon must file Form 20, *Oregon Corporation Excise Tax Return*, 150-102-020, 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 generally must file Form 20-I, *Oregon Corporation Income Tax Return*, 150-102-021. There is no minimum tax for Form 20-I filers. Most corporations don't fall within Oregon's income tax provisions.

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

### Filing requirements

**Consolidated 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.

A consolidated Oregon 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.

**Separate 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 was not unitary with any of the other affiliates. To determine your Oregon taxable income, take the taxable income from the consolidated federal return and use Oregon additions or subtractions to show removal of the nonunitary affiliates.

## E-file

If you're required to e-file with the IRS, you're also required to e-file for Oregon. We accept calendar year, fiscal year, short year, and amended electronic corporation tax returns utilizing the IRS Modernized e-file platform (MeF). Beginning January 2015, we'll accept e-filed returns for tax year 2014, and will continue accepting returns for 2013 and 2012.

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

For a list of software vendors or for more information, see "e-filing" at [www.oregon.gov/dor](http://www.oregon.gov/dor).

## Federal audit changes

If the IRS changes your federal return for any tax year, you **must** notify us. File an amended Oregon return and include a copy of the federal audit report. Mail this separately from your current year's return to:

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

If you don't amend or send a copy of the federal report, we have two years from the date we're notified of the change by the IRS 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 report.

## Amended returns and protective claims

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. 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 amending your federal return you must file an amended Oregon return within **90 days**. Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made.

If you filed Form 20-S, *Oregon S Corporation Tax Return*, 150-102-025, and later determined you should file Form 20-I, check the "Amended" box on Form 20-I.

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 EFT (Electronic Funds Transfer). 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 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 20-I, enter the net income tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

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

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 your full payment is received by us. See "Interest rates."

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the "Amended" box and write the words "**Protective claim for refund**" at the top. We'll also accept a written letter in place of an amended return. Include the same information in the letter as is required on an amended return. We'll hold your protective claim until you notify us the litigation has been completed.

**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 these 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.

## Special filing requirements

See *Oregon 2014 Corporation Excise Tax Form 20 Instructions*, 150-102-020-1, for filing information for the following entity types:

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

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

### 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. An LLC is always classified under federal law as one of these types of taxable entities.

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 20 if doing business in Oregon, or Form 20-I if not doing business in Oregon but the LLC is receiving Oregon-source income. The LLC must file Form 20-S if the entity files federal Form 1120-S.

An LLC taxed as a partnership must file Form 65, *Oregon Partnership Return*, 150-101-065, 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 apportionment percentage calculation on Schedule AP, *Apportionment of Income for Corporations and Partnerships*, 150-102-171. (OAR 150-314.650)

Foreign LLCs are identified as unincorporated associations organized under the laws of a state other than

Oregon, or a foreign country. Oregon's definition of a foreign LLC includes an unincorporated association organized under the laws of a federally recognized American Indian tribe, no matter when organized.

### Political organizations

Political organizations (for example, campaign committees and political parties) normally don't pay state or federal taxes. However, income earned from investments is taxable. Examples include interest earned on deposits, dividends from contributed stock, rents or royalties, and gains from the sale of contributed property. We follow the federal definitions of a political organizations and taxable income.

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

For more information, including how to file your return, search for "Political Organizations" at [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 a Form 20 if doing business in Oregon, or Form 20-I if not doing business in Oregon, but the publicly traded partnership 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 20-I if it gets prohibited transaction income from Oregon sources or has any resident holders of a residual interest. 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 20-I and attach a complete copy of federal Form 1066. The REMIC must also attach a federal Schedule Q for each residual interest holder for each quarter of the tax year. Enter the amount of net income from prohibited transactions from federal Form 1066 Schedule J. (ORS 314.260)

## Filing checklist

- **Due date of your return.** Returns are due by the 15th day of the month following the due date of your federal corporation return. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.
- **Extensions.** See the instructions for the extension checkbox below. Include your extension as the final page of your return when you file.
- **Business identification number (BIN).** Oregon identifies each corporation using a BIN we assign. You have a BIN if you've made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for corporation excise or income tax. **If you don't have a BIN, one will be assigned when your return is received.**
- **Estimated payments and prepayments.** Please identify all estimated payments claimed by completing Schedule ES on 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 directly 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
  - Oregon BIN
  - Tax year 2014
  - Daytime telephone number

### To speed processing:

- Don't use Form 20-V payment voucher
- Don't staple payment to return
- 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 filing your return.** Follow the instructions above except DO use a Form 20-V payment voucher.

- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:
  1. Form 20-I, *Corporation Income Tax*, 150-102-021;
  2. Schedule AP, *Apportionment of Income for Corporations and Partnerships*, 150-102-171;
  3. Schedule AF, *Schedule of Affiliates* (found with Form 20-I);
  4. Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033;
  5. Form 37, *Underpayment of Corporation Estimated Tax*, 150-102-037;
  6. Form 24, *Like-Kind Exchanges/Involuntary Conversions*, 150-800-734;
  7. Other Oregon statements;
  8. Oregon credit forms including notice of credit transfers and certifications;
  9. Copy of federal tax return and schedules;
  10. 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

- **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 the member that has the largest Oregon property value as determined under ORS 314.655 (see Schedule AP).

On the first line, enter the corporation's true name (as set forth in the charter or legal document creating it). If the corporation is doing business under a different name [for example, a "doing business as (DBA)" name], enter that name on the second line.

Enter the **FEIN** and **BIN** of the corporation named as the filer on the consolidated Oregon return.

- **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 attachments. 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 tax due prepayments online, or by mail with Form 20-V, on or before the original due date of your return. **Note:** Form 20-V payment voucher isn’t an extension of time to file or to pay tax.

- **Form 37 checkbox.** If you have an underpayment, you must include a completed Form 37. Check the “Form 37” box in the header of your return.

Use Form 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.
- **Amended checkbox.** Check the “Amended” box if this is an amended return.
  - **Form 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.

Attach a copy of your Oregon Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions*, 150-800-734, to the back of your Oregon return and check the “Form 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 OAR 150-314.650 and 150-314.665(5) regarding apportionment of deferred gain.

- **Federal Form 8886 checkbox, REIT/RIC checkbox, and reportable transactions.** If you participate in listed or reportable transactions, you must report it on your Oregon tax return.

If you’re required to report listed or reportable transactions to the IRS on federal Form 8886 or if you participated in a real estate investment trust (REIT) or

regulated investment company (RIC), you must check the appropriate boxes in the header area of the Oregon tax return.

We’ll assess penalties if you don’t comply with this requirement or if we discover such other transactions.

## Questions

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

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

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

**Question E(2).** If you checked the box, complete Schedule AF, *Schedule of Affiliates* (found with forms 20, 20-I, and 20-INS), 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, attach a list of corporations included in the consolidated federal return that aren’t included in this Oregon return. List each corporation’s name, FEIN, and Oregon BIN. **Note:** Include a copy of your federal return and schedules as filed with IRS.

**Question F.** A “low-income taxpayer” is one that didn’t have 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 tax years, not including the current year.

**Question G.** If the Oregon corporation is a subsidiary in an affiliated group, or 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 IRS Form 1120, *Schedule K*.

**Question L.** Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income using double-weighted sales factor formula [OAR 150-314.280(3)]. Check the box if making this election.

**Question M.** Nonapportioned returns. Enter the amount of Oregon sales as defined by ORS 314.665.

## Line instructions

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

## Additions

**Line 2. Certain 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)

**Line 3. 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)

**Line 4. Income of related FSC or DISC.** Net income or loss must be included in the net income of the related U.S. affiliate. (ORS 317.283 and 317.286)

**Line 5. Total other 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 ASC-CORP to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all "Other additions" is entered on Form 20-I, line 5.

**Important:** Don't report an addition that's already included on lines 2 through 4.

"Other additions" include:

- **Alternative fuel vehicle fund (auction) credit.** If you claim any amount you paid for this credit as a deduction on your federal return, you must add back that amount to your Oregon income.
- **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 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.

