On February 18, March 16, and April 1, 2021 we updated: lines 8 of the table on page 19, added federal unemployment exclusion information, and information to reflect Director's Order 2021-01.

OREGON DEPARTMENT OF REVENUE

# 2020 Oregon Income Tax

## Form OR-40-N and Form OR-40-P Instructions

## Nonresident/Part-year Resident

### Check out our online services

Revenue Online is a secure online portal that provides access to your tax account at any time. You can:

- Check the status of your refund.
- View and print letters from us.
- Make payments or schedule future payments.
- Securely communicate with us.
- Update your information.
- Check balances and view your account history.
- File an appeal.

Visit **www.oregon.gov/dor** and click on "Revenue Online" to sign up.

- **May 17, 2021** is the due date for filing your return and paying your tax due.
- **File electronically—it's fast, easy, and secure.** See "Electronic filing."
- **Find out if you qualify for the earned income credit.** See "Tax payments and refundable credits."
- **Find out if you qualify for the working family household and dependent care credit.** See Schedule OR-WFHDC for details.
- **Are you a veteran?** Find out about veterans' benefits at www.oregon.gov/odva.
- These instructions aren't a complete statement of laws or Oregon Department of Revenue rules. If you need more information, see Publication OR-17 or contact us.

**www.oregon.gov/dor**

150-101-048-1 (Rev. 04-02-21)

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# Do you have questions or need help?

## Internet

**www.oregon.gov/dor**

- Download forms, instructions, and publications.
- Access additional information not included in these instructions.

## Revenue Online

**www.oregon.gov/dor** (click on Revenue Online)

- Securely communicate with us.
- Check your refund status.
- Make or schedule payments.
- View your account history.
- Find out how much you owe.
- File an appeal.
- View letters and your Form 1099-G, if applicable.

## Phone

**503-378-4988 or 800-356-4222**

Monday–Friday, 7:30 a.m.–5 p.m.
*Closed Thursdays from 9–11 a.m. Closed holidays. Wait times may vary.*

Contact us for ADA accommodations or assistance in other languages.

## In person

Offices are located in Salem, Portland, Eugene, Bend, Gresham, and Medford. Find hours and directions to our offices on our website.

**Our main office is located at:**

955 Center St NE
Salem, OR 97301-2555

## Email or write

**questions.dor@oregon.gov**

**preguntas.dor@oregon.gov**

Oregon Department of Revenue
955 Center St NE
Salem OR 97301-2555

- Include your name and daytime phone number.
- Include the last four digits of your SSN or ITIN.

To request printed forms or publications:

Forms
Oregon Department of Revenue
PO Box 14999
Salem OR 97309-0990

*Photo on cover: Comet Neowise over Mount Jefferson as seen from Bend, Oregon on July 17, 2020.*

# Electronic filing

E-filing is the fastest way to file your return and receive your refund. The speed and accuracy of computers allow electronic returns to be received and processed faster than paper returns, greatly reducing errors and delays. E-filing uses secure technology to ensure the safety of your personal information when it's sent to the IRS and the Department of Revenue.

Oregon participates in the IRS Federal/State E-file program. This program allows you to electronically file both your federal and Oregon returns at the same time. If you've already filed your federal return, you can still electronically file your Oregon return.

If you haven't tried e-file yet, why not this year? Join more than 1.8 million other Oregon taxpayers who electronically file their Oregon returns.

You can take advantage of e-file in one of two ways:

1. **Ask your tax preparer.**
   If your tax preparer is an authorized IRS e-file provider, your preparer can electronically file your federal and Oregon returns. Many Tax-Aide and Tax Counseling for the Elderly (TCE) sites set up by the IRS are authorized IRS e-file providers.
2. **Use online tax preparation software.**
   You can file your federal and state returns from your home, work, or library computer using Oregon-approved online tax preparation products. Go to our website at www.oregon.gov/dor/e-filing for a list of tax preparation products to use in preparing your federal and Oregon returns.

