

Oregon 2018 Insurance Excise Tax Form OR-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 Electronic Filing Program. If you're mandated to e-file your federal return, you're required to e-file your Oregon return.

With approved third-party software, you can e-file your return 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."

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

- Registration and account status.
- Online payments.
- Forms, instructions, and law.
- Announcements and FAQ.



Important reminders

Revenue Online. Revenue Online provides convenient, secure access to tools for managing your Oregon tax account—completely free. With Revenue Online, you may:

- View your tax account.
- Make payments.
- View correspondence we sent you.
- Check the status of your refund.

For more information and instructions on setting up your Revenue Online account, visit our main website at www.oregon.gov/dor.

Oregon tax credits. Some credits allow a carryforward of any unused amount. When you prepare your current year return, refer to your prior year Schedule OR-ASC-CORP to see if you have any unused credit to carry forward.

Please visit our website at www.oregon.gov/dor for possible updates to these instructions.

What's new?

Note: Not all information in “What’s new?” and “Looking ahead” sections pertain to all taxpayers or form types.

General

Tie to federal tax law

Except as otherwise provided by Oregon law, Oregon ties to the federal definition of taxable income that is applicable to the tax year of the taxpayer. Otherwise, Oregon tax law is based on the version of the Internal Revenue Code (IRC) as amended and in effect as of December 31, 2017 with the exception noted above under “Federal reform.” In addition, Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans (IRC §139A; ORS 317.401).
- **Deferral of certain deductions** for tax years beginning on or after January 1, 2009 and before January 1, 2011 may require subsequent Oregon modifications [IRC §108; §168(k); and §179; ORS 317.301].

E-filers

A paper return filed by a corporation required to electronically file its Oregon corporation tax return may be rejected, unless a waiver request has been approved by us prior to the filing of the paper return.

Apportionable income

For tax years beginning on or after January 1, 2018, the current term “business income” becomes “apportionable

income” and “nonbusiness income” becomes “nonapportionable income.” See ORS 314.610.

Cooperatives

Two issues have been clarified for cooperative federal Form 1120C filers:

- The Oregon Form OR-20 begins with line 25 from the federal return, and
- Patronage dividends that are included in Oregon taxable income may be subtracted using subtraction code 379 (ORS 317.010).

Market-based sourcing

For tax years beginning on or after January 1, 2018, Oregon corporate excise taxpayers must apportion their income from sales of services and intangible property according to market-based sourcing principles rather than cost of performance. See ORS 314.665, ORS 314.666, and OAR 150-314-0435.

Opportunity Grant Fund addition

Any federal deduction for contributions for which an Opportunity Grant Fund tax credit certification is made must be added to federal taxable income (Or Laws 2018, ch 108, §2). Use addition code 185 on Form OR-ASC-CORP.

Sales factor computation

For tax years beginning on or after January 1, 2018, Oregon corporate excise taxpayers must exclude functional type income from the computation of their Oregon sales factor. The term “sales” excludes receipts from hedging transactions, and from the maturity, redemption, sale, exchange, loan, or other disposition of cash or securities. Also, taxpayers must exclude amounts held in trust or certain amounts received by an agent or fiduciary from the computation of their Oregon sales factor. See ORS 314.610(7) and 314.665.

Unitary determination

For tax years beginning on or after January 1, 2018, any facts related to any affiliated corporation may be used to determine whether a domestic US corporation is part of a unitary consolidated group. Previously, Oregon law prevented any facts related to foreign corporations from being used to determine if a domestic US corporation is part of a unitary consolidated group unless tax avoidance or evasion is at issue. See ORS 317.705(3)(c).

Subtractions

Taxes paid to a foreign country

You may subtract from federal taxable income the taxes paid to a foreign country upon the payment of interest or royalties arising from sources within such foreign country, if such taxes are not deductible in arriving at federal taxable income and if the interest or royalties

are included in arriving at Oregon taxable income [ORS 317.314.(3)]. This is not a new subtraction but it has a new subtraction code number 378.

Credits

Bovine manure tax credit

The bovine manure tax credit is a new tax credit that equals \$3.50 for each wet ton of bovine manure and may only be claimed once for each wet ton of bovine manure. The credit is certified by the Oregon Department of Agriculture and applies to tax years beginning on or after January 1, 2018. It's scheduled to sunset for tax years beginning on or after January 1, 2022 (ORS 315.176).