- **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 the 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.
- **Dependent care credits.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed. [ORS 315.204(7)]
- **Depletion (percentage in excess of cost).** Percentage depletion is allowed only on metal mines. All other assets are limited to cost of 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 the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries*, 150-101-025 to determine the Oregon modification.
- **Film production development contributions.** 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)
- **Gain or loss on the disposition of depreciable property.** Add the difference in gain or loss on sale of business assets when your Oregon basis is less than your federal basis. (ORS 317.356)
- **Income from sources outside the United States.** Add income from sources outside the United States, as defined in IRC §862, not included in federal taxable income under IRC §861 to §864. (ORS 317.625)
- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit's claimed. [ORS 315.271(2)]
- **Intercompany transactions involving intangible assets.** The user of the intangible asset must add the royalty or other expense for such use to federal taxable income as an "other 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, paragraph (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 “Other addition” on Schedule ASC-CORP. (ORS 314.295) (OAR 150-314.295)

- **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 is no taxable event until actual sale. (ORS 317.362)
- **Listed foreign jurisdictions—income.** Taxable income of any unitary corporation that’s incorporated in a listed foreign jurisdiction and isn’t otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income as an “Other addition.” See ORS 317.715 for the listed foreign jurisdictions. Use the subject corporation’s net income as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation’s income or loss as a separate amount on Schedule ASC-CORP; don’t combine amounts of multiple corporations.  
If a subject corporation’s income has been excluded from your federal consolidated taxable income as carried to your Oregon return, it’s a positive “Other addition” to arrive at Oregon taxable income. For more information, see ORS 317.715 and the corresponding administrative rules.
- **Listed foreign jurisdictions—loss.** Taxable loss of any unitary corporation that’s incorporated in a listed foreign jurisdiction and isn’t otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income as a negative “Other addition.” See ORS 317.715 for the listed foreign jurisdictions. Use the subject corporation’s net loss as

reported on line 18, Schedule C of federal Form 5471. Report each subject corporation’s income or loss as a separate amount on Schedule ASC-CORP; don’t combine amounts of multiple corporations.

If a subject corporation’s loss or item of expense has been excluded from your federal consolidated taxable income as carried to your Oregon return, it is a negative “Other addition” to arrive at Oregon taxable income. For more information, see ORS 317.715 and the corresponding administrative rules.

- **Listed foreign jurisdictions—previously included loss or expense.** If any portion of loss or expense of a foreign corporation (subject corporation) that’s required to be included in the determination of federal taxable income per ORS 317.715 was already included in your Oregon taxable income, it won’t be included again. Reduce the “Other addition” loss for the portion of the loss or expense that was previously included. Include a schedule with your return to explain how each amount is determined. For more information, see ORS 317.715 and the corresponding administrative rules.
- **Long-term care insurance premiums.** Premiums deducted on the federal return must be added back if the Oregon credit’s claimed under ORS 315.610. (ORS 317.322)
- **Losses of nonunitary corporations.** The 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. Attach a schedule showing computation of the net loss eliminated. [ORS 317.715(2)]
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to income. The Oregon capital loss will be deducted after subtractions (and apportionment for corporations required to apportion income) to arrive at Oregon taxable income. (OAR 150-317.013)
- **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 and development credit.** After you have calculated the credit, you must add the amount back to your Oregon taxable income.
- **REITs and RICs.** An REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation. (ORS 317.010 and 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)
- **Safe harbor lease agreements.** Oregon doesn't tie to the federal safe harbor lease provisions. See OAR 150-317.349-(A) and 150-317.349-(B) for details about the adjustments required for Oregon.
- **Trust for Cultural Development Account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return. (ORS 315.675)
- **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 Oregon income. (ORS 317.304)

**Subtractions**

**Line 8. Work opportunity credit wages not deducted on the federal return.** Enter the amount of wages that weren't deducted on the federal return because the work opportunity credit was claimed. (ORS 317.303)

**Line 9. Interest on obligations of the United States and its instrumentalities** included in Form 20-I, line 1. **This applies to income tax filers only.** Reduce the subtraction by any expenses incurred to produce this interest income.

**Line 10. State of Oregon interest income included on line 2 (Form 20-I only).** Interest income from obligations of the state of Oregon isn't taxable if the obligation was issued after May 24, 1961. Reduce the subtraction by any expenses incurred to produce this interest income.