   **You may be eligible for free e-file.** Several tax preparation software providers offer free online electronic tax filing. For free online tax preparation programs, go to www.oregon.gov/dor/e-filing.

# Federal tax law

**No extension to pay.** Oregon doesn't allow an extension of time to pay your tax, even if the IRS allows an extension. Your 2020 Oregon tax is due **May 17, 2021**.

**Federal law connection.** Oregon has a rolling tie to changes made to the definition of federal taxable income, with the exceptions noted below. For all other purposes, Oregon is tied to federal income tax laws as amended and in effect on December 31, 2018.

**Unemployment benefits exclusion.** The federal exclusion of up to $10,200 in unemployment benefits applies to Oregon. To determine the amount you may exclude for Oregon, see the instructions for line 19S.

**Oregon exceptions to federal law.** Oregon is disconnected from the business income deduction allowed by **Section 199A** of the Internal Revenue Code (IRC). Due to the way Oregon's returns are designed, no addition is required. Oregon is also disconnected from **IRC Section 139A**, the tax exemption for federal subsidies for employer prescription drug plans. If you have this type of business income, you'll have an addition on your Oregon return.

Oregon is disconnected from IRC Section 529 tax exemption for earnings on college savings plan funds used for K-12 tuition. Oregon College and MFS 529 Savings Plans may be used for higher education expenses only. If you based a previous subtraction or credit on contributions that are withdrawn and used for K-12 tuition, you'll have an addition or credit recapture on your Oregon return.

# New information

**Due Date Extension.** Director's Order 2021-01 extended the Oregon tax filing and payment deadline from April 15, 2021 to May 17, 2021. As a result, interest and penalties with respect to the Oregon tax filings and payments extended by this Order will begin to accrue on May 18, 2021.

**Oregon wildfires and other federal disasters.** Certain Oregon counties were declared to be a federal disaster area due to wildfires and straight-line winds in September 2020. If you were affected by this or another presidentially-declared disaster during the 2020 tax year, be sure to check the "Federal disaster relief" box on your Oregon return.

**Disaster relief—underpayment interest.** Were you unable to make one or more estimated tax payments on time due to a presidentially-declared disaster or other unusual circumstance? If so, you won't be charged underpayment interest on those installments. See Form OR-10 Instructions, and our website for more information.

**Federal tax liability subtraction.** The 2020 federal tax subtraction limit is $6,950 ($3,475 for married filing separately). Your federal income tax subtraction may be reduced by any **2020** federal economic stimulus payments you received in 2020 or 2021. It may be limited further based on your AGI. See instructions for line 40.

**Earned Income Credit.** If your child is age two or younger on December 31, 2020, and you qualify for the federal earned income tax credit, you're now able to claim 12 percent of the federal earned income tax credit amount as an Oregon credit. All other taxpayers, who qualify for the federal credit are now able to claim 9 percent of the federal credit amount as an Oregon credit. See instructions for Form OR-40-N, line 59 or Form OR-40-P, line 58.

**Oregon 529 College Savings Network and ABLE account credits.** Starting with contributions made in tax years beginning on or after January 1, 2020, a tax credit based on your contributions to an Oregon College or MFS 529 Savings Plan account or an ABLE account may now be claimed. For additional information, please see Publication OR-17.

**Charitable deduction.**This federal deduction is from the CARES Act and is for taxpayers who made charitable contributions of up to $300 in cash if they're not claiming federal itemized deductions for tax year 2020. Part-year residents, your Oregon deduction combines the contributions you made while you were an Oregon resident with a partial deduction for contribution you made while you were a nonresident if you had Oregon source income. Nonresidents are allowed a partial deduction for contributions made while you were a nonresident if you had Oregon-source income. For additional information, see Publication OR-17.