Opportunity Grant Fund (auction) credit

The Opportunity Grant Fund contributions credit is a new tax credit for certified contributions to the Opportunity Grant Fund. The amount of the credit claimed in a tax year may not exceed the taxpayer's Oregon tax liability in that tax year. The credit is certified by the Oregon Higher Education Coordinating Commission and applies to tax years beginning on or after January 1, 2018. It's scheduled to sunset for tax years beginning on or after January 1, 2024. See ORS Or Laws 2018, ch 108, §2 for more details.

Tax credit sunsets

Beginning January 1, 2018, the following tax credits are no longer available, except for applicable carryforward purposes:

- Biomass production/collection (ORS 315.141).
- Electronic commerce zone investment (ORS 315.507).
- Energy conservation projects (ORS 315.331).
- Fire insurance gross premiums tax (ORS 317.122).
- Long-term rural enterprise zone facilities (June 30, 2018) (ORS 317.124).*
- Qualified research activities and Alternative qualified research activities (ORS 317.152 and 317.154).
- Renewable energy development contributions (ORS 315.326).
- Transportation projects (ORS 315.336).

*The credit for long-term rural enterprise zone facilities must be certified on or before June 30, 2018.

Form issues

- All IC-DISCs must check the IC-DISC checkbox in the header of Form OR-20, regardless of the corporation's formation date.
- If you're including a payment with your return, do not include Form OR-20-V. This form is only used for payments made separate from filing your return.
- The checkbox in the header for inclusion of federal Form 5471 has been deleted.
- Check the box in the header if you have Global Intangible Low-taxed Income (GILTI) included on your federal return.

- Schedule OR-ASC-CORP code changes not mentioned previously:
 - Addition codes deleted:
 - QPAI deductions, code 102.
 - Qualified research activities credit, code 167.
 - Renewable energy development contributions (auction), code 175.

Estimated tax payments

Requirements

Oregon estimated tax payment requirements aren't the same as federal estimated tax payment requirements. You must make estimated tax payments if you expect to owe tax of \$500 or more. This includes Oregon's minimum tax. See ORS 314.505, 314.515, 314.525, and supporting administrative rules.

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 OR-37.

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 payments **with your return**, see "Filing checklist."

Estimated payments may be made by electronic funds transfer (EFT), online, or by mail.

EFT. You **must** make your Oregon estimated payments by EFT if you're required to make your federal estimated payments by EFT. We may grant a waiver from EFT payments if you'd be disadvantaged by the requirement (ORS 314.518 and administrative supporting rules).

If you don't meet the federal requirements for mandatory EFT payments, you may still make voluntary EFT payments.

For more information, visit www.oregon.gov/dor/business.

You can make EFT payments through Revenue Online or through your financial institution. To learn more about Revenue Online or to make an EFT payment, visit www.oregon.gov/dor. If you pay by EFT, **don't** send Form OR-20-V, *Oregon Corporation Tax Payment Voucher*.

Mail. If paying by mail, send each payment with a Form OR-20-V, payment voucher, to: Oregon Department of Revenue, PO Box 14780, Salem OR 97309-0469.

Include on your check:

- Federal employer identification number (FEIN).
- Tax year.
- Daytime phone.

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 Appendix B). 2. _____
3. Subtract tax credits allowable in upcoming tax year. Tax credits can't be used to reduce minimum tax. 3. _____
4. Net tax (line 2 minus line 3). 4. _____
If the amount on line 4 is less than \$500, **stop**. You don't have to make estimated tax payments.
Caution: If your final tax liability when you file your return is \$500 or more, you may be subject to 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 payment.

To avoid additional charges for UND, you must pay the amount of any prior underpayment plus the amount of the current required payment (ORS 314.515 and supporting administrative rules).

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 should make four payments of \$1,500 each during the year. 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 timely payments of \$3,500* for the third quarter and \$1,500 for the fourth quarter.

*\$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 (ORS 314.525 and supporting administrative rules).

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 [ORS 317.010(11), 317.122, and 317.650–317.665].

Note: Oregon follows the **federal entity classification regulations**. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

What form do I use?

Foreign and domestic insurance companies, including home warranty companies, are required to file Form OR-20-INS, *Oregon Insurance Excise Tax Return*, 150-102-129. Title insurers aren't required to file a Form OR-20-INS. They file Form OR-20.

Insurance companies must file a Form OR-20-INS if they're 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 OR-20-INS. Form OR-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 OR-20-INS and aren't subject to the excise or minimum tax.

