

2016 Form OR-41



Office use only		
Date received		
Payment		
Penalty date		

Oregon Fiduciary Income Tax Return

Submit original form—do not submit photocopy.

Amended return
 Fiscal year beginning: Month / Day / Year Ending: Month / Day / Year

1	2	3
•	•	•

Name of trust or estate (first name, initial, last name)—print clearly or type Name of fiduciary (first name, initial, last name) Title (TTEE or PR) Street address or PO Box City State ZIP code	<input type="checkbox"/> Check if new name <input type="checkbox"/> Check if new name <input type="checkbox"/> Check if new address	Federal employer identification number (FEIN) of trust or estate Check if new FEIN Extension to file Form OR-24 is included
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A. Check only one box: <input type="checkbox"/> An estate—date of death: Decedent's SSN: <input type="checkbox"/> A bankruptcy estate <input type="checkbox"/> A funeral trust <input type="checkbox"/> A trust <input type="checkbox"/> A trust filing as an estate. Include IRS Form 8855. Date of death: Decedent's SSN:	B. This is: <input type="checkbox"/> A first return <input type="checkbox"/> A final return	C. Check one box: <input type="checkbox"/> An Oregon resident. <input type="checkbox"/> A nonresident. <input type="checkbox"/> A part-year trust (use Schedule OR-SCH-P to compute the tax).	D. If exempt organization, check federal form filed: <input type="checkbox"/> 990-T—Specify your due date: <input type="checkbox"/> Other—Specify:
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Include a copy of federal Form 1041, Schedule K-1s, applicable schedules, 1099's and W-2's

	Beneficiary column	Fiduciary column
1. Revised distributable net income from Form OR-41, Schedule 1, line 29 • 1	.00	
2. Distribution deduction from federal Form 1041, Schedule B, line 15, plus Form OR-41, Schedule 1, line 31 • 2	.00	
a. Tax-exempt income deducted in computing distribution deduction from federal Form 1041, Schedule B, line 12 • 2a	.00	
b. Add lines 2 and 2a • 2b	.00	
3. Percentage = Line 2b \$ • 3	.00	%
Line 1 \$ • 4	.00	
4. Revised taxable income of fiduciary from Form OR-41, Schedule 1, line 32 • 4	.00	
5. Fiduciary adjustment from Form OR-41, Schedule 2, line 44		
Show as an • <input type="checkbox"/> addition or • <input type="checkbox"/> subtraction • 5	.00	
a. Beneficiary's share (line 5 × % on line 3—see instructions) 5a	.00	
b. Fiduciary's share (line 5 minus line 5a) • 5b	.00	
6. Income to be reported by beneficiaries (Form 1041, Schedule K-1 included —see instructions) (line 2 plus line 5a) • 6	.00	

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Continued from page 1

Table with 2 columns: Beneficiary column and Fiduciary column. Rows 7-23 detailing tax calculations including Oregon taxable income, tax using rate schedule, NLTCG, total tax, credits, balance of tax, payments, and total due/refund.

2016 Form OR-41



Name of estate or trust	FEIN
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Schedule 1—Oregon changes to distributable net income (DNI) and taxable income of fiduciary (TIF)

	(Column A) DNI	(Column B) TIF
24. Distributable net income (federal Form 1041, Schedule B, line 7).... • 24	.00	
25. Taxable income of fiduciary (from federal Form 1041, line 22) • 25		.00
26. Difference in depreciation for Oregon (see instructions) • 26	.00	.00
27. Other changes. Identify: • 27	.00	.00
28. Line 26 plus line 27 • 28	.00	.00
29. Revised distributable net income (column A, line 24 plus line 28); enter here and on page 1, line 1 • 29	.00	
30. Total taxable income (column B, line 25 plus line 28) • 30		.00
31. Changes included on column A, line 28, that were distributed • 31		.00
32. Revised taxable income of fiduciary (line 30 minus 31); enter here and on page 1, line 4 • 32		.00

Schedule 2—Fiduciary adjustment (see instructions)

	Subtractions
33. 2016 federal income tax subtraction—limited to \$6,500 • 33	.00
34. Interest on U.S. obligations included in income on federal Form 1041: • \$ less allocation of administration and miscellaneous expenses: • \$.00
35. Oregon income tax refund included as income on federal Form 1041 • 35	.00
36. Total other subtractions from Schedule OR-ASC-FID, section 2 • 36	.00
37. Add lines 33 through 36 • 37	.00
	Additions
38. Oregon income tax deducted on 2016 federal Form 1041 • 38	.00
39. Interest on obligations of other states or their political subdivisions • 39	.00
40. Depletion in excess of adjusted basis • 40	.00
41. Estate taxes on income in respect to a decedent not taxable by Oregon • 41	.00
42. Total other additions from Schedule OR-ASC-FID, section 1 • 42	.00
43. Add lines 38 through 42 • 43	.00
44. Fiduciary adjustment (difference between lines 37 and 43) • 44	.00

This fiduciary adjustment is to be: added or subtracted. Enter amount on page 1, line 5.

