Oregon 2012 Insurance Excise Tax Form 20-INS Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes.

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 are mandated to e-file your federal return, you are 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 now conveniently include an electronic payment with your e-filed original return. See *E-File* on page 4.

Visit us online: www.oregon.gov/dor.

- Obtain tax forms and instructions.
- Get answers to common questions.
- Register for electronic funds transfer (EFT).
- Check out the Oregon Revenue Bulletins.

OREGON DEPARTMENT OF REVENUE

What's new?

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, 2011, 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).

Important: The disconnect from federal law for tax years 2009 and 2010 may have affected reporting differences between federal and Oregon expenses for subsequent years. If you had assets placed in service for a year beginning on or after January 1, 2009, and before January 1, 2011, and bonus depreciation on your federal return created an addition on your Oregon return, you will likely have modifications to Oregon income.

Oregon tax rate

For tax years beginning January 1, 2011 and before January 1, 2013, corporations calculate Oregon tax as follows:

- If Oregon taxable income is $250,000 or less, multiply Oregon taxable income by 6.6 percent. Enter -0- if the result is a negative number or zero.
- If Oregon taxable income is more than $250,000, multiply the amount that is more than $250,000 by 7.6 percent, and add $16,500.
- Excise tax filers pay the greater of calculated tax above or Oregon minimum tax.

Biomass production or collection credit

For tax years beginning on or after January 1, 2012, woody biomass is measured by its dry weight. For tax years beginning before January 1, 2012, woody biomass is measured by its wet (green) weight.

Film production development contribution credit

For tax years beginning on or after January 1, 2012, the maximum credit amount that the Oregon Film and Video Office can certify during a fiscal year is reduced from $7.5 million to $6 million.

Qualified equity investment tax credit

For investments made on or after July 1, 2012, and before July 1, 2016, a tax credit is allowed for qualified equity investments in low-income community businesses. The credit is certified by the Oregon Business Development Department.

For more information on qualifying investments and entities, visit http://www.oregon4biz.com/NMTC or see Oregon Revised Statute (ORS) 315.533.

The credit is equal to 39 percent of the purchase price of the qualified equity investment. It must be taken over seven years, beginning with the year of investment. The credit cannot be more than your tax liability. You can carry forward any unused credits to any succeeding tax year. This credit cannot be transferred or sold.

The allowable tax credit for each of the seven years is:

- -0- percent in the 1st and 2nd years;
- 7 percent of the purchase price in the 3rd year; and
- 8 pecent of the purchase price in each of the 4th through 7th years.

Note: No credit may be claimed until tax year 2014 for qualified investments made in tax year 2012.

Qualified research activities credit

For tax years beginning on or after January 1, 2012, the maximum credit amount that can be claimed under ORS 317.152 or ORS 317.154 is reduced from $2 million to $1 million.

Wolf depredation credit

For tax years beginning on or after January 1, 2012, and before January 1, 2019, a tax credit is allowed for the current market value of any livestock that is killed by a wolf. Taxpayer must submit evidence that includes finding by Department of Fish and Wildlife (ODFW) or by a peace officer that a wolf was probable cause of loss. Taxpayer must retain details for audit verification. For corporation tax purposes the credit has a three year carryforward.

Tax credit sunsets

Beginning January 1, 2012, these tax credits are not available except for carryforward purposes:

- Alternative Fuel Vehicle Fueling Stations Credit, ORS 317.115.
- Crop Donation, ORS 315.156.
- Diesel Engine Repower or Retrofit Credit, note following ORS 315.356.
- Lender's Credit: Energy Conservation, ORS 317.112.
- Reforestation Credit, ORS 315.104.
- Voluntary Removal of Riparian Land from Farm Production Credit, ORS 315.113.
- Water Transit Vessel Manufacturing Credit, ORS 315.517.

Schedule ASC-CORP, *Oregon Adjustments* (150-102-033)

We have a new schedule to help corporations report *other* additions, *other* subtractions, and *other* credits. Instructions are different for each form-type. For more detail, see specific line instructions for Forms 20, 20-I, 20-INS, and 20-S.