Filing requirements

Annual statement. Form OR-20-INS isn't 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 2019, we'll accept e-filed returns for tax year 2018, and will continue accepting returns for 2017 and 2016.

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

Note: A paper return filed by a corporation required to electronically file its Oregon corporation tax return may be rejected, unless a waiver request has been approved by the department prior to the filing of the paper return.

For a list of software vendors or for more information, search "e-filing" at www.oregon.gov/dor.

Federal and Insurance Division audit changes

You must notify us if the IRS changes your federal return or if 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 Form OR-20-INS, checking the amended box, and include a copy of the federal or Insurance Division audit report. Mail this **separately** from your current year's return.

If you don't amend or send a copy of the federal or Insurance Division audit report, we have two years from the date we're notified of the change by the IRS to issue a deficiency notice. To receive a refund, you must file a claim for refund of tax within two years of the date of the federal report.

Amended returns

Oregon doesn't have an amended return form for corporations. Use the form for the tax year you're amending and check the amended box. **Always use your current address.** If the address for the year you're amending has changed, **don't** use the old address or our system will incorrectly change your information.

Fill in all amounts on your amended return, even if they're the same as originally filed. 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 filing an original or amended federal or other state return, you must file an amended Oregon return within **90 days** of when the

original or amended federal or other state return is filed. Include a copy of your original or amended federal or other state return with your amended Oregon return and explain the adjustments made.

You may make payments online for any amended return at www.oregon.gov/dor.

Don't make payments for amended returns with EFT. This also applies to e-filed amended returns. For paper returns, you may pay online or include a check or money order with your return. For e-filed returns, you may pay online or send a check or money order separately. If you mail your payment separate from your return, write "**Amended**" on the payment and include a completed Form OR-20-V with the amended box checked.

Don't amend your Oregon return if you amend the federal return to carry a net operating loss back to prior years. Oregon allows corporations to **carry net operating losses forward only**.

On the **estimated tax payments** line on your amended Form OR-20-INS, 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.

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 we receive your full payment. See "Interest rates."

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.

Protective claims

Don't file an amended return as a protective claim. Use Oregon Form OR-PCR, *Protective Claim for Refund*, 150-101-184, when your claim to a refund is contingent on a pending court decision or legislative action. Notify us within 90 days of the final determination by filing an amended return. Don't file an amended return before the pending action is final.

Filing checklist and reminders

Rounding to whole dollars. Enter amounts on the return and accompanying schedules as whole dollars only. Example: \$4,681.55 becomes \$4,682; and \$8,775.22 becomes \$8,775.

- **Due date of your return.** Returns are due by the 15th day of the month following the due date of your federal corporation return. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

- **Extensions.** See the instructions for the extension checkbox below. Include your extension as the final page of your return when you file.

- **Payments.**

- **Estimated payments and prepayments.** Identify all estimated payments claimed by completing Schedule ES on page 3 of your return. List all payments that were submitted prior to filing your return. Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

- **Online payments.** You may pay online for any return at www.oregon.gov/dor.

- **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.

- Tax year 2018.

- Daytime phone.

- To speed up processing:

- **Don't** use Form 20-V payment voucher.

- Don't staple payment to the return.

- Don't send cash or postdated checks.

- Don't use red or purple or any gel ink.

- **Sending check or money order payments separate from your return.** Follow the instructions above except don't include with your return. Mail separate payments with Form OR-20-V to: Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470. Don't use this address for filing your return.

- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:

1. Form OR-20-INS, *Oregon Insurance Excise Tax Return*;

2. Schedule OR-AP, *Apportionment of Income for Corporations and Partnerships*;

3. Schedule OR-AF, *Schedule of Affiliates*;

4. Schedule OR-ASC-CORP, *Oregon Adjustments*;

5. Form OR-37, *Underpayment of Corporation Estimated Tax*;

6. Other Oregon statements;

7. Oregon credit forms including notice of credit transfers;

8. Annual Statement, as indicated below;

9. Form 7004, Federal extension.

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

- Page 4—Summary of operations;

- Page 11, Exhibit 3—General expenses;

- Page E-01—Schedule A, part 1;

- Page E-03—Schedule A, part 3;

- Page 8—Exhibit of net investments; and

- Page 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

Heading and checkboxes

- **Extension checkbox.** For an Oregon extension when you're also filing for a federal extension: Send the federal extension with the Oregon return when you file. Check the extension checkbox on your Oregon return and include the extension after all other enclosures. The Oregon extension due date is the 15th day of the month following the federal extension's due date. Don't send the extension until you file your Oregon return.