**Line 11. Dividend deduction.** Claim all Oregon dividend deductions on this line. A 70 percent deduction is allowed for qualifying dividends regardless of geographic source. An 80 percent deduction is allowed for dividends received from corporations whose stock is owned 20 percent or more. Use the worksheet below for computing the Oregon dividend deduction and include a copy with your return. (ORS 317.267)

The following are also included in the Oregon dividend deduction calculation, if they were included in federal taxable income carried to the Oregon return:

- **Dividends from debt financed stock,** to the extent deductible for federal tax purposes. (IRC §246A) [ORS 317.267(2)]
- **Dividends from foreign sales corporations and domestic international sales corporations,** the net income of which was included on line 4. (ORS 317.283, 317.286)

- **Dividends from other corporations in this consolidated Oregon return.** Subtract 100 percent from federal taxable income. [ORS 317.267(1)]
- **IRC §78 dividends (gross-up dividends)** are subtracted in full from federal taxable income. (ORS 317.273)
- **Worksheet for computing dividend deduction** (include a copy when filing your return).

1. Dividends included in federal taxable income before "special deductions"	1. _____
2. Subtract:	
a. Dividends described in IRC §243(d)(1) that are actually interest on deposits	2a. _____
b. Dividends described in IRC §245(c) and §246(d) (from FSCs and DISCs)	2b. _____
c. Dividends from debt financed stock	2c. _____
d. Dividends from corporations included in consolidated Oregon return	2d. _____
e. IRC §78 Gross-Up	2e. _____
f. Dividends not treated as dividends under IRC §243(d) or §965(c)(3)	2f. _____
g. Dividends described in IRC §246(a) or (c) that don't receive a deduction	2g. _____
3. Total (add lines 2a through 2g)	3. _____
4. Balance subject to 70% (or 80%) deduction (line 1 minus line 3)	4. _____
5. Percentage deduction	5. _____
6. Subtotal deduction (line 5 × line 4)	6. _____
7. Add:	
a. Dividends described in IRC §245(c) and §246(d) (from FSCs and DISCs) (100%)	7a. _____
b. Dividends from debt financed stock (same as federal deduction)	7b. _____
c. Dividends from corporations included in consolidated Oregon return (100%)	7c. _____
d. IRC §78 Gross-Up (100%)	7d. _____
8. Total Oregon deduction	8. _____

**Line 12. 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. Attach a schedule showing computation of the net income eliminated. [ORS 317.715(2)]

**Line 13. Total other 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. **Note:** Don't include Oregon dividend deductions on line 13. All allowable Oregon dividend deductions are subtracted on line 11.

Use Schedule ASC-CORP to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all "Other subtractions" is entered on Form 20-I, line 13.

**Important:** Don't report a subtraction that's already included on lines 8 through 12.

"Other 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, 2012, 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 deduction in excess of federal allowance. (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 the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries*, 150-101-025 to determine the Oregon modification.
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming a federal credit. (ORS 317.303)
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must refigure the gain or loss on disposal of those assets and subtract the difference. (ORS 317.356)
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in federal taxable income in determining your Oregon taxable income. (ORS 317.394)
- **Gain or loss on the sale of depreciable property.** The difference in gain or loss on the sale of business assets when when your Oregon basis is less than your federal basis. (ORS 317.356)
- **IC-DISC commission payments.** For tax years beginning on or after January 1, 2014, a deduction is allowed for commission payments made to an IC-DISC if the DISC was formed on or before January 1, 2014.
- **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)
- **Listed foreign jurisdictions—previously included income.** Taxable income of any unitary corporation that's incorporated in a listed foreign jurisdiction and isn't otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income. See ORS 317.715 for the listed foreign jurisdictions. If a portion of income of a subject corporation was previously included in Oregon taxable income, claim a separate "Other subtraction" for the portion of the income that was previously included. **Don't** combine previously included income with "Other additions." See "Other additions" for more information. **Note: Don't** report losses from a subject corporation as an "Other subtraction." See "Other additions" for how to report a loss. For more information, see ORS 317.715 and the corresponding administrative rules.
- **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)
- **REITs and RICs.** An REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation. (ORS 317.010 and rules)

- **Sale of manufactured dwelling park.** The taxable gain attributable to the sale of a manufactured dwelling park to a tenant's association, facility purchase association or tenant's association supported nonprofit organization is exempt from tax. (note following ORS 317.401).