Electronic payments now accepted when e-filing

Payment may now be included with your **original** e-filed return. Please do not mail a paper voucher as this will slow the processing of your return. For details on payments made with your return, see *Filing checklist* on page 5.

Looking ahead

Oregon tax rate change beginning 2013

For tax years beginning January 1, 2013 and later, corporations calculate Oregon tax as follows:

- If Oregon taxable income is $10 million or less, multiply Oregon taxable income by 6.6 percent. Enter -0- if the result is negative or zero.
- If Oregon taxable income is more than $10 million, multiply the amount that is more than $10 million by 7.6 percent, and add $660,000.
- Excise tax filers pay the greater of calculated tax above or Oregon minimum tax.

IRC §108(i) Income from cancellation of debt (COD)

Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return beginning as early as 2013, you may subtract for Oregon the amount that was previously included in Oregon income (ORS 317.301).

Estimated tax payments

Requirements

Oregon estimated tax laws are not 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. This includes Oregon's minimum tax. This requirement also applies if you are an S corporation paying tax on income from built-in gains or excess passive investment income.

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.
- 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 other payments **with your return**, see *Filing checklist* on page 5.

Estimated payments may be made by electronic funds transfer (EFT) or by mail. EFT reduces expenses and ensures accuracy.

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, **do not** send Form 20-V payment voucher.

You must make your Oregon estimated payments by EFT if you are required to make your federal estimated payments by EFT. The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement. (OAR 150-314.518)

If you do not 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 the department 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 and click on the "Learn more about Corporate e-filing" link found under "Electronic Services."

Mail. If paying by mail, send each payment with a Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions,* 150-102-172.

Worksheet to calculate Oregon estimated tax

(Keep for your records—do not 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 and minimum tax).	2. ______________
3.	Subtract tax credits allowable in upcoming tax year. Tax credits cannot be used to reduce minimum excise tax.	3. ______________
4.	Net tax (line 2 minus line 3).	4. ______________

If the amount on line 4 is less than $500, **stop.** You don't have to make estimated tax payments. **Caution: If your final tax liability when you file your return is $500 or more, you may be subject to interest on 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 interest on the underpayment of estimated tax (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 Oregon statutes (ORS) and rules (OAR) concerning underpayment of estimated tax, Chapter 314 [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?

Foreign and domestic insurance companies, including home warranty companies (but not title insurers), that are doing business in Oregon, or with income from an Oregon source, are required to file.

Provisions regarding this tax can be found in ORS Chapter 317 in 317.010(11), 317.122, and 317.650–317.665.

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.

What form do I use?

Foreign and domestic insurance companies, including home warranty companies, are required to file Form 20-INS. Title insurers are not required to file a Form 20-INS. They file Form 20.

Insurance companies must file a Form 20-INS if they are doing business in Oregon. Insurance companies with agents in this state whose only activity is solicitation are also subject to the excise tax. Companies having income from an Oregon source, such as premiums from existing policy holders, are doing business in Oregon and must file Form 20-INS. Form 20-INS filers are subject to the minimum tax.

Companies registered with the Insurance Division to do business in Oregon, but who don't actually do business in the state during the tax year, and don't have Oregon source income, are not required to file Oregon Form 20-INS and are not subject to the minimum tax.

Filing requirements

Annual statement. Form 20-INS is not based on the federal return. This form begins with "Net income from the annual statement to the insurance commissioner."

Tax year. All insurance companies required to file an *Oregon Insurance Excise Tax Return* must file on a calendar year basis and are subject to the minimum tax.

Foreign and domestic domiciles (consolidated and separate returns). Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a separate basis. Unitary domestic insurance companies **(incorporated in Oregon)** not controlled by foreign insurers incorporated outside of Oregon must file consolidated returns if they were included in consolidated federal returns. An interinsurance and reciprocal exchange and its attorney-in-fact may file consolidated returns.

Exempt

Surplus lines insurance companies and fraternal benefit societies are not subject to the excise tax if exempt under IRC §501(c)(8).