For an "Oregon only" extension: Answer question 1 on federal extension Form 7004, write "**For Oregon Only**" at the top of the form, and include it with your Oregon return when you file. Check the extension checkbox on the Oregon return. The Oregon extension due date is the 15th day of the month following what would be the federal extension's due date. Don't send the extension until you file your Oregon return.

More time to file doesn't mean more time to pay your tax. To avoid penalty and interest, pay tax due prepayments online, or mail with Form OR-20-V, on or before the original due date of your return. **Note:** Filing Form OR-20-V isn't an extension of time to file or to pay tax.

If you're making an extension payment by mail, send the payment to: Oregon Department of Revenue, PO Box 14780, Salem OR 97309-0469.

Include on your check:

- FEIN.

- Tax year.

- Daytime phone.

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

Use Form OR-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.
 - **GILTI included on federal return.** If you included global intangible low-taxed income on your federal return, check this box.
 - **Alternative apportionment checkbox.** See Appendix C for complete information. Check this box if you have included a request with your return.

Name. Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation isn't doing business in Oregon, file the return in the name of the member of the group having the greatest presence in Oregon. "Having the greatest presence" means that the member has the largest Oregon property value as determined under ORS 314.655 (see Schedule OR-AP).

- **Legal name.** Enter the corporation's current legal name as set forth in the articles of incorporation or other legal document.
- **FEIN.** Enter the FEIN of the corporation named as the filer on the consolidated Oregon return.
- **DBA/ABN.** If the corporation is doing business under a different name, for example, DBA or ABN, enter that name.
- **Current address.** Always enter the corporation's current address. If the address for the year you're filing was different, **don't** use the old address or our system will incorrectly change your information.

Questions

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

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

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). Check this box if you filed a consolidated federal return. Include a list of the corporations included in the consolidated federal return.

Question E(2). Check this box if you filed a consolidated Oregon return. Complete Schedule OR-AF, *Schedule of Affiliates*, and list only the corporations included in the consolidated Oregon return that:

- Are doing business in Oregon; or
- Have income from Oregon sources.

Question E(3). Check this box if it applies. Include a list of corporations included in the consolidated federal return that aren't included in this Oregon return. List each corporation's name and FEIN. **Note:** Include a copy of your federal return and schedules as filed with the IRS.

Question F. If the filing corporation (shown above as legal name) is a subsidiary in an affiliated group, or a subsidiary in 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 federal Form 1120, *Schedule K*.

Question G. Enter the total number of corporations doing business in Oregon that are included in this return.

Question L. Total Oregon sales. If you're subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule OR-AP, part 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 OR-AP, part 1, lines 18 through 20, column (A). See the instructions for the insurance sales factor.

Line instructions

Income

Line 1. Life, accident, and health companies (from page 4, line 35 of the annual statement).

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 3. Subtotal (line 1 minus line 2).

Line 4. Fire, property, and casualty companies (from page 4, line 20 of the annual statement).

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.

Line 6. Subtotal (line 4 minus line 5).

Line 7. Total (line 3 plus line 6).

Additions

Line 8. Total additions from Schedule OR-ASC-CORP, Section A. 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 OR-ASC-CORP, Section A, to report the amount and description of each difference. Use the description code from the list in Appendix A. The total of all additions is entered on Form OR-20-INS, line 8.

Additions include:

- **Charitable donations not allowed for Oregon.** Donations to a charitable organization that has received a disqualifying order from the Attorney General aren't deductible as charitable donations for Oregon tax purposes. Such organizations are required to provide a disclosure to a donor to acknowledge this. The Attorney General will publish online and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. If you claimed a federal deduction, an addition must be made on your Oregon return for donations to such charitable organizations (ORS 317.491).
- **Child Care Office contributions.** The deduction included in net income from operations must be added back to income if the Oregon credit's claimed (ORS 315.213).
- **Claim of right income repayment adjustment when credit's claimed.** Any deduction under IRC §1341 included in net income from operations must be added back to income if your Oregon credit's claimed (ORS 317.388).
- **Decreases in certain reserves.** These are changes that haven't 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.
- **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 wasn't taken into account in the computation of Oregon taxable income.
- **Depletion (percentage in excess of cost).** Add the federal deduction for depletion that is in excess of the Oregon allowance for depletion (ORS 317.301).
- **Depreciation differences.** If your Oregon depreciation isn't 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 Schedule OR-DEPR to determine the Oregon modification.
- **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.
- **Gain or loss on the disposition of depreciable property.** Add the difference in gain or loss on sale of business assets when your Oregon basis is less than your federal basis (ORS 317.356).
- **Individual Development Account credit.** Donations deducted in net income from operations must be added back to federal taxable income if the credit is claimed [ORS 315.271(2)].
- **IRC §631(a) treatment of timber isn't recognized by Oregon.** Both beginning and ending inventories must be adjusted for IRC §631(a) gain. For Oregon purposes, there's no taxable event until actual sale (ORS 317.362).
- **Opportunity Grant Fund.** Any federal deduction for contributions for which an Opportunity Grant Fund tax credit certification is made must be added to federal taxable income (Or Laws 2018, ch 108, §2).
- **Oregon production investment fund.** Add back the amount of contribution for which a tax credit certification is made that's included in net income from operations as a deduction (ORS 315.514).

- **Penalty interest on prepayment of loans.** Add any amounts not already included in the computation of net income on the annual statement.
- **Realized gains.** Add realized gains on sales or exchanges of assets, including non-admitted assets that weren't included in net income from operations.
- **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 3, lines 3, 4, and 6, column 5.
 - P&C companies: Annual statement, included in "Underwriting and investment exhibit," page 11, lines 20.1 and 20.4.
- **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).

Line 9. Income after additions (line 7 plus line 8).

Subtractions

Line 10. Total subtractions from Schedule OR-ASC-CORP, Section B. 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 OR-ASC-CORP, Section B, to report the amount and description of each difference. Use the description code from the list in Appendix A. The total of all subtractions is entered on Form OR-20-INS, line 10.

Subtractions include:

- **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's no explicit item in the annual statement.
 - P&C and life companies—See note(s) in the NAIC annual statement about retirement plans.
- **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 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 wasn't taken into account in the computation of Oregon taxable income.
 - **Depletion.** Subtract the Oregon allowance for depletion that is in excess of the federal deduction for depletion (ORS 317.374).
 - **Depreciation differences.** If your Oregon depreciation isn't 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 Schedule OR-DEPR to determine the Oregon modification.
 - **Film production labor rebate.** Subtract the amount received as a labor rebate and that was included in net income from operations (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 your Oregon basis is greater than your federal basis (ORS 317.356).
 - **Increases in certain reserves.** Subtract increases in reserves described in the instructions for additions.
 - **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).
 - **Marijuana businesses expenses.** ORS 317.363 allows Oregon taxpayers filing a corporate excise or income tax return to deduct business expenses otherwise barred by IRC §280E if the taxpayer is engaged in marijuana-related activities authorized by ORS 475B.010 to 475B.395.
 - **Realized losses.** Realized losses on sales or exchanges of assets, including non-admitted assets that weren't included in net income from operations.
- Line 11. Income before net loss deduction** (line 9 minus line 10).
- Line 12. Net loss deduction.**
- Enter the deduction on **line 12 if taxable only by Oregon.** Enter as a positive number.
 - Enter the deduction on Schedule OR-AP, part 2, **line 10a if taxable both in Oregon and another state.**
 - **Include a schedule** showing your computations.
 - The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.

- A net operating loss carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years [ORS 317.476(4)(b)].
- 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 ORS 317.476 and supporting administrative rules (ORS 317.665).

Line 13. Apportionment percentage. Enter the apportionment percentage from Schedule OR-AP, part 1, line 22. If you have income only in Oregon and don't apportion, enter 100.0000.

Line 14. Oregon taxable income (line 11 minus line 12, or amount Schedule OR-AP, part 2, line 11).

Tax

Line 15. Calculated excise tax. Don't enter the minimum tax on this line. See Appendix B for computation.

Line 16. Minimum tax. The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales. Use the table in **Appendix B**.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return. 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 isn't 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 OR-AP, part 2.

Line 17. Tax (greater of line 15 or line 16). Oregon tax is the greater of total calculated tax or minimum tax.

Line 18. 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. Include a schedule showing how you figured the interest.

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

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.

Note: Minimum tax can't be reduced, paid, or otherwise satisfied through the use of any tax credit (ORS 317.090).

