

# Oregon 2013 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 (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 on page 5.

Visit us online: [www.oregon.gov/dor](http://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.



## 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 January 3, 2013, including the American Taxpayer Relief Act of 2012 signed into law on January 2, 2013.

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 between January 1, 2009 and January 1, 2011, and bonus depreciation on your federal return created an addition on your Oregon return, you'll likely have modifications to Oregon income. (ORS 317.301)

#### 2013 Oregon tax rate

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

- If Oregon taxable income is \$1 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 \$1 million, multiply the amount that is more than \$1 million by 7.6 percent, and add \$66,000.
- Excise tax filers pay the greater of calculated tax above or Oregon minimum tax.

#### Minimum tax offset by credits

Per the Oregon Supreme Court decision issued May 31, 2013, *Con-Way, Inc. & Affiliates v. Department of Revenue*, all corporation tax credits, except for the "contributions of computers or scientific equipment for research" credit, are applied against the minimum tax of C corporations. See credits under line instructions below.

### Additions and subtractions

#### Cancellation of debt (COD) income under IRC §108(i)

Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less

than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return beginning as early as 2013, you may subtract for Oregon the amount that was previously included in Oregon income. (ORS 317.301)

#### Charitable donations not allowed for Oregon

Effective October 7, 2013, a charitable organization may receive a disqualifying order from the Attorney General. Donations to the charitable organization receiving a disqualifying order aren't deductible as charitable donations for Oregon tax purposes. An addition must be made on the Oregon return for donations to the charitable organization receiving a disqualifying order.

The charitable organization named in the order is required to provide a disclosure to a donor acknowledging that contributions to the organization aren't deductible as charitable donations for Oregon tax purposes. The Attorney General will publish on the Internet and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. For more information, visit Oregon Department of Justice, Charitable Activities Section, at [www.doj.state.or.us/charigroup](http://www.doj.state.or.us/charigroup).

### Credits

#### Alternative fuel vehicle fund (auction) credit and addition

If you received a tax credit through the Oregon Alternative Fuel Vehicle Revolving Fund tax credit auction conducted by us, in cooperation with the Department of Energy, you may be able to claim a tax credit for tax years beginning on or after January 1, 2013 and before January 1, 2015. Claim the credit on Schedule ASC-CORP as an other credit. The credit amount is shown on the certificate issued by the Department of Energy. You may carry forward unused credits for up to three years.

If you claim any of the amount you paid for this credit as a deduction on your federal return, you must add back that amount to your Oregon income as an other addition.

#### Farmworker Housing Project changes

The Farmworker Housing Project has a new name: Agricultural Workforce Housing. In addition, farmworkers are now Agricultural Workers and farmworker housing is Agricultural Workforce Housing. (ORS 315.164, ORS 315.167, ORS 315.169, ORS 315.172 and ORS 317.147)

## Looking ahead

### General

#### **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)

#### **Tax haven countries**

For purposes of determining Oregon taxable income, the taxable income or loss of any corporation that is a member of a unitary group and that is incorporated in a tax haven country shall be added to federal consolidated taxable income. This will be an Oregon modification (addition or subtraction). This provision applies to tax years beginning on or after January 1, 2014. See ORS 317.715 (HB 2460) for a list of countries subject to the modification.

### Credits

#### **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)

#### **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 is 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. This includes Oregon's minimum tax.

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

You must make your Oregon estimated payments by EFT if you're 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 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.

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.

For more information, visit [www.oregon.gov/dor/e-filing](http://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 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 and minimum tax). 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. 5. \_\_\_\_\_  
(Divide line 4 by the number of payments you need to make. This is usually 4.)

If your expected net tax changes during the year, divide the amended net tax amount by the number of required payments (usually four) to determine the correct amount of each required 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 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 are 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, *Oregon Insurance Excise Tax Return*, 150-102-129. Title insurers aren't 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, aren't required to file Oregon Form 20-INS and aren't 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 inter-insurance and reciprocal exchange and its attorney-in-fact may file consolidated returns.

## Exempt

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

## 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 2014, we'll accept e-filed returns for tax year 2013, and will continue accepting returns for 2012 and 2011.

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](http://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 don't amend or send a copy of the federal or other state audit report, we have two years from the date we aren'tified 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

Oregon doesn't have an amended return form. 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.

Don't 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.**

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 Form 20-INS amended, enter the net excise tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

Pay all tax and interest due when you file 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 on page 12.

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 **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.