E-file

Important: Electronic tax due payments may now be made when e-filing your **original** return. For more details about making payments **with your return**, see *Filing checklist* on page 5.

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 2013, we'll accept e-filed returns for tax year 2012, and will continue accepting returns for 2011 and 2010. Your tax return software also allows you to make electronic payments when e-filing your original return.

For more information, visit www.oregon.gov/dor/e-filing and click on the "Learn more about Corporate e-filing" link found under "Electronic Services."

Federal and Insurance Division audit changes

You must notify us if the IRS changes your federal return, or the Insurance Division changes your Fire Marshal tax or retaliatory tax for any tax year and the change affects your computation of Oregon excise tax. If so, you must file a 20-INS checking the "Amended" box and attach a copy of the federal or Insurance Division 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 do not amend or send a copy of the federal or other state audit report, we have two years from the date we are notified of the change by the IRS to issue a deficiency notice. You **must** file within two years after the date of the federal or other state audit report to receive a refund.

Amended returns and protective claims

If you change taxable income by amending your federal return or your annual statement, 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. Oregon doesn't have a different amended return form. Use the form for the tax year you are amending and check the **"Amended"** box.

Do not make payments for amended returns with EFT (Electronic Funds Transfer). This also applies to e-filed amended returns. For paper returns, include check or money order with your return. For e-filed returns, send check or money order separately. Make sure to write **"Amended"** on the payment itself. You must also include a completed Form 20-V with the "Amended" box checked.

If check or money order is not clearly marked as "Amended payment" our system will apply the payment to your account before the return is processed causing an automatic refund that could result in additional penalty and interest.

Do not 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 Form 20-INS amended, enter the net excise tax per the original return or as previously adjusted. Do not 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 the department 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 the department. See interest rates on page 11.

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 will cancel any penalty or interest pertaining to the changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, we will not pay interest.

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.
- **Business identification number (BIN).** Oregon identifies each corporation using a BIN we assign. You have a BIN if you have made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for corporation excise or income tax payments. **If you do not 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.
- **Making electronic payments with your E-filed return.** We accept electronic payments when e-filing your 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 2012
  — Daytime telephone number

  To speed processing, DO NOT:

  — Use Form 20-V payment voucher
  — Staple payment to return
  — Send cash or postdated checks
  — 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-INS;
  2. Schedule AP, *Apportionment of Income for Corporations and Partnerships;*
  3. Schedule AF, *Schedule of Affiliates;*
  4. Schedule *ASC-CORP, Oregon Adjustments (150-102-033)*
  5. Form 37, *Underpayment of Oregon Corporation Estimated Tax;*
  6. Other Oregon statements;
  7. Oregon credit forms including notice of credit transfers;
  8. Form 7004, Federal extension;
  9. Annual Statement, as indicated below.

     Life Insurance companies should include the following pages from the Annual Statement:

     - Page 4—Summary of Operations;
     - Page 11, Exhibit 3—General Expenses;
     - Page E-01—Schedule A, Part 1;
     - Page E-03—Schedule A, Part 3;
     - Page 8—Exhibit of Net Investments; and
     - Page 50, Schedule T—Premiums and Annuity Considerations.

     Property and Casualty Insurance companies should include the following pages from the Annual Statement:

     - Page Supp 6—Part II Allocation to Lines of Business Net of Reinsurance;
     - Page 4—Statement of Income;
     - Page 11—Underwriting and Investment Exhibit;
     - Page E-01 and E-03—Schedule A, Part 1;
     - Page 12—Exhibit of Net Investment Income; and
     - Page 95, Schedule T—P&C Schedule of Premiums Written.

- **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

Name

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation is not 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-1).

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

Extension checkbox

Oregon does not have an extension form. Form 20-V payment voucher is not an extension of time to file or to pay tax.

For an Oregon extension when also filing for a federal extension: Send the federal extension with the Oregon return when you file. (Oregon extension due date is the 15th day of the month following the federal extension's due date.) Make sure the "Extension" checkbox is checked on the 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. Make sure the "Extension" checkbox is checked on the Oregon return.