Important:

- All credits are claimed on Schedule OR-ASC-CORP except OLHIGA.
- List credits and codes on the OR-ASC-CORP in the order you want them used.
- Taxpayers must take the full amount of a credit allowed per year (ORS 314.078).
- Credits can't be used to offset minimum tax.

Line 20. Total standard credits from Schedule OR-ASC-CORP, Section C. Enter the total from Schedule OR-ASC-CORP, Section C.

Line 21: Tax after standard credits (line 19 minus line 20, not less than minimum tax).

Line 22. Total carryforward credits from Schedule OR-ASC-CORP, Section C. Enter the total from Schedule OR-ASC-CORP, Section D.

Line 23. Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

Line 24. Total carryforward credits/offsets (add lines 22 and 23). Credits against excise tax **must** be claimed in the following order: Standard and carryforward credits, then the OLHIGA offset, but not below minimum tax.

Net excise tax

Line 25. Net excise tax (line 21 minus line 24). This can't be less than minimum tax.

Payments, penalty, interest, and UND

Line 26. Estimated tax payments, other prepayments, and refundable credits (from Schedule ES on page 3).

- Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form OR-20-V on lines 1–4.
- List name and FEIN of the payer only if different from the corporation filing this return.

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

- Include any refunds applied from other years on line 5.
- Enter payments made with your extension or other prepayments on line 6.
- Fill in on line 7 the refundable credits from Schedule OR-ASC-CORP, Section E.
- Carry the total from line 8 to Form OR-20-INS, line 26.

Line 27. Withholding payments made on your behalf from pass-through entity or real estate income. If taxes were paid on the corporation's behalf, enter the amount on this line.

There's 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
- 8 percent of the gain that's includible in Oregon taxable income for the year.

Withholding isn't required if one of the following requirements is met:

- The consideration for the real property doesn't exceed \$100,000;
- The property is acquired through foreclosure;
- The transferor (owner) is a resident of Oregon or—if a C corporation—has a permanent place of business in this state; or
- The transferor meets one of the requirements in ORS 314.258(3)(d) through (f).

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

Pass-through entity withholding requirement. A pass-through entity (partnership, S corporation, LLP, LLC, or certain trusts) with distributive income from Oregon sources must withhold tax from its nonresident owners.

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

Line 28. Tax due. Is line 25 more than line 26 plus line 27? If so, line 25 minus lines 2 and 27.

Line 29. Overpayment. Is line 25 less than line 26 plus line 27? If so, line 26 plus line 27, minus line 25.

Line 30. Penalty due with this return. To avoid penalty and interest, you must make any tax payment owed by the **original** due date of the tax return, excluding extensions. You must also e-file or mail your tax return by the original due date, or by the extended due date if you file with a valid extension included.

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 filed with a valid extension but didn't pay 90 percent of your tax by the original due date, you'll be charged the 5 percent failure-to-pay penalty.

• **20 percent failure-to-file penalty.** Include a penalty payment of 20 percent of your unpaid tax if you don't file your return within three months after the due date (including extensions). The failure-to-file penalty is in addition to the 5 percent failure-to-pay penalty.

• **100 percent late pay and late filing penalty.** Include a penalty payment of 100 percent of your unpaid tax if you don't file returns for three consecutive years by the original or extended return filing due date of the third year. A 100 percent penalty is assessed on each year's tax balance.

Line 31. Interest due with this return. You must pay interest on unpaid taxes if:

- You don't pay the tax balance by the original filing due date, excluding extensions;
- You file an amended return and have tax to pay; or
- Your taxable income is changed because of a federal or state audit and you owe more tax.

Interest owed on tax starts the day after the due date of your original return, excluding extensions, and ends on the date of your payment. Interest is computed daily.

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

To calculate interest:

$$\text{Tax} \times \text{daily interest rate} \times \text{number of days.}$$

Interest rates and effective dates:

For periods beginning	Annually	Daily
January 1, 2019	6%	0.0164%
January 1, 2018	5%	0.0137%
January 1, 2017	5%	0.0137%

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

Interest will increase by one-third of 1 percent per month (4 percent yearly) on delinquencies if:

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

Line 32. Interest on underpayment of estimated tax (UND). You must make quarterly estimated tax payments if you expect to owe \$500 or more in tax. 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 OR-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 of estimated tax, include Form OR-37 with your tax return, check the box on page 1 of Form OR-20-INS, 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 33. Total penalty and interest (add lines 30 through 32).