2016 rate schedule—compute the tax using the following rates (see instructions)

If your taxable income is:	Your tax is:
Not over \$3,350	5% of taxable income
Over \$3,350 but not over \$8,450.....	\$168 plus 7% of the excess over \$3,350
Over \$8,450 but not over \$125,000.....	\$525 plus 9% of the excess over \$8,450
Over \$125,000	\$11,014 plus 9.9% of the excess over \$125,000

Under penalty of false swearing, I declare that the information in this return and any included forms or statements is true, correct, and complete.

Signature of fiduciary X	Print name
Title (if applicable)	Executor's phone () - / /
	Date / /

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

<input type="checkbox"/>	Preparer's name (print)	Title	License number
	Preparer's mailing address	City	State ZIP code
	Signature of preparer X	Phone () - / /	Date / /

Mail to: Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

Fiduciary Income Tax

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

New information

Credits. Beginning with tax year 2016, all credit codes have been separated into two categories, standard credits and carryforward credits.

Standard credits are nonrefundable credits that can only be claimed on the current year's tax return. Credit amounts awarded and not used in the current tax year will be lost.

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried forward to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules of the credit.

If you have both standard credits and carryforward credits, standard credits should be used first so they aren't lost.

There were changes to the following credits:

- **Biomass production/collection credit.** The amount allowed for animal manure decreased per wet ton. Contact the Oregon Department of Energy for more information. ORS 315.144.
- **University Venture Development Fund (UVDF).** Beginning with tax year 2016, the credit is 60 percent of the contribution, limited to \$600,000. The credit is claimed in one year, with a three year carryforward. ORS 315.521.

Subtractions.

There are two new subtractions for 2016:

- **Achieving a Better Life Experience (ABLE) accounts.** Oregon now has a subtraction for contributions made to an ABLE account for the benefit of a person with a disability. ORS 316.699.
- **Marijuana business expenses.** There is a new subtraction for certain business expenses incurred by licensed sellers, distributors, and growers of marijuana in Oregon. This subtraction is for expenses not allowed on your federal return. ORS 316.680(1)(i).

E-file. You may file your Fiduciary Income Tax Return through the Federal and State e-filing program. For more information about e-filing, visit us at www.oregon.gov/dor.

Request for Final Tax and Discharge of a Decedent's Estate, Form OR-DECD-TAX. Don't include Form OR-DECD-TAX when you file your Form OR-41. Send this form to us separately.

Reminders

Do you need a new FEIN (federal employer identification number)?

Estates

You **are** required to obtain a new FEIN if any of the following statements are true:

- A trust is created with funds from the estate (not simply a continuation of the estate).
- You represent an estate that operates a business after the owner's death.

You **aren't** required to obtain a new FEIN if the following statement is true:

- The administrator, personal representative, or executor changes.

Trusts

You **are** required to obtain a new FEIN if any of the following statements are true:

- One person is the grantor/maker of many trusts. Each trust must have its own FEIN.
- A trust changes to an estate.
- A living or inter vivos trust changes to a testamentary trust.
- A revocable trust changes to an irrevocable trust.
- A living trust terminates by distributing its property to a residual trust.

You **aren't** required to obtain a new FEIN if any of the following statements are true:

- The trustee changes.
- The grantor or beneficiary changes their name or address.

Note: If you need a new FEIN, apply for one with the IRS by using federal Form SS-4. For more information about a FEIN,

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see IRS Publication 1635, *Understanding Your EIN*, available on the IRS website at www.irs.gov.

Extension of time to file. Oregon accepts the same automatic extension of time to file allowed by the Internal Revenue Service (IRS). The automatic extension of time to file is five-and-a-half months. If you timely applied to the IRS for the **five-and-a-half month** automatic extension to file, (IRS Form 7004) check the “Extension to file” box on your Form OR-41. Oregon accepts a valid federal extension.

Payment. You may pay online at www.oregon.gov/dor or by mail. If by mail, send a completed OR-41-V, *Oregon Fiduciary Tax Payment Voucher*, 150-101-173 and check or money order to:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

Estates and trusts aren’t required to make estimated tax payments to Oregon. Your full payment is due on the original due date of the tax return; don’t include your five-and-a-half month extension period.

Federal election. Oregon accepts the federal election made by the executor of an estate and the trustee of a qualified revocable trust to treat the trust as part of the estate. Internal Revenue Code (IRC) section 645.

If you made this election for your federal return, check the “A Trust Filing as an Estate” box on Form OR-41, box A, and fill in the date of death. Include a copy of the required federal Form 8855, *Election to Treat a Qualified Revocable Trust as Part of an Estate*.

Confirmation of mailing. We can’t respond to requests for receipt of returns, extensions, or payments. If you want verification that your envelope reached us, send it by certified mail.

Change of name or address. It is important, if you change the name or address of your trust or estate, to check the appropriate box(es) on Form OR-41, page 1.

Deferral of gain. Did you file federal Form 8824 because you are deferring gain on exchanged property? If so, check the box on the front of Form OR-41, “Form OR-24 is included.” Then complete and include Form OR-24, *Oregon Like-Kind Exchanges/Involuntary Conversions*, 150-800-734, with the return.

In the year that the gain is finally recognized for federal purposes, you will need to file a return and report the portion of the gain that is subject to Oregon taxation.

Capital gain on liquidated farm assets. A reduced tax rate is available if you sold or exchanged capital assets used in farming activities. The sale or exchange must represent a substantially complete termination of a farming business you own. The sale can’t be to a family member. See instructions for line 27 (ORS 316.045).