- **Making electronic payments with your e-filed original return.** We accept electronic payments when you e-file 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 2013
- Daytime telephone number

To speed processing, DON'T:

- 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, *Oregon Insurance Excise Tax Return*, 150-102-129;
2. Schedule AF, *Schedule of Affiliates* (found with Form 20-INS);
3. Schedule AP, *Apportionment of Income for Corporations and Partnerships*, 150-102-171;
4. Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033;
5. Form 37, *Underpayment of Corporation Estimated Tax*, 150-102-037;
6. Other Oregon statements;
7. Oregon credit forms including notice of credit transfers and certifications;
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 2—General Expenses;
- Page E-01—Schedule A, Part 1;
- Page E-03—Schedule A, Part 3;
- Page 8—Exhibit of Net Investments; and
- Page 49, 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 94, 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).

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. 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 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, mail tax due prepayments with Form 20-V on or before the original due date of your return. **Note:** Form 20-V payment voucher is not 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.

## 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 aren’t allowed to file consolidated returns and should skip 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 aren’t 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 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 H.** Enter the total number of corporations doing business in Oregon that are included in this return.

**Question M.** If you’re subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 21, column (A). If you’re 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).** Per ORS 317.655 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 2, 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 6, 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:** Don’t report an addition that’s already included on lines 8 through 11.

**Other additions** include:

- **Charitable donations not allowed for Oregon.** Donations to a charitable organization who 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 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 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 deferred gain or loss 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 of depletion. (ORS 317.301)
- **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 317.301) 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 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.
- **Renewable energy development contributions (action).** If you claimed a 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)
- **Trust for Cultural Development Account contributions.** Add to income the amount deducted as a charitable contribution. (ORS 315.675)

- **University venture development 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 6, 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 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:** Don't report a subtraction that's already included on lines 15 and 16.

**Other subtractions** include:

- **Cancellation of debt (COD) income IRC §108(i).** Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return beginning as early as 2013, you may subtract for Oregon the amount that was previously included in Oregon income. (ORS 317.301)
- **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 deferred gain or 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.

- 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 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 doesn't 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)
- **Attach a schedule** showing your computations.

## Tax

**Line 22. Calculated excise tax. Don't enter minimum tax on this line.** Determine your calculated tax as follows:

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 is greater than \$1 million by 7.6 percent and add \$66,000. Enter the result.

**Line 23. Minimum tax.** The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales. Use the table below.

### Minimum tax table

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

- 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).

**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.

**Line 24. Tax** (greater of line 22 or line 23). Oregon tax is the greater of total calculated tax or minimum tax.

**Line 25. Tax adjustment for installment sales interest.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount of interest as a positive number. Attach a schedule showing how you figured the interest.

**Line 26. Tax before credits** (line 24 plus line 25).

### Credits and offsets

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 "2013 Credits" under "What's new for 2013".

**Note:** The credit for "contributions of computers or scientific equipment for research" is not allowed to reduce minimum tax.

### Important:

- 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 27. Total other credits.** Use Schedule ASC-CORP 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 27.

**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 Schedule ASC-CORP to claim your credit.

**Line 28. Fire insurance gross premiums tax credit.**

**Line 29. Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.**

**Line 30. Total credits/offsets.** Credits against 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 excise tax. The remaining tax is then reduced by the OLHIGA offset.

Most credits are used to offset Tax before credits on line 26.

**Exception:** The credit for "contributions of computers or scientific equipment for research" (Code 800) and "carryforward" (Code 900) aren't allowed to be applied to minimum tax. If you're claiming this credit or carryforward and must limit the credit deduction, attach an explanation and a separate schedule to your return that shows the current year and carryforward amounts. (ORS 317.151)

### Net excise tax

**Line 31. Net excise tax** (line 26 minus line 30). Don't enter less than zero.

### Payments, penalty, interest, and UND

**Line 32. 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'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-INS, line 32.

**Line 33. Withholding payments.** If taxes were paid on the corporation's behalf, enter the amount on line 33.

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 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 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 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 36. 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 did not 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. 100 percent penalty is assessed on each year's tax balance.

**Line 37. 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, 2014	4%	0.3333%	0.0110%
January 1, 2013	4%	0.3333%	0.0110%
January 1, 2012	5%	0.4167%	0.0137%
January 1, 2011	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 38. 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 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 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.

**Line 40. Total due.** See Filing checklist on page 5.

### Special instructions

- If you owe a penalty or interest and have an overpayment on line 35, and your overpayment is less than total penalty and interest, then fill in the result of line 39 minus line 35, on line 40.
- If you mail a check or money order to pay tax, penalties, or interest **separate** from filing your tax return, include Form 20-V, *Corporation Tax Payment Voucher*, 150-102-172. (Form 20-V must include a payment, don't send unless a check or money order is included.)