To avoid penalty and interest, mail tax due prepayments with Form 20-V on or before the original due date of your return. More time to file doesn't mean more time to pay your tax.

Form 37 checkbox

If you have an underpayment, you must include a completed Form 37 and 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.

Questions

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

Foreign insurers and domestic insurers controlled by foreign insurers are not allowed to file consolidated returns and should omit questions E and F.

Question E(1). If you checked the box, attach a list of the corporations included in your 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), by listing the corporations included in your 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 your consolidated federal return that are not included in this Oregon return. List each corporation's name, FEIN, and Oregon BIN.

Question F. A "low-income taxpayer" is one that did not 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 H. Enter the total number of corporations doing business in Oregon that are included in this return.

Question L. If you are subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 21, column (A). If you are not subject to apportionment, compute your Oregon sales as if you were subject to apportionment, using Schedule AP-1, lines 18 through 20, column (A). See the instructions for the insurance sales factor.

Line instructions

Line 2. Income, expenses, and other items attributable to separate accounts. Enter amount from "Summary of Operations," page 4, lines 5 and 8.1 of the annual statement for life insurance companies.

Line 5. Underwriting profit derived from wet marine and transportation insurance. Enter amount from "Part II Allocation to Lines of Business Net of Reinsurance," page Supp 6, lines 8 and 9, column 41, of the P&C annual statement.

Additions

Line 8. Federal income taxes. Add the amount of federal income taxes deducted in computing net income from operations. If a net refund of federal tax is shown on the annual statement (due to an excess of refund for a prior year over current year net tax), enter a negative figure.

- Life companies: Annual statement, amount included in "Summary of Operations," page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included in "Summary of Operations," page 4, line 34.
- P&C companies: Use tax on ordinary income from the annual statement, included in "Statement of Income," page 4, line 19.

Line 9. State income taxes (all jurisdictions). Include only the amount of state income taxes (including Oregon minimum tax) included in the following amounts on the annual statement:

- Life companies: Annual statement, included in "General Expenses," page 11, exhibit 3, lines 3, 4 and 6, column 5.
- P&C companies: Annual statement, included in "underwriting and Investment Exhibit," page 11, lines 20.1 and 20.4.

Line 10. Penalty interest on prepayment of loans. Add any amounts not already included in the computation of net income on the annual statement.

Line 11. Decreases in certain reserves. These are changes that have not been included in the computation of net income from operations. Add **decreases in mandatory reserves** that the insurer is required to maintain by law or by rules or directives of the director of the Department of Consumer and Business Services, **other than** decreases that (a) are deducted in arriving at the insurer's net gain from operations, or (b) result from net gains or losses, realized or unrealized, in the value of the insurer's property and investments.

- Life companies—Annual statement, "Summary of Operations," page 4, line 44.
  — Also add **decreases in reserves for policies and obligations outstanding** before the beginning of the taxable year resulting from changes in the basis and methods of computing such reserves that are justified by accounting and actuarial practices applicable to or accepted by the insurance industry. Such practices are commonly known as "reserve strengthening" or "reserve weakening."
- Life companies—Annual statement, "Summary of Operations," page 4, line 43.
- P&C companies—Annual statement, "Statement of Income," page 4, line 37.

Line 12. Total other additions. The amount by which an item of gross income is greater under Oregon law than as reported above on lines 1 through 7, or the amount by which any allowable deduction is less under Oregon law, is an addition on your Oregon return.

Use Schedule ASC-CORP, *Oregon Adjustments* (150-102-033) 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-INS, line 12.

Important: Do not report an addition that's already included on lines 8 through 11.