# Important reminders

**Revenue Online.** Revenue Online provides convenient, secure access to tools for managing your Oregon tax account. To set up your Revenue Online account, go to www.oregon.gov/dor and click on "Revenue Online."

**Federal return.** You must include a copy of your federal Form 1040 or 1040-SR with Schedules 1 through 3 (if applicable), 1040-X, or 1040-NR with your Oregon return. Without this information, we may disallow or adjust items claimed on your Oregon return.

**Reminder:** If you received unemployment benefits during the year, any benefits that aren't excluded are taxable income. If you owe tax on your 2020 benefits, consider having tax withheld from any future benefit payments to avoid owing tax for 2021.

**Schedule OR-ASC-NP.** If you're claiming an adjustment, addition, subtraction, modification, or credit using a code listed in Publication OR-CODES, you must include Schedule OR-ASC-NP. Without this information, we may disallow or adjust your claim. Schedule OR-ASC-NP and Publication OR-CODES are available at www.oregon.gov/dor/forms or you can contact us to order them.

**Publication OR-17.** See Publication OR-17 for more information about filing and personal income tax laws. It is available at www.oregon.gov/dor/forms.

# General information

## Do I need to file an Oregon return?

You need to file an Oregon income tax return if your Oregon-source income and income received while an Oregon resident is more than your standard deduction.

If your Oregon income is less than your standard deduction, you're not required to file a return for Oregon.

However, you must file an Oregon return if you had $1 or more of Oregon income tax withheld from your wages and you want to claim a refund.

**Full-year residents.** Oregon taxes your income from all sources.

**Part-year residents.** Oregon taxes your income from all sources earned or received while you were an Oregon resident. Oregon also taxes your income from Oregon sources while you were a nonresident.

**Nonresidents.** Oregon taxes only your income from Oregon sources.

**Nonresident trusts.** If you file federal Form 1040-NR for a trust, you must file Oregon's Form OR-41, *Oregon Fiduciary Income Tax* return. Don't file an Oregon Form OR-40-N.

## Filing thresholds

**Table 1. Filing thresholds**

| **You must file an Oregon income tax return if:** | |
|---|---|
| ***Your filing status is—*** | ***And your Oregon gross income is more than—*** |
| Can be claimed on another's return | $1,100* |
| Single | $2,315 |
| Married filing jointly | $4,630 |
| Married filing separately | |
| • If spouse claims standard deduction | $2,315 |
| • If spouse itemizes deductions | 0 |
| Head of household | $3,725 |
| Qualifying widow(er) | $4,630 |

**The larger of $1,100, or your earned income plus $350, up to the standard deduction amount for your filing status.*

## How long will it take to get my refund?

Return processing times vary due to many factors, including the complexity of your return.

Electronically filed returns are generally received and processed faster.

Paper returns must have all required Oregon schedules, proof of tax withheld, and a copy of your federal return included to ensure smooth processing. If you don't have a federal filing requirement, create a substitute return and check the "calculated using 'as-if' federal return" box on your return.

Returns mailed closer to May 17, when we receive the most returns, can take longer to process.

Also, returns that require additional review can take more time to process. Typical reasons for additional review include: incomplete documentation, identity verification needed, claiming the working family household and dependent care credit, proof of tax withheld needed, etc.

**To check the status of your refund, click on "Where's my refund?" at www.oregon.gov/dor/personal.**

## What does income from Oregon sources include?

Oregon income includes income shown on your federal return for services performed in Oregon.

If you have wages from an Oregon employer and you performed services for your employer in Oregon and another state while you were a nonresident, and your Oregon wages aren't stated separately on your Form W-2, compute your Oregon-source income using the formula for line 7S.

**Other Oregon sources of income (and losses) include:**

- Businesses, partnerships, limited liability companies taxed as partnerships, and S corporations located or doing business in Oregon or providing services to Oregonians.
- Unemployment insurance benefit received because of an Oregon job.
- Severance pay received because of an Oregon job.
- Farms located in Oregon.