Filing requirements

A fiduciary return must be filed for:

- Resident estates or trusts required to file a federal Form 1041 or 990-T.
- All estates and trusts upon termination to report the final distribution to beneficiaries.
- Ancillary Oregon estates with federal gross income of \$600 or more for the tax year.
- Nonresident estates with federal gross income of \$600 or more from Oregon sources for the tax year.
- All estates that want to establish a fiscal tax year, even if the estate had less than \$600 of federal gross income for the tax year.
- Part-year resident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.
- Nonresident trusts with federal gross income of \$600 or more from Oregon sources for the tax year.

Residency definitions

- **Estates.** An estate is an Oregon resident if the personal representative is appointed by an Oregon court, or if the estate administration is in Oregon. All other estates are nonresidents. An estate can’t be a part-year resident.
- **Trusts.** A trust is a resident if the trustee is an Oregon resident or if the trust administration is in Oregon. If there are several trustees and one is an Oregon resident, the trust is an Oregon resident trust. A trust can be a part-year resident if a trustee moves in or out of Oregon during the tax year. See part-year resident instructions.
- If a trustee is a corporate fiduciary engaged in interstate trust administration, the trust is an Oregon resident only if the trustee conducts the major part of the trust’s administration in Oregon.
- **Funeral trust.** A resident funeral trust is a qualified funeral trust (QFT) that has the meaning given in IRC section 685. A resident funeral trust is required to be established under the law of this state, or is established by contract, for the funeral home or cemetery to provide services or merchandise in Oregon.

Name of fiduciary. Enter the name and address of the executor or trustee in the space marked “Name of fiduciary.” If there are co-fiduciaries, enter the name and address of the one who signs the return.

Other returns required of fiduciaries. File the final applicable personal income tax return (Form OR-40, *Oregon Individual Income Tax return*, 150-101-040, Form OR-40-N, *Oregon Nonresident Return*, 150-101-048, or Form OR-40-P, *Oregon Part-Year Resident Return*, 150-101-055) for a deceased taxpayer’s last tax year, the year of death. If a federal Form 1040NR is required for a nonresident beneficiary, a Form OR-40-N, may be required. If a federal return is required for a minor,

incompetent person, missing person, or conservatee, an Oregon return must be filed. If a person who is incompetent or is now deceased failed to file a prior year individual income tax return as required, the trustee is required to file the return.

If Form 5227 or Form 1041-A is required for federal income tax purposes, file a copy of that form with the Oregon Department of Revenue. If there is tax due to Oregon, file a form OR-41 and attach a copy of the Form 5227. If no Oregon tax is due, don't attach a Form OR-41. Mark the copy "Oregon Information Copy." Usually no Oregon report or copy is required if the only federal returns are Form 990 (exempt organizations), Form 990-PF (private foundations), or Form 4720 (certain charities).

If you file Form 990-T and you're a corporation, file Form OR-20, *Oregon Corporation Excise Tax Return*, 150-102-020. If a federal Form 990-T is filed, also file Oregon Form OR-41 for your trust. Don't complete Form OR-41, lines 1, 2, 5, 5a, and 6. From Form 990-T, enter any unrelated business taxable income on Form OR-41, Schedule 1, line 25, and the fiduciary adjustment on line 5b. Also complete Form OR-41, Schedule 1 and schedule 2, column B.

Is your original due date for Form 990-T the 15th day of the 5th month after the end of your tax year? Example: Your organization year end is December 31, 2016. Your original due date for Form 990-T is May 15, 2017. At the top of Form OR-41 write, "Original due date May 15, 2017."

Bankruptcy estates. Your return will consist of Oregon forms OR-41 and OR-40, and copies of your federal forms 1041 and 1040. Oregon Form OR-41 is used only as a transmittal for Form OR-40. Enter the tax amount computed on the OR-40 form on Line 8 of the OR-41. If you request a prompt determination (aka: rapid audit), include your written request with Form OR-41.

Period covered by the return. The return must be for the same tax year used for filing the federal return. Trusts are required to file on a calendar year.

When and where to file the return. All trust and estate returns filing for the 2016 calendar year are due by **April 18**. Estate returns for other tax periods, fiscal year or short period, are due by the 15th day of the fourth month following the close of the estate's year. **Example:** Your estate is on a fiscal year starting June 1, 2016, and ending May 31, 2017. The 2016 Form OR-41 is due by September 15, 2017. Mail the return to:

Oregon Department of Revenue
PO Box 14110
Salem OR 97309-0910

Signature. The fiduciary or officer representing the fiduciary must sign the return and provide the fiduciary's phone number.

Accounting period. The accounting period must be the same as for federal income tax purposes. Show the same accounting period on your Form OR-41-V and your Form OR-41.

Accounting method. The accounting method must be the same as for federal income tax purposes. If the method is changed, adjustments must be made to avoid duplication or omission of income and deductions.

Amended return. If you need to amend your tax return, use the Form OR-41 for the specific tax year. Include a complete narrative explanation with your reason for amending, a complete copy of the amended federal Form 1041, and all supporting documents.

Unused loss carryovers. IRC sections 172 and 1212 apply to an estate or trust and the beneficiaries. Include a copy of the federal loss carryover schedule with Form OR-41.