### 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

### 2013 Schedule ASC-CORP Codes

#### Other Additions

Description	Code	Description	Code
Alternative fuel vehicle fund (auction).....	148	Individual development accounts credit.....	113
Charitable donations not allowed for Oregon.....	132	IRC §631(a) treatment of timber not recognized by Oregon.....	162
Child Care Office contributions .....	153	Long-term care insurance premiums .....	163
Claim of right income repayment.....	173	Qualified research and development credit.....	167
Contributions of computers or scientific equipment ..	154	Realized gains not in net income from operations.....	172
Deferred gain from out-of-state disposition of property .....	118	Renewable energy development contributions (auction) .....	175
Dependent care credits.....	155	Trust for Cultural Development Account contributions .....	170
Depletion (percentage in excess of cost).....	166	University venture development fund contributions.....	171
Depreciation differences.....	174		
Film production development contributions.....	157		
Gain or loss on disposition of depreciable property ...	158		

#### Other Subtractions

Description	Code	Description	Code
Cancellation of debt (COD) income §108(i).....	365	Film production labor rebate.....	336
Deferred gain from out-of-state disposition of property .....	352	Gain or loss on sale of depreciable property .....	356
Depletion (Oregon in excess of federal allowance)....	362	Land donation or bargain sale of land to educational institutions.....	350
Depreciation differences.....	353	Realized losses not in net income from operations.....	363

#### Other Credits

Description	Code	Description	Code
Agricultural workforce housing construction .....	712	Electronic commerce in enterprise zone or city .....	710
Agricultural workforce housing construction carryforward .....	912	Electronic commerce in enterprise zone or city carryforward .....	910
Alternative fuel vehicle fund (auction).....	753	Employee and dependent scholarship program payments .....	711
Biomass production or collection .....	743	Employee and dependent scholarship program payments carryforward.....	911
Biomass production or collection carryforward.....	943	Energy conservation project .....	750
Business energy conservation facilities.....	703	Energy conservation project carryforward.....	950
Business energy conservation facilities carryforward.....	903	Energy manufacturing facility .....	748
Child Care Office contributions .....	705	Energy manufacturing facility carryforward.....	948
Child Care Office contributions carryforward.....	905	Energy transportation project.....	751
Claim of right.....	706	Energy transportation project carryforward .....	951
Contributions of computers or scientific equipment for research .....	800	Farm machinery and equipment income carryforward .....	407
Contributions of computers or scientific equipment for research carryforward.....	900	Film production development contributions.....	737
Crop donation carryforward .....	403	Film production development contributions carryforward.....	937
Dependent care assistance (employer provided) .....	707	Fish screening devices .....	714
Dependent care assistance (employer provided) carryforward .....	907	Fish screening devices carryforward.....	914
Dependent care facilities (employer provided) .....	801	Individual development accounts .....	715
Dependent care facilities (employer provided) carryforward .....	901	Individual development accounts carryforward .....	915
Diesel engine replacement carryforward .....	404	Lender's credit: affordable housing .....	802
Diesel engine repower or retrofit carryforward .....	405	Lender's credit: affordable housing carryforward.....	902
		Lender's credit: agricultural workforce housing.....	803

**Other Credits** *(continued)*

<b>Description</b>	<b>Code</b>	<b>Description</b>	<b>Code</b>
Lender’s credit: energy conservation carryforward ...	409	Renewable energy development	
Long-term care insurance .....	716	contribution carryforward .....	949
Long-term rural enterprise zone facilities .....	804	Reservation enterprise zone .....	728
Long-term rural enterprise zone		Trust for Cultural Development	
facilities carryforward.....	904	Account contributions .....	722
Mile-based or time-based motor vehicle insurance ....	805	University venture development	
Pollution control facilities .....	725	fund contributions .....	739
Pollution control facilities carryforward.....	925	University venture development	
Qualified equity investment.....	806	fund contributions carryforward .....	939
Qualified equity investment carryforward .....	906	Voluntary removal of riparian land	
Qualified research activities .....	819	from farm production carryforward.....	411
Qualified research activities carryforward .....	919	Weatherization lender’s credit carryforward.....	917
Qualified research alternative .....	813	Wolf depredation.....	818
Qualified research alternative carryforward.....	913	Wolf depredation carryforward .....	918
Reforestation carryforward .....	410	Workers’ compensation assessments .....	812
Renewable energy development contribution.....	749		

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