Other additions include:

- **Child Care Division and community agency contributions.** The deduction included in net income from operations must be added back to income if the Oregon credit is claimed. (ORS 315.213)
- **Claim of right income repayment adjustment when credit is claimed.** Any deduction under IRC §1341 included in net income from operations must be added back to income if the Oregon credit is claimed. (ORS 317.388)
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount of deduction included in net income from operations must be added to income if the Oregon credit is claimed. [ORS 317.151(4)]
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the addition if deferred gain was 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 depletion. (ORS 317.374)
- **Depreciation differences.** If your Oregon depreciation is not the same as the amount included in net income from operations, the difference is a required modification on your Oregon return. (ORS 317.356) 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 is included in net income from operations as a deduction. (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 the Oregon basis is less than it is for federal purposes. (ORS 317.356)
- **Individual development accounts credit.** Donations deducted in net income from operations must be added back to Oregon income if the credit is claimed. [ORS 315.271(2)]
- **IRC §631(a) treatment of timber is not 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)
- **Long-term care insurance premiums.** Premiums deducted in net income from operations must be added back if the Oregon credit is claimed under ORS 315.610. (ORS 317.322)
- **Qualified research and development credit.** After you've calculated the credit, you must add the amount back to your Oregon taxable income.
- **Realized gains.** Add realized gains on sales or exchanges of assets, including non-admitted assets that were not included in net income from operations.
- **Trust for cultural development account contributions.** Add to income the amount deducted as a charitable contribution.
- **University venture fund contributions.** Add to income the amount of contributions deducted in net income from operations and used to calculate the University Venture Fund Contribution credit taken on your Oregon return. (ORS 315.521)

Subtractions

Line 15. Amortization of past service credits. Subtract the amortized portion of contribution for past service credits made to qualified plans and exempt employee trusts. The subtraction is for amounts not deducted in the computation of net gain from operations in the annual statement. There is no explicit item in the annual statement.

P&C and life companies—See note(s) in the NAIC annual statement about retirement plans.

Line 16. Increases in certain reserves. Subtract increases in reserves described in the instructions for additions.

Line 17. Total other subtractions. The amount by which an item of gross income is less under Oregon law than reported above on lines 1 through 7, or the amount by which an allowable deduction is greater under Oregon law than reported above, is a subtraction on your Oregon return.

Use Schedule ASC-CORP, Oregon Adjustments (150-102-033) 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-INS, line 17.

Important: Do not report a subtraction that's already included on lines 15 and 16.

Other subtractions include:

- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the subtraction if deferred loss was 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 is not the same as the amount included in net income from operations, the difference is a required modification on your Oregon return. (ORS 317.356) Use the Depreciation Schedule for Individuals, Partnerships,

Corporations, and Fiduciaries, 150-101-025 to determine the Oregon modification.
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in net income from operations 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 the Oregon basis is greater than it is for federal purposes. (ORS 317.356)
- **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)
- **Realized losses.** Realized losses on sales or exchanges of assets, including non-admitted assets that were not included in net income from operations.

Line 20. Net loss deductions

Net loss deduction

- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- Enter the deduction on line 20 if taxable only by Oregon.
- Enter the deduction on Schedule AP-2, line 10a if taxable both in Oregon and another state.
- Insurers may carry net losses forward up to 15 years.
- Oregon does not allow net losses to be carried back.
- 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). (ORS 317.665)

Tax calculation

Line 22. Excise tax calculation. Don't enter minimum tax on this line.

Determine your calculated tax as follows:

Is Oregon taxable income $250,000 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 $250,000? If so, multiply the amount that is greater than $250,000 by 7.6 percent and add $16,500. Enter the result.

Line 23. Tax adjustment for interest on certain installment sales. If you owe interest on deferred tax liabilities with respect to an installment obligation under ORS 314.302, indicate the amount on this line. Attach a schedule showing how you figured the interest.

Credits and offsets

Important:

- All credits except Fire Insurance gross premiums tax and OLHIGA are claimed on Schedule ASC-CORP.
- Remember to attach any documentation required to be submitted to claim credits.

Taxpayers must take the full amount of a credit allowed per year (ORS 314.078). Credits can't be used to offset minimum excise tax.

Workers' compensation tax credit. This credit is the lesser of the premium assessment to fund operations of the Oregon Insurance Division or the excise tax on the profit attributable to the workers' compensation line of business. If your company qualifies for a Workers' Compensation Tax Credit, please use the other credits portion of the 2012 Schedule ASC-CORP to claim your credit.