Income taxable to the grantor or substantial owner. Any part of trust income taxable to the grantor or another person under IRC sections 671 through 678 isn't taxed on a fiduciary return. However, the income information must be shown on Schedule OR-ASC-FID and be included with Form 1041. Include this schedule with Form OR-41 to show Oregon additions and subtractions to federal taxable income. If the grantor trust is exempt from filing Form 1041 under IRC regulation 1.671-4, it's also exempt from filing Form OR-41 (OAR 150-316.382).

Returns for estates and complex trusts. On Oregon Form OR-41, lines 1 through 7, allocate the income and Oregon modifications between the estate or trust and the beneficiary if an authorized distribution was made or required during the tax year. The fiduciary must provide the beneficiary with income distribution and Schedule K-1, *Oregon Fiduciary Adjustment Information*, 150-101-002, on federal Form 1041. Include a copy of each K-1 with Form OR-41. See instructions for line 6.

Transferee. The money and property of a taxpayer who has died passes to a person, estate or trust, called the transferee. The transferee may be liable for the obligations and liabilities of the deceased person. The liability includes tax, interest, and penalty. The transferee's liability is limited to the value of the property acquired from the decedent (ORS 314.310).

Extension of time for filing

The extension of time to file a fiduciary tax return is five-and-a-half months.

If you need more time to file, send your payment and Form OR-41-V to: Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

When you make a payment, check the "extension payment" box. If you aren't making an Oregon payment, complete and file the federal extension Form 7004 with the IRS. Keep a copy of your complete federal extension form. Check the "Extension to file" box on Form OR-41, page 1. If we need a copy of your extension, we'll ask you to provide one.

An extension of time to file your return isn't an extension of time to pay your tax. All tax due must be paid by the original due date of the return to avoid penalties.

When you file your return

- If applicable, check the box on the front of Form OR-41 indicating "Extension to file."
- Include the amount you paid with Form OR-41-V, on line 16.

Form OR-41 instructions

Simple trusts without capital gains or losses, or estates terminating in this tax year, must complete Form OR-41, lines 2, 5a, and 6 on the front, and lines 24–44 on the back.

If there are no distributions to the beneficiary, begin on line 4. If no distributions were made to beneficiaries, the fiduciary adjustment on line 5 should be carried over to line 5b.

Line 3. Percentage. When computing the percentage round to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Line 5a. Enter the fiduciary adjustment allocable to the beneficiary the number entered is a positive whole number. (ORS 316.287 and OAR 150-316.287). If the adjustment is a **subtraction**, the beneficiary's share is limited to an amount equal to the distribution of income taxable on the beneficiary's individual return. A fiduciary adjustment **addition** increases the beneficiary's income. The beneficiary's share of the addition is limited as follows: Subtract the taxable portion of the distribution from the total amount of the distribution. The balance is the beneficiary's share, unless the amount of the addition is smaller.

Any amount of a fiduciary adjustment not allocable to a beneficiary is an adjustment to the fiduciary's taxable income.

Line 6. A copy of federal Form 1041, Schedule K-1 or an acceptable substitute, for each beneficiary, must be filed with Form OR-41. The total of the income and Oregon fiduciary adjustment reported on all Schedules K-1 must equal the amount entered on line 6. Each beneficiary's share of the fiduciary adjustment must either be shown at the bottom of their K-1 on a blank line or on a separate sheet included with the K-1. Mark it "Oregon fiduciary addition (or subtraction)" and write in the amount the beneficiary is to report. Don't break the fiduciary adjustment down into separate components.

Example: An Oregon fiduciary adjustment includes a \$3,300 federal tax subtraction, a \$600 U.S. government interest subtraction, and a \$1,300 Oregon tax addition. The amount reported to the beneficiary is an Oregon fiduciary adjustment subtraction of \$2,600.

If you have a capital gain, which isn't distributed to the beneficiaries, line 2 plus line 5a won't equal line 6. Include a statement with your return and explain there is an undistributed capital gain on Form 1041, Schedule B, line 6.

Line 8. Tax. Use the 2016 rate schedule on Form OR-41, page 3, to figure the tax.

Line 9a. Enter the amount of net long-term capital gains (NLTCG) from Schedule 1, column B, line 27.

Line 9b. Multiply line 9a by 5 percent to figure the reduced tax on the liquidated farm assets.

Credits

Beginning with tax year 2016, all credit codes have been separated into two categories, standard credits and carryforward credits.

Standard credits are nonrefundable credits that can only be claimed on the current year's tax return. Credit amounts awarded and not used in the current tax year will be lost.

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried forward to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules of the credit.

If you have both standard credits and carryforward credits, standard credits should be used first so they aren't lost.

Line 11. Standard tax credits (codes 802, 807, 809, and 815). Use Schedule OR-ASC-FID, 150-101-067, section 3, to report the amount and description of any standard credits claimed. Use the numeric description code shown below. The total of all standard credits from Schedule OR-ASC-FID, section 3, is entered on Form OR-41, line 11. **Don't include payments or claim of right credit on line 11; see line 16.**

Common standard credits include:

Credit for income taxes paid to another state

[Code 802] (ORS 316.082, 316.131, 316.292).