Total due or refund

Line 35. Total due (line 28 plus line 33). See "Filing checklist" for payment options. **Don't** include a Form OR-20-V, payment voucher, with your payment if including a payment with your return.

Special instructions. If you owe a penalty or interest and have an overpayment on line 29, and your overpayment is less than total penalty and interest, then fill in the result of line 33 minus line 29, on line 34.

Line 36. Amount of refund to be credited to estimated tax. You may elect to apply part or all of your refund to your next year's estimated tax payments. Fill in the amount you want to apply. **Your election is irrevocable.**

Elected amounts that are attributable to estimated tax payments received prior to the following year's first quarter estimated tax due date, will be applied as a timely first quarter installment of the following year. Elected amounts attributable to payments received after the following year's first quarter estimated tax due date, will be applied to the following year's estimated tax account as of the date the payment is received. See ORS 314.515 and OAR 150-314-0302.

Line 37. Net refund (line 35 minus line 36).

Schedule OR-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 OR-AF and submit it with your Oregon return. This form is listed separately on our website at www.oregon.gov/dor.

List on Schedule OR-AF **only** those affiliates doing business in Oregon, or with Oregon-source income, that are included in the Oregon consolidated return. Don't include the filing corporation on the Schedule OR-AF.

Report the following on Schedule OR-AF:

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

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

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Appendix A

Corporation Form OR-20-INS

2018 Schedule OR-ASC-CORP codes

Additions

Description	Code	Description	Code
Charitable donations not allowed for Oregon.....	132	IRC §631(a) treatment of timber not recognized by Oregon.....	162
Child Care Office contributions	153	Opportunity Grant Fund (auction).....	185
Claim of right income repayment.....	173	Oregon production investment fund	157
Decreases in certain reserves	180	Penalty interest on prepayment of loans	182
Deferred gain from out-of-state disposition of property	118	Realized gains not in net income from operations.....	172
Depletion (percentage in excess of cost).....	166	State income taxes deducted from the annual statement.....	179
Depreciation differences.....	174	Uncategorized addition (must include explanation)...	199
Federal income taxes deducted from the annual statement.....	181	University venture development fund contributions	171
Gain or loss on disposition of depreciable property...	158		
Individual Development Account credit.....	113		

Subtractions

Description	Code	Description	Code
Amortization of past service credits.....	374	Increases in certain reserves	373
Cancellation of debt (COD) income §108(i).....	365	Land donation or bargain sale of land to educational institutions.....	350
Deferred gain from out-of-state disposition of property	352	Marijuana business expenses....	375
Depletion (Oregon in excess of federal allowance).....	362	Realized losses not in net income from operations.....	363
Depreciation differences.....	353	Uncategorized subtraction (must include explanation).....	399
Film production labor rebate.....	336		
Gain or loss on sale of depreciable property.....	356		

Standard credits

Description	Code
Oregon Cultural Trust contribution (ORS 315.675).....	807
Reservation enterprise zone (ORS 285C.309).....	810
Uncategorized credit (must include explanation).....	899

Carryforward credits

Description	Code	Description	Code
Agricultural workforce housing (ORS 315.164).....	835	Opportunity Grant Fund (auction) (Or Laws 2018, ch 108, §2).....	871
Alternative fuel vehicle fund (auction) (ORS Note 2: 315.336).....	865	Oregon affordable housing lender's credit (ORS 317.097)	854
Alternative qualified research activities (carryforward only) (ORS 317.154)	837	Oregon Low Income Community Jobs Initiative (carryforward only) (ORS 315.533)	855
Biomass production/collection (ORS 315.141) (carryforward only).....	838	Oregon production investment fund (auction) (ORS 315.514)	856
Bovine manure (ORS 315.176).....	869	Pollution control facilities (ORS 315.304).....	857
Business energy (carryforward only) (ORS 315.354) ...	839	Qualified research activities (ORS 317.152) (carryforward only).....	858
Child Care Fund contributions (ORS 315.213).....	841	Reforestation of underproductive forestlands (carryforward only) (ORS 315.104)	867
Contributions of computers or scientific equipment (carryforward only) (ORS 317.151)	842	Renewable energy development contributions (carryforward only) (ORS 315.326)	859
Crop donation (ORS 315.156).....	843	Renewable energy resource equipment manufacturing facility (carryforward only) (ORS 315.341)	860
Electronic commerce zone investment (ORS 315.507) (carryforward only).....	845	Rural technology workforce development.....	868
Employer-provided dependent care assistance (carryforward only) (ORS 315.204)	846	Transportation projects (carryforward only) (ORS 315.336)	863
Employer scholarship (ORS 315.237)	847	Uncategorized carryforward credit (must include explanation).....	999
Energy conservation projects (carryforward only) (ORS 315.331)	849	University venture fund (ORS 315.521)	864
Fish screening devices (ORS 315.138).....	850	Weatherization lender's credit (carryforward only) (ORS 317.111).....	866
Individual Development Account (IDA) donation (ORS 315.271)	852		
Lender's credit: energy conservation (carryforward only) (ORS 317.112)	848		
Long term enterprise zone facilities (carryforward only) (ORS 317.124)	853		