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

#### Net loss deduction

- A net loss is the amount determined under IRC chapter 1, subtitle A, with the modifications specifically prescribed under Oregon law.
- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- An NOL carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years. [ORS 317.476(4)(b)]
- Enter the deduction on Schedule AP-2, **line 10a** for net losses assigned to Oregon during the preceding taxable years (and not previously deducted).
- Net losses can be carried forward up to 15 years.
- Oregon doesn't allow net losses to be carried back.
- For losses, and built-in losses occurring before a change in ownership (SRLY limitations), Oregon is tied to the federal limitations. (IRC §382 and §384; ORS 317.476 and 317.478)
- The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in OAR 150-317.476(4).
- Real Estate Investment Trusts (REITs), if qualified under IRC §856, aren't allowed a net loss deduction. [ORS 317.476(5)]
- **Attach a schedule** showing your computations.

#### Net capital loss deduction

- Enter the deduction on Schedule AP-2, **line 10b**.
- 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.
- **Attach a schedule** showing your computations including the tax year the net capital loss originated. (OAR 150-317.013)

#### Tax

**Line 17. Calculated income tax.** Is Oregon taxable income \$1 million or less? If so, multiply Oregon taxable income by 6.6 percent and enter the result. Enter -0- if the result is negative or zero.

Is Oregon taxable income greater than \$1 million? If so, multiply the amount that's greater than \$1 million by 7.6 percent, and add \$66,000. Enter the result.

#### Line 18. Tax adjustments.

- Installment sales interest. If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount as a

positive number. Attach 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*, 150-101-154. The amount can be found on Schedule OC2, column g, "net tax." Enter the amount as a negative number.

**Line 19. Tax before credits** (line 18 plus line 17).

#### Credits

For a complete list and description of all Oregon corporation credits, including links to certifying agencies and forms, visit [www.oregon.gov/dor/business](http://www.oregon.gov/dor/business), click on "Corporate Taxes" on the left navigation bar, then click on "2014 Credits" under "What's new for 2014".

#### Important:

- If you're claiming credits that require certification, make sure to include a copy of the certification with your return.
- All credits are claimed on Schedule ASC-CORP.
- All carryforward amounts are claimed separately from current-year credits.
- Remember to attach any documentation required to be submitted to claim credits including certifications.
- Taxpayers must take the full amount of a credit allowed per year. (ORS 314.078)

**Line 20. Total other credits.** Use Schedule ASC-CORP to report the amount and description of "Other credits". Use the numeric description code from the list in Appendix A. The total of all "Other credits" is entered on Form 20-I, line 20.

**Line 21. Income tax after credits** (line 19 minus line 20). Enter -0- if line 20 is greater than line 19.

**Line 22. 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 20-I, line 22 as a subtraction from the tax after credits. Attach the computation schedule to the Oregon return.

On the LIFO benefits line of each of the first three returns of the new S corporation, add one-third of the tax that was deferred from the last year of the C corporation. (ORS 314.750)

#### Net income tax

**Line 23. Net income tax** (line 21 minus line 22). Income filers don't pay a minimum tax.

## Payments, penalty, interest, and UND

### Line 24. Estimated tax and prepayments

**Schedule ES—Estimated tax payments or other prepayments.** Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form 20-V. Also include any refund applied from your previous year's tax return or an Oregon amended return. List name and FEIN of payer only if different from corporation filing this return. On line 6, enter payments made with your extension or other prepayments.

**Claim of right credit.** A claim of right exists when you're taxed on income and later find you have no right to that income and must repay it. Oregon allows a claim of right credit if your federal tax liability is computed under IRC §1341(a). See OAR 150-315.068 for more information on computing the credit.

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

**Total.** On line 8, enter the total of lines 1 through 7, then carry total to Form 20-I, line 24.

**Line 25. Withholding payments.** If taxes were paid on the corporation's behalf, enter the amount on line 25.

There is 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 receives professional advice that the transfer won't result in Oregon taxable income.

See instructions for Oregon Form OR-18, *Report of Tax Payments on Real Property Conveyances*, 150-101-183, or OAR 150-314.258 for more information.

**Pass-through entity withholding requirement.** A pass-through entity (S corporation, partnership, or LLC treated as a partnership) with one or more nonresident owner that has no other Oregon-source income is required to

withhold tax on the nonresident owner's distributive share of income.