Resident estates and trusts. Generally, you can claim this credit if the estate or trust has income that is taxed by both Oregon and another state. An Oregon resident trust that has income taxed by Arizona, California, Indiana, or Virginia may not claim the credit on the Oregon return. The credit should be claimed on the nonresident return for that state. If the trust is a resident of Oregon and also a resident of another state, the credit may be claimed on the Oregon return. Include a copy of the return you filed with the other state and proof of payment of the tax. No credit is allowed if the tax has been claimed as a deduction. If a deduction for the other state's tax was claimed on Form 1041, it must be added to income on Oregon Form OR-41, Schedule 2, line 42.

How much is the credit? Your credit is the smallest of:

- Your Oregon tax after all other credits, or
- The tax you actually paid to the other state, or
- The amount figured using the formula below.

Modified adjusted gross income (MAGI)

Full-year residents. Your modified adjusted gross income is your total income (amount on federal Form 1041, line 9), modified by Oregon additions and subtractions (Form OR-41, line 44).

(MAGI taxed by both states x Oregon tax after subtracting your total MAGI.)

Nonresident estates and trusts. Oregon will allow a credit for taxes paid to another state if all of the following conditions are met:

- The estate or trust is a nonresident of Oregon.
- The estate or trust is a resident of Arizona, California, Indiana, or Virginia.
- The estate or trust has income that is taxed by both Oregon and the resident state.

Oregon cultural trust contributions

[Code 807] (ORS 315.675).

Did you make a donation to an Oregon nonprofit cultural organization during the tax year? If so, you can make a matching donation to the Trust for Cultural Development Account and get an Oregon tax credit. You may get a credit of up to 100 percent of the amount of the matching contribution. The maximum credit is \$500 per taxpayer.

If you claim your Oregon cultural trust contribution as a deduction, you must add back that amount to income. Part-year residents and nonresidents must multiply the allowable credit by your Oregon percentage. Any credit not used this year is lost. For more information about the Oregon Cultural Trust, contact the Oregon Arts Commission or go to their website at www.culturaltrust.org.

Other standard credits. For information about the following standard credits, see the ORS cited next to the code. This list isn't all-inclusive.

- Pass-through income taxes paid to another state [code 815] ORS 316.082.
- Political contributions [code 809] ORS 316.102.

Line 12. Carryforward credits. Use Schedule OR-ASC-FID, 150-101-067, section 4, to report the amount and description of any carryforward credits claimed. Use the numeric description code shown below. The total of all carryforward credits from Schedule OR-ASC-FID, section 4, is entered on Form OR-41, line 12. **Don't include payments or claim of right credit on line 12; see line 16.**

Common carryforward credits include:

Business Energy

[Code 839] (ORS 315.354, 315.357).

2012 was the last year this credit was being certified. To claim this credit for your qualifying project you must have:

- Filed a preliminary certification application with the Oregon Department of Energy (ODOE) on or before April 15, 2011;
- Received preliminary certification from the ODOE before July 1, 2011; and
- Received final certification from the ODOE before January 1, 2013, or demonstrated evidence of beginning construction before April 15, 2011.

Any Oregon business with investments in energy conservation, recycling, renewable energy resources, or less-polluting transportation fuels may qualify for this tax credit.

Other carryforward credits. For information about the following carryforward credits, see the ORS cited next to the code. This list isn't all-inclusive.

- Agriculture workforce housing [code 835] ORS 315.164.
- Alternative fuel vehicle fund carryforward [code 865] ORS 315.336.

- Biomass production/collection [code 838] ORS 315.141, 315.144.
- Crop donation [code 843] ORS 315.156.
- Pollution control facilities [code 857] ORS 315.304.
- Reforestation of underproductive forestlands [code 867] ORS 315.104.
- Renewable energy development contributions [code 859] ORS 315.326.
- Riparian land carryforward [code 862] ORS 315.113.
- University venture fund [code 864] ORS 315.521.
- Credit code unknown [code 999].

Line 15a. Oregon withholding and tax payments. Fill in any Oregon withholding supported by Form W-2 or Form 1099. Match the FEIN on Form W-2 or Form 1099 with the FEIN reported on Form OR-41. Also, match the recipient's name on the Form W-2 or Form 1099 to the name of the trust or estate on Form OR-41. Include any Form W-2 or Form 1099 showing Oregon withholding reported on Line 15a.

If you claim credit for Oregon withholding and don't include Form W-2 or 1099 we won't give you credit for the withholding and will:

- Send you a bill, or
- Reduce your refund, or
- Deny your full refund.

Line 15b. Fill in any Oregon withholding or payments supported by Oregon Form OR-18 or OR-19. Match the FEIN on Form OR-18 or Form OR-19 with the FEIN reported on Form OR-41. Also, match the recipient's name on the Form OR-18 or Form OR-19 to the name of the trust or estate on Form OR-41. **Don't attach Form OR-18 or Form OR-19.**

Line 16. Payments and claim of right credit. Fill in any payments you made for tax year 2016 prior to filing your return. Include any payments made with an extension. **Don't** include the tax due payment you send with your return or paid the same day you file your return if you send payment separately. Do include any claim of right credit allowed. A claim of right exists when you are taxed on income in one year and in a future year 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). Include a statement showing the computation of your claim of right credit.