Refundable credits

Description	Code
Claim of right (ORS 315.068)	890

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

Appendix B

Oregon Corporation Form OR-20-INS 2018 Tax rates and minimum tax table

Note: Corporation excise tax filers pay the greater of calculated tax or minimum tax.

Calculated tax

If Oregon taxable income is:

- \$1 million or less, multiply Oregon taxable income by 6.6 percent (not below zero).
- More than \$1 million, multiply the amount that's more than \$1 million by 7.6 percent, and add \$66,000.

Minimum tax

Minimum tax table—C corporations only

<i>Oregon sales of filing group</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

Appendix C

Oregon Corporation Form OR-20-INS

Alternative apportionment

Oregon law allows taxpayers to request an alternative method of apportionment using the instructions below. Uniform Division of Income for Tax Purposes Act (UDITPA) taxpayers filing under ORS 314.605 to ORS 314.675, as well as insurers, and taxpayers filing under ORS 314.280, must use this procedure to apply for alternative apportionment.

Administration

We will review the alternative apportionment request and issue a decision letter.

If your alternative apportionment petition is denied, you may appeal the denial of your petition to Oregon Tax Court as provided in ORS 305.275.

If your alternative apportionment petition is approved, you may amend your returns within the normal statute of limitations. The approval of your petition will remain in effect unless and until we revoke it during audit or you file a new petition and receive our approval of the new proposal.

Allow at least 6 months for us to make a determination. Also, note that all petitions for alternative apportionment may result in additional review and documentation requests.

Instructions

- Your written petition for alternative apportionment can be submitted with your original or amended return (Method 1) or separate from your original or amended return (Method 2).
- For administrative purposes, we prefer Method 2.

Method 1 — Alternative apportionment petition submitted with your original or amended return

- Check the alternative apportionment checkbox on the front of the return. Failure to do so could result in your request being overlooked. This box is to denote requests only and is not to be used after a request is approved.
- Include a written petition for alternative apportionment with your original or amended return.

- The original or amended return must be completed using standard apportionment unless/until an alternative apportionment has been approved.
- Mail your petition to our normal return filing addresses. See “Filing checklist.”

Note: Taxpayers filing amended returns for 2015 or prior must use the form year corresponding to the tax year even though there’s no alternative apportionment checkbox on the return. Clearly identify that you’re requesting alternative apportionment by writing the words “Alternative apportionment request” at the top and adhere to all other requirements. Determinations to amended returns may take longer to process.

Method 2 — Alternative apportionment petition submitted separately from your original or amended return

- Your written petition must have the title “Alternative apportionment request.”
- Mail your petition to: Oregon Department of Revenue, Corporation Section, 955 Center St NE, Salem OR 97301-2555.

Both methods of petition

- The petition must be signed by the taxpayer or the taxpayer’s representative.
- In the case of a UDITPA taxpayer, the petition must fully explain the extent of the taxpayer’s business activity in Oregon and why standard apportionment doesn’t fairly and equitably represent the taxpayer’s business activity in Oregon. An ORS 314.280 taxpayer must fully explain why standard apportionment doesn’t fairly and equitably represent the amount of net income the taxpayer earns inside and outside Oregon. An insurer must explain why standard apportionment doesn’t fairly and equitably represent the insurer’s business activity within Oregon.
- Your petition must fully explain your proposed method of alternative apportionment and explain why this proposed method is more accurate in reflecting business activity or net income, as appropriate, in Oregon than the standard formula.
- The petition must show how the Oregon return (Form OR-20, OR-20-INC, OR-20-INS, or OR-20-S) would be completed, including the net tax calculation, using the proposed method of alternative apportionment.