Credits against the excise tax **must** be claimed in the following order: other credits, workers' compensation credit, and fire insurance premiums tax credit. These credits are subtracted from the excise tax. The remaining tax is then reduced by the Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

Line 25. Total other credits.

Use Schedule ASC-CORP, *Oregon Adjustments* (150-102-033), to report the amount and description of *other credits* not already reported on a specific line on your return. Use the numeric description code from the list in Appendix A. The total of all *other credits* is entered on Form 20-INS, line 25.

Excise tax: Calculated or minimum

Line 29. Excise tax after credits and offsets. Oregon excise tax is the greater of computed tax from Calculated Tax table or Minimum Tax table.

Note: Corporations and partnerships that are not doing business in Oregon are not subject to the minimum tax.

Tax rates for tax year 2012

Calculated tax table

Oregon taxable income	*Tax rate*
$250,000 or less	6.6%
$250,001 or more	$16,500 plus 7.6% of the amount over $250,000

Minimum tax table

Oregon sales of filing group (see definitions below)	*Minimum tax*
under $500,000	$150
$500,000 to $999,999	500
$1,000,000 to $1,999,999	1,000
$2,000,000 to $2,999,999	1,500
$3,000,000 to $4,999,999	2,000
$5,000,000 to $6,999,999	4,000
$7,000,000 to $9,999,999	7,500
$10,000,000 to $24,999,999	15,000

$25,000,000 to $49,999,999	30,000
$50,000,000 to $74,999,999	50,000
$75,000,000 to $99,999,999	75,000
$100,000,000 and above	100,000

The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return.
- Consolidated filers: one minimum tax applies to the affiliated group filing the consolidated return, not to each individual affiliate included in the consolidated return doing business in Oregon.
- The minimum tax is not apportionable for a short tax year (except a change of accounting period).
- The minimum tax is payable in full for any part of the year during which a taxpayer is subject to tax.
- 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.

Nonapportioned returns

Domestic insurance companies doing business only within Oregon can calculate Oregon sales by adding the following:

- Direct premiums;
- Annuity considerations; and
- Finance and service charge.

Apportioned returns

C corporations and insurance companies doing business in more than one state that apportion business income for Oregon tax purposes, use the Oregon sales amount from Line 21(a) on Schedule AP.

Note: Computed tax may be reduced by certain tax credits, but not below the minimum tax as outlined above and in ORS 317.090. The minimum tax is the least tax to be paid by a corporation required to file an excise tax return.

Payments, penalty, interest, and UND

Line 30. 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 on line 5. 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 are 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-INS, line 30.

Line 31. Withholding payments

If taxes were paid on the corporation's behalf, enter the amount on line 31.

Beginning with transactions occurring on or after January 1, 2008, 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 are not 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 is includible in Oregon taxable income for the year.

Withholding is not required if one of the following requirements is met:

- The consideration for the real property does not 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 will not 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 owners that have no other Oregon-source income are 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 34. Penalties. 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 did not pay 90 percent of your tax by the original due date, you will 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. 100 percent penalty is assessed on each year's tax balance.

Line 35. 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.
- Interest is figured daily for a fraction of a month, based on a 365-day year.
- Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment.
- Even if you get an extension to file, you still owe interest if you pay after the return's original due date.
- If you file an amended return and have tax to pay, we will charge interest starting the day after the due date of the original return until the date you pay in full.
- If your taxable income is changed because of a federal or state audit and you owe more tax, we will charge interest from the due date of the original return to the date you pay in full.

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, 2013	4%	0.3333%	0.0110%
January 1, 2012	5%	0.4167%	0.0137%
January 1, 2011	5%	0.4167%	0.0137%
January 1, 2010	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 the Department of Revenue has assessed an existing deficiency; and
- The assessment is not paid within 60 days after the notice of assessment is issued; and
- You have not filed a timely appeal.

Line 36. Interest on underpayment of Oregon corporate estimated taxes (UND)

You must make quarterly estimated tax payments if you expect to owe $500 or more with your return. This includes Oregon's minimum tax. Oregon charges UND if:

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

Use Form 37, *Underpayment of Oregon Corporation Estimated Tax,* 150-102-037, 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, including the minimum tax, is less than $500, you don't need to make estimated payments. Don't complete this form. However, this provision does not 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.