Line 20. Penalty. Include a penalty payment if you:

- Mail any tax due after the due date (even if you have an extension to file).
- File your return showing tax due after the due date (including any extended due date).

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

- Pay at least 90 percent of the tax due by the original due date of the return; **and**
- Pay the balance of tax and interest when you file within the extension period; **and**

- Pay any interest due either when the return is filed or within 30 days of our billing.

If you file more than three months after the due date, including extensions, add an additional penalty of 20 percent.

Line 21. Interest. If you don't pay the tax by the original due date, interest will be charged on any unpaid tax.

For periods beginning	Annual	Monthly	Daily
January 1, 2017	5%	0.4167%	0.0137%
January 1, 2016	4%	0.3333%	0.0110%
January 1, 2015	4%	0.3333%	0.0110%

Interest rate may change once a calendar year.

Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or holiday.

Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Here's how to figure daily interest:

$$\text{Tax} \times \text{Daily interest rate} \times \text{Number of days}$$

Interest continues to accrue on any unpaid tax during an extension of time to file.

Example: Your return and tax payment was due on April 18, 2017. You filed your return timely and pay the tax due of \$3,200 on June 2, 2017. Your interest is figured starting on April 19, 2017, through June 2, 2017, as follows:

$$\$3,200 \times 0.3333\% \text{ monthly rate} \times 1 \text{ month (April 19 through May 18)} = \$10.67.$$

$$\$3,200 \times 0.0110\% \text{ daily rate} \times 16 \text{ days (May 19 through June 2)} = \$5.63.$$

Your total interest is \$16.30; include this interest with your tax payment.

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

- You file a return showing taxes owing, **or** we assess an existing deficiency, **and**
- The tax assessed isn't paid within 60 days after the return is filed or the notice of assessment is issued, **and**
- You haven't filed a timely appeal.

Line 22. Total due. You may pay online at www.oregon.gov/dor or enclose a check or money order with your return and Form OR-41-V payable to "Oregon Department of Revenue." Write your daytime phone number, FEIN, and your accounting period on your check. Don't send cash or postdated checks.

Line 23. Refund. We can't apply your fiduciary income tax refund as a payment to your next tax year. Don't write in any instructions for refund application on line 23.

Schedule 1—Oregon changes

Line 26. Changes in depreciation. Enter your depreciation difference between Oregon and federal. You will need OR-DEPR, *Oregon Depreciation Schedule*, 150-101-025 if your federal and state depreciation are different.

Line 27. Other changes. Changes include differences between the federal return and the Oregon return in gains or losses from the sale of property. Also use this line to report differences in capital gains from the sale of farm use and forest use lands acquired from a decedent who died before 1987. Enter the amount in column B. Also enter the amount in column A if an authorized distribution was made, and the gains qualify for inclusion in distributable net income.

Electing small business trust. Amounts not included in federal distributable net income of an electing small business trust under IRC Section 641(c) must be included in column B, line 27.

Net long-term capital gain (NLTCG). Enter the NLTCG from farm assets that wasn't distributed as a negative number in Schedule 1, column B, line 27. The subtraction can't exceed the amount of income that is reported for the fiduciary from federal Form 1041, line 22.

Line 31. Oregon changes distributed. Enter Oregon changes from column A, line 28, that were distributed to the beneficiaries. Enter zero if the amount on federal Form 1041, Schedule B, line 8 or line 11, is less than the amount on Schedule B, line 7.

The total of this line, plus the amounts from federal Form 1041, Schedule B, lines 12 and 15, can't exceed the amount on Schedule B, line 8 or 11.

Schedule 2—Fiduciary adjustment

This schedule is for figuring net Oregon modifications to federal taxable income.

Line 33. Federal income tax subtraction. This subtraction can't exceed \$6,500 for 2016. To figure the subtraction, deduct the amount on federal Form 1041, Schedule G, lines 5 and 6, from the amount on federal Form 1041, line 23. For additional federal tax paid for years before 2016, see instructions for line 36.

Line 34. Interest on U.S. obligations. Enter the amount of interest from U.S. government obligations included in federal income and not otherwise deducted. U.S. government interest received from another fiduciary should be subtracted on line 36 in that fiduciary's adjustment. Don't subtract that income a second time on this line. The total of interest or dividends from U.S. obligations included on federal Form 1041 must be reduced by the deductions allocable to such income (see Form 1041 instructions, *Allocation of Deductions for Tax Exempt Income*). Use the same formula to allocate deductions to U.S. government interest.

Line 36. Other subtractions. Enter other subtractions required by ORS 316.680 and ORS 316.695 that don't have a specific line. Use Schedule OR-ASC-FID to report the amount and description of each item not reported elsewhere on your

return. Use the numeric description code from the list below. The total of all "Other subtractions" from Schedule OR-ASC-FID is entered on Form OR-41, Schedule 2, line 36.

For information about the following subtractions, see the ORS cited next to the code. This list isn't all-inclusive.