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 OAR 150-314.775. See instructions for Oregon Form OR-19, *Annual Report of Nonresident Owner Tax Payments*, 150-101-182, for more information.

**Line 28. Penalty.** To avoid penalty and interest, you must mail any tax payment owed by the **original** due date of the tax return. You must also mail your tax return by the original due date, or by the extended due date if you file with a valid extension attached.

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 file 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 29. Interest.** You must pay interest on unpaid taxes if you don't pay the tax balance by the original filing due date. An interest period is each full month, starting with the day after the due date of the original return. For example, April 16 through May 15 is one full interest period. If you file an amended return and have tax to pay, we'll charge interest starting the day after the due date of the original return until the date you pay in full.

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 figured daily for a fraction of a month, based on a 365-day year. If your taxable income is changed because of a federal or state audit and you owe more tax, we'll charge interest from the due date of the original return to the date you pay in full.

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

To calculate interest:

Tax × Annual interest rate × Number of full years.  
 Tax × Monthly interest rate × Number of full months.  
 Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annually	Monthly	Daily
January 1, 2015	4%	0.3333%	0.0110%
January 1, 2014	4%	0.3333%	0.0110%
January 1, 2013	4%	0.3333%	0.0110%
January 1, 2012	5%	0.4167%	0.0137%

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 30. Interest on underpayment of estimated tax (UND).** You must make quarterly estimated tax payments if you expect to owe \$500 or more with your return. 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 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, attach Form 37—with the "Form 37" box checked—to your tax return, and file them before the due date of the return.

If your current year corporation tax liability is less than \$500, you aren't required to make estimated payments.

Don't complete this form. However, this provision doesn't apply to a high-income taxpayer. A "**high-income taxpayer**" is one that had federal taxable income before net operating loss and capital loss carryovers and carrybacks of \$1 million or more in any one of the last three years, not including the current year.

## Total due or Refund

**Line 32. Total due.** See "Filing checklist."

### Special instructions

- If you owe penalty or interest and have an overpayment on line 27, and your overpayment is less than total penalty and interest, then fill in the result of line 31 minus line 27, on line 32.
- If you mail a check or money order to pay tax, penalties, or interest **separate** from filing your tax return, include Form 20-V. (Form 20-V must include a payment, don't send Form 20-V unless a check or money order is included.)

**Line 34. Amount of refund to be credited to estimated tax.** You may elect to apply part or all of your refund to your next estimated tax payment installment. Fill in the amount you want to apply. Your election is irrevocable.

We will apply the elected amount to the estimated tax installment that next becomes due on or after the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later. The application will be credited as of the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later.

### Schedule 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 AF and submit it with your Oregon return.

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

Please report the following on Schedule AF:

- Name and address of each affiliate doing business in Oregon or with Oregon-source income.
- FEIN.
- BIN.
- Date the affiliate became part of the unitary group if this occurred during the tax year being reported.
- Date the affiliate left the unitary group if this occurred during the tax year being reported.

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

# Appendix A

## Corporation Form 20-I

### 2014 Schedule ASC-CORP Codes

#### Other additions

Description	Code	Description	Code
Alternative fuel vehicle fund (auction).....	148	IRC §631(a) treatment of timber	
Bad debt reserve federal exceeding Oregon.....	156	not recognized by Oregon.....	162
Capital construction fund.....	152	Listed foreign jurisdictions—income.....	176
Charitable donations not allowed for Oregon.....	132	Listed foreign jurisdictions—loss.....	177
Child Care Office contributions.....	153	Listed foreign jurisdictions—previously	
Claim of right income repayment.....	173	included loss or expense.....	177
Deferred gain from out-of-state		Long-term care insurance premiums.....	163
disposition of property.....	118	Losses of nonunitary corporations.....	164
Dependent care credits.....	155	Net federal capital loss deduction.....	165
Depletion (percentage in excess of cost).....	166	QPAI deductions.....	102
Depreciation differences.....	174	Qualified research and development credit.....	167
Film production development contributions.....	157	REITs and RICs.....	168
Gain or loss on disposition of depreciable property ...	158	Renewable energy development	
Income from sources outside U.S. ....	159	contributions (auction).....	175
Individual development accounts credit.....	113	Safe harbor lease agreements.....	169
Intercompany transactions involving		Trust for Cultural Development	
intangible assets.....	160	Account contributions.....	170
Inventory costs.....	161	Uncategorized addition (must attach explanation).....	199
IRC §139A federal subsidies for prescription drugs ...	123	University venture development fund contributions.....	171
		Unused business credits.....	122