Line 38. Total due

See Filing checklist on page 5.

Special instructions

- If you owe penalty or interest and have an overpayment on line 33, and your overpayment is less than total penalty and interest, then
- Fill in the result of line 37 minus line 33, on line 38.

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-INS
2012 Schedule ASC-CORP Codes

Other Additions	Code
Child Care Division & community agency contributions	153
Claim of right income repayment	173
Contributions of computers or scientific equipment	154
Deferred gain from out-of-state disposition of property	118
Dependent care credits	155
Depletion (percentage in excess of cost)	166
Depreciation differences	174
Film production development contributions	157
Gain or loss on disposition of depreciable property	158
Individual development accounts credit	113
IRC §631(a) treatment of timber not recognized by Oregon	162
Long-term care insurance premiums	163
Qualified research and development credit	167
Realized gains not in net income from operations	172
Trust for cultural development account contributions	170
University venture fund contributions	171
Unknown addition	199

Other Subtractions	Code
Deferred gain from out-of-state disposition of property	352
Depletion Oregon in excess of federal allowance	362
Depreciation differences	353
Film production labor rebate	336
Gain or loss on sale of depreciable property	356
Land donation or bargain sale of land to educational institutions	350
Realized losses not in net income from operations	363
Unknown subtraction	399

Other Credits	Code
Biomass production or collection	743
Biomass production or collection carryforward	943
Business energy conservation facilities	703
Business energy conservation facilities carryforward	903
Child Care Division and community agency contributions	705
Child Care Division and community agency contributions carryforward	905
Claim of right	706
Contribution of computers or scientific equipment for research	800
Contribution of computers or scientific equipment for research carryforward	900
Crop donation carryforward	403
Dependent care assistance (employer provided)	707
Dependent care assistance (employer provided) carryforward	907
Dependent care facilities (employer provided)	801
Dependent care facilities (employer provided) carryforward	901
Diesel engine replacement carryforward	404
Diesel engine repower or retrofit carryforward	405
Electronic commerce in enterprise zone or city	710
Electronic commerce in enterprise zone or city carryforward	910
Employee and dependent scholarship program payments	711
Employee and dependent scholarship program payments carryforward	911
Energy conservation project	750
Energy conservation project carryforward	950
Energy manufacturing facility	748

Energy manufacturing facility carryforward	948
Energy transportation project	751
Energy transportation project carryforward	951
Farm machinery and equipment income carryforward	407
Farmworker housing construction	712
Farmworker housing construction carryforward	912
Film production development contributions	737
Film production development contributions carryforward	937
First break program carryforward	406
Fish screening devices	714
Fish screening devices carryforward	914
Individual development accounts	715
Individual development accounts carryforward	915
Lender's credit: affordable housing	802
Lender's credit: affordable housing carryforward	902
Lender's credit: energy conservation carryforward	409
Lender's credit: farmworker housing	803
Long-term care insurance	716
Long-term rural enterprize zone facilities	804
Long-term rural enterprize zone facilities carryforward	904
Mile-based or time-based motor vehicle insurance	805
On-farm processing facilities carryforward	408
Pollution control facilities	725
Pollution control facilities carryforward	925
Qualified equity investment	806
Qualified equity investment carryforward	906
Qualified research activities	819
Qualified research activities carryforward	919
Qualified research alternative	813
Qualified research alternative carryforward	913
Reforestation carryforward	410
Renewable energy contribution	749
Renewable energy contribution carryforward	949
Reservation enterprise zone	728
Trust for cultural development account contributions	722
University venture development fund contributions	739
University venture development fund contributions carryforward	939
Unknown credit	899
Unknown credit carryforward	999
Voluntary removal of riparian land from farm production carryforward	411
Weatherization lender's credit	817
Weatherization lender's credit carryforward	917
Wolf depredation	818
Wolf depredation carryforward	918
Workers' compensation assessments	812

Items with a specific line on the form do not have a code. See Form 20-INS.