- Achieving a Better Life Experience (ABLE) account deposit [code 360] (ORS 316.699).
- Artist's charitable contribution [code 301] (ORS 316.838).
- Basis of business assets transferred to Oregon [code 358] (ORS 316.707).
- Depreciation difference for Oregon [code 354] (ORS 316.707, 316.739).
- DISC dividend payments [code 352] (ORS 316.749).
- Federal business credits [code 340] (ORS 316.716).
- Federal income tax from a prior year [code 309] (ORS 316.680, 316.685, 316.695).
- Fiduciary adjustment from another Oregon estate or trust [code 310] (ORS 316.697).
- Film production labor rebate [code 336] (ORS 316.698, 317.394).
- Foreign tax [code 311] (ORS 316.690).
- Gain or loss on the sale of depreciable property with a different basis for federal and Oregon purposes [code 355] (ORS 316.716).
- Interest from Oregon state and local government bonds [code 317] (ORS 286A.140, 316.267).
- Land donations to educational institutions [code 316] (ORS 316.852).
- Marijuana business expenses [code 359] [ORS 316.680(1)(i)].
- Mobile home park capital gain [code 338] (ORS 317.792).
- Net operating loss [code 321] (ORS 316.028).
- Partnership or S corporation modifications for Oregon [code 323] (ORS 314.712, 314.752).
- Passive activity losses [code 356] (ORS 314.300).
- Tuition and fees deduction [code 308] (ORS 316.699).
- Subtraction code unknown [code 399].

Line 39. Interest on obligations of other states. Enter interest income from bonds of a state or political subdivision other than Oregon. (This type of income from another fiduciary is included in that fiduciary's adjustment and shouldn't be duplicated on this line.)

Line 40. Depletion. If natural resource depletion entered on Form 1041 is in excess of the adjusted basis of the property, enter the excess on this line.

Line 41. Estate tax paid on "income in respect of a decedent" (IRD). To figure the amount of the federal estate tax deduction that must be added to taxable income on the Oregon return, use this formula:

- A = IRD included in federal taxable income
- B = IRD not taxable by Oregon
- C = estate tax deducted on Form 1041

$$\frac{B}{A} \times C = \$ \text{_____} \text{ amount of the addition}$$

Enter amount on line 41.

Example:

- A: \$21,000 IRD included in federal taxable income.
- B: \$10,000 IRD not taxable by Oregon.
- C: \$1,170 federal estate tax deducted on Form 1041.

$(\$10,000 \div \$21,000) \times \$1,170 = \557 —amount of your Oregon addition on line 41.

Line 42. Other additions. Enter other additions required by ORS 316.680 and 316.695 that don't have a specific line. Use Schedule OR-ASC-FID to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list below. The total of all "Other additions" from Schedule OR-ASC-FID is entered on Form OR-41, Schedule 2, line 42.

Deductions allowed under IRC sections 2053 or 2054 may be claimed on either Form OR-706, *Oregon Estate Transfer Tax Return*, 150-104-001; or Form OR-41, *Oregon Fiduciary Income Tax Return*; but not both. The personal representative of an estate may make different elections for federal and Oregon returns. If the deductions are claimed on Form OR-41, include a statement that the deductions aren't being claimed on Form OR-706. For federal purposes, those deductions may be taken on either Form 706, *federal Estate Tax Return*; or Form 1041, *federal Income Tax Return for Estates and Trusts*, under IRC 642(g). See OAR 150-118.010(2). If you choose to make different elections for federal and Oregon, then you would report the addback on the "other additions" line of the Oregon Form OR-41. Use addition code 199.

Common "other additions" include:

Federal income tax refunds

[Code 109] (ORS 316.680, 316.685, 316.695).

Did you get a federal tax refund in 2016 because you filed an amended federal return for a prior year or were audited? If so, you must add back the part of your refund that was claimed as part of your federal tax subtraction on your Oregon return for the prior year.

Income taxes paid to another state

[Code 148] (ORS 316.082).

If you want to claim the credit for income tax paid to another state on your Oregon return, and you deducted the other states income tax on your federal Form 1041, line 11, the amount you deducted must be added back to income on your Oregon Form OR-41, Schedule 2, line 42.

For information about the following additions, see the ORS cited next to the code. This list isn't all-inclusive.

- 529 Oregon college savings network plan nonqualified withdrawal [code 117] [ORS 316.680(2)].
- Accumulation distribution from a trust [code 132] (ORS 316.737).
- Basis of business assets transferred to Oregon [code 150] (ORS 316.707).
- Business credit, unused [code 122] (ORS 316.680).
- Claim of right income repayments [code 103] (ORS 315.068).

- Contributions to child care fund [code 142] (ORS 315.213).
- Contributions to Oregon cultural trust [code 143] (ORS 315.675).
- Contributions to Oregon production investment fund [code 144] (ORS 315.514).
- Contributions to renewable energy development fund [code 145] (ORS 315.326).
- Contributions to university venture fund [code 146] (ORS 315.521).
- Depletion in excess of property basis [code 151] [ORS 316.680(2)(d)].
- Depreciation difference for Oregon [code 152] (ORS 316.707, 316.739).
- Disposition of inherited Oregon farmland or forestland [code 106] (ORS 316.844).
- Domestic Production Activities deduction [code 102] (ORS 316.836).
- Fiduciary adjustment from another Oregon estate or trust [code 133] (ORS 316.697).
- Gain or loss on the sale of depreciable property with different basis for Oregon [code 154] (ORS 316.716).
- Lump-sum payment from a qualified retirement plan [code 139] [ORS 316.680(2)(H), 316.737].
- Net operating loss non-Oregon source [code 116] (ORS 316.028).
- Oregon deferral of reinvested capital gain [code 118] (ORS 316.874).
- Partnership or S corporation modifications for Oregon [code 119] (ORS 314.712–314.752).
- Passive activity losses [code 155] (ORS 314.300).
- Addition code unknown [code 199].