#### Other subtractions

Description	Code	Description	Code
Bad debt reserve Oregon exceeding federal.....	359	IC-DISC commission payments	
Cancellation of debt (COD) income §108(i).....	365	(DISC formed before 01/02/2014).....	366
Charitable contribution.....	351	Inventory costs.....	357
Deferred gain from out-of-state		Land donation or bargain sale of land to educational	
disposition of property.....	352	institutions.....	350
Depletion (Oregon in excess of federal allowance).....	362	Listed foreign jurisdictions—previously	
Depreciation differences.....	353	included income.....	367
Federal credits.....	354	Losses from outside U.S.....	358
Federal investment tax credit on certain assets.....	355	Manufactured dwelling park tenant payments.....	344
Film production labor rebate.....	336	REITs and RICs.....	360
Gain or loss on sale of depreciable property.....	356	Sale of manufactured dwelling park.....	338
		Uncategorized subtraction (must	
		attach explanation).....	399

#### Other credits

Description	Code	Description	Code
Alternative fuel vehicle fueling		Child Care Office contributions.....	705
stations carryforward.....	401	Child Care Office contributions carryforward.....	905
Alternative fuel vehicle fund (auction).....	753	Claim of right.....	706
Alternative fuel vehicle fund		Contributions of computers or scientific	
(auction) carryforward.....	953	equipment for research carryforward.....	900
Biomass production or collection.....	743	Crop donation.....	820
Biomass production or collection carryforward.....	943	Crop donation carryforward.....	403
Business energy conservation facilities.....	703	Dependent care assistance (employer provided).....	707
Business energy conservation facilities carryforward.....	903		

**Other credits** *(continued)*

<b>Description</b>	<b>Code</b>	<b>Description</b>	<b>Code</b>
Dependent care assistance (employer provided) carryforward .....	907	Mile-based or time-based motor vehicle insurance ....	805
Dependent care facilities (employer provided) carryforward .....	901	Pollution control facilities .....	725
Electronic commerce in enterprise zone or city .....	710	Pollution control facilities carryforward.....	925
Electronic commerce in enterprise zone or city carryforward .....	910	Qualified equity investment.....	806
Employee and dependent scholarship program payments .....	711	Qualified equity investment carryforward .....	906
Employee and dependent scholarship program payments carryforward.....	911	Qualified research activities .....	819
Energy conservation project .....	750	Qualified research activities carryforward.....	919
Energy conservation project carryforward.....	950	Qualified research alternative .....	813
Energy manufacturing facility .....	748	Qualified research alternative carryforward.....	913
Energy manufacturing facility carryforward.....	948	Reforestation carryforward .....	410
Energy transportation project.....	751	Renewable energy development contribution.....	749
Energy transportation project carryforward.....	951	Renewable energy development contribution carryforward .....	949
Film production development contributions.....	737	Reservation enterprise zone .....	728
Film production development contributions carryforward.....	937	Trust for Cultural Development Account contributions .....	722
Individual development accounts.....	715	Uncategorized credit (must attach explanation) .....	899
Individual development accounts carryforward .....	915	Uncategorized credit carryforward (must attach explanation).....	999
Lender's credit: affordable housing .....	802	University venture development fund contributions.....	739
Lender's credit: affordable housing carryforward.....	902	University venture development fund contributions carryforward .....	939
Lender's credit: energy conservation carryforward ...	409	Voluntary removal of riparian land from farm production carryforward.....	411
Long-term care insurance .....	716	Weatherization lender's credit carryforward.....	917
Long-term rural enterprise zone facilities .....	804	Wolf depredation.....	818
Long-term rural enterprise zone facilities carryforward.....	904	Wolf depredation carryforward .....	918

**Items with a specific line on the form don't have a code. See Form 20-I.**

# Appendix B

## Oregon Corporation Form 20-I

### 2014 Tax Rates

#### 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.

**Note:** Income tax filers pay only calculated tax. They are not subject to minimum tax.