Part-year resident and nonresident fiduciaries

Use Schedule OR-SCH-P, *Part-Year Resident Trusts, 150-101-051*, to figure the Oregon tax. File Schedule OR-SCH-P, with Form OR-41.

Oregon taxes gross income from **all sources** for the portion of the tax year the trust was an Oregon **resident** and gross income from **Oregon sources only** while the trust was a **nonresident**.

All federal deductions are allowed for the portion of the year the trust was an Oregon resident. But only deductions directly related to Oregon sources are allowed while the trust was a nonresident.

A part-year resident trust required to file Form OR-41 must include a copy of federal Form 1041 as filed. See “Filing requirements” instructions. To determine your total Oregon taxable income for the year, you may choose to complete a second “pro forma, mock” federal Form 1041, using only Oregon source income and deductions, or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a “pro forma, mock” federal Form 1041, write “Oregon Source Income” at the top of

the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Use the figures from the Oregon source Form 1041 (or Oregon source schedule) you prepared, to complete Form OR-41. Complete lines 1 through 7 and Form OR-41, Schedules 1 and 2 as though the Oregon source amounts were the only income and deductions for the tax year. The full federal tax subtraction is allowed on line 33 based on the federal liability from Form 1041 and subject to the \$6,500 limit.

Then complete Schedule OR-SCH-P, OR-41-P, using the figures from Form 1041, to figure Oregon tax. Write this amount on Oregon Form OR-41, line 8.

Nonresident estates and trusts—A nonresident estate or trust required to file Form OR-41 must include a copy of federal Form 1041 as filed. See “Filing requirements” instructions. Oregon taxes only Oregon-source income received by the estate or trust. Deductions are allowed if they are directly related to Oregon-source income. The only exception is the federal tax subtraction, which must be apportioned as shown below.

To determine your total Oregon taxable income for the year, you may choose to complete a second federal Form 1041 using only Oregon-source income and deductions (a “pro forma, mock” return), or you may develop a schedule of the amounts of income, gain, loss, and deductions for Oregon. The full federal exemption amount is allowed. If you choose to complete a “pro forma, mock” federal Form 1041, write “Oregon-Source Income” at the top of the form to distinguish it from the actual federal Form 1041 you filed for federal tax purposes.

Federal tax subtraction for nonresidents—The federal tax subtraction must be apportioned to determine the amount related to Oregon sources. Use this formula:

- A = Form OR-41, line 32, (Oregon-source items only)
- B = Form OR-41, line 32, (all source items)
- C = Federal tax (lesser of actual liability or \$6,500)

$$\frac{A}{B} \times C = \$ \text{_____ amount of the subtraction}$$

Enter on Form OR-41, Schedule 2, line 33.

Oregon source income

Oregon is permanently tied to the federal definition of gross income as found in the Internal Revenue Code. This tie is retroactive to December 31, 2010.

Examples of Oregon source income are: wages or other compensation for services performed in Oregon; income or loss from business activities in Oregon, including rents, S corporations, and partnerships; gain or loss from the sales of real or tangible personal property located in Oregon; income from intangible personal property if the property has acquired Oregon business situs.

For more information, see OAR 150-316.127 and the 2016 Oregon Nonresident and Part-Year Resident income tax booklet.

How to assemble the return

Assemble your Oregon fiduciary return in the following order:

1. Form OR-41, pages 1, 2, and 3. Include Form W-2 or 1099 if they show Oregon withholding. If applicable, include the following:
 - Bankruptcy estates. Written request for a prompt audit.
2. Schedule OR-SCH-P (if part-year resident trust).
3. Schedule OR-ASC-FID, if applicable.
4. "Pro forma, mock" Form 1041 or a schedule of Oregon-source income and deductions, if the return is from a part-year resident trust or nonresident estate or trust.
5. Form OR-24, *Like-Kind Exchanges/Involuntary Conversions*.
6. A copy of federal Form 1041 and all schedules, including Schedule K-1.
7. A copy of federal Form 8855, *Election to Treat a Qualified Revocable Trust as Part of an Estate*, if it applies.
8. Credit for income tax paid to another state. Include the other state's tax return and proof of income tax payment.

Authorize your preparer. To authorize your preparer to discuss your return with us, check the box located between the signature lines for the fiduciary and the preparer. To authorize a person other than the preparer, include a signed *Tax Information Authorization and Power of Attorney for Representation*, 150-800-005.

Do you have questions or need help?

E-file

Email: trustestate.electronicfiling@oregon.gov (for estate and trust e-filing questions only).

www.oregon.gov/dor

- Forms: www.oregon.gov/dor/forms
- Email: estate.help.dor@oregon.gov

This email address isn't secure and confidentiality can't be ensured. General tax and policy questions only.

Telephone

(503) 378-4988 or 1 (800) 356-4222

questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Correspondence

Include your federal employer identification number (FEIN) and a daytime phone number for faster service.

Write to: Oregon Department of Revenue, 955 Center St NE, Salem OR 97301-2555.