- Estates and trusts in Oregon or that have Oregon property or businesses.
- Oregon State Lottery.
- Sale of Oregon property.
- Rents and royalties for use of Oregon property.
- Community property. If you're a resident of Oregon and your spouse is a resident of a state with community property laws, you may be taxed on part of your spouse's income. Community property laws in the state where your spouse lives determine if you're taxed on any of your spouse's income.
- Global intangible low-taxed income (GILTI) if you were an Oregon resident on the date you received it (actual or deemed), or if it's from property employed in a business, trade, profession, or occupation carried on in Oregon while a nonresident.

**Income not considered from Oregon sources includes:**

- Interest and dividends. However, you must include them in Oregon income if they were:
  —From an Oregon business you own.
  —Received during the part of the year you were a resident.
  —Passed through from an S corporation or partnership doing business in Oregon.
- Oregon retirement income received while you were a nonresident unless you were domiciled in Oregon. See "Retirement income" in Publication OR-17.
- Interstate transportation wages from an interstate railroad company, interstate motor carrier, air carrier, or interstate motor private carrier. You must be a nonresident and have regularly assigned duties in more than one state. See "Interstate transportation wages" in Publication OR-17.
- Waterway, air carrier, or hydroelectric dam compensation, if you're a nonresident:
  — Working as crew or pilot on a vessel in navigable waters between Oregon and another state.
  — Working as crew or pilot on an aircraft in Oregon and at least one other state.
  — Working on a dam that spans a river between Oregon and another state.

  **Note:** See the "Income" section in Publication OR-17 for more details regarding waterway, air carrier, and dam workers' compensation.
- Military pay of a nonresident.
- Winnings of a nonresident from tribal gaming centers in Oregon.
- Wages earned by a nonresident military spouse who is in Oregon only to be with the service member who is stationed here.

## Residency

**Am I a resident, a nonresident, or a part-year resident?**

- **You're a full-year Oregon resident**, even if you live outside Oregon, if **all** of the following are true:
  — You think of Oregon as your permanent home.
  — Oregon is the center of your financial, social, and family life.
  — Oregon is the place you intend to return.
- **You're still a full-year resident if:**
  — You temporarily moved out of Oregon or
  — You moved back to Oregon after a temporary absence.

  You may also be considered a full-year resident if you spent more than 200 days in Oregon during 2020 or you're a nonresident alien, as defined by federal law.
- **You're a nonresident** if your permanent home was outside Oregon all year.
- **You're a part-year resident** if you moved into or out of Oregon during 2020. You're **not** considered a part-year resident if:
  — You temporarily moved out of Oregon, or
  — You moved back to Oregon after a temporary absence.

**Special-case Oregon residents.** If you're an Oregon resident and you meet **all** of the following conditions, you're considered a nonresident for tax purposes:

- You maintained a permanent home outside Oregon for the entire year.
- You didn't keep a home in Oregon during any part of the year.
- You spent less than 31 days in Oregon during the year.

**Important.** A recreational vehicle (RV) isn't considered a permanent home outside of Oregon.

**Oregon residents living abroad.** You're considered a nonresident if you're a qualified individual for purposes of the federal foreign earned income or housing exclusion for U.S. residents living abroad.

## What form do I use?

**Use Form OR-40-P if any ONE of the following is true:**

- You're a part-year resident.
- You're filing jointly and one of you is a full-year Oregon resident and the other is a part-year resident.
- You're filing jointly and both of you are part-year Oregon residents.
- You qualified as an Oregon resident living abroad for part of the year.

**Use Form OR-40-N if any ONE of the following is true:**

- You're a nonresident.
- You're a special-case Oregon resident.
- You're filing jointly and one, or both, of you is a nonresident.
- You meet the military personnel nonresident requirements.
- You qualified as an Oregon resident living abroad for the entire year.

**Use Form OR-40 if any ONE of the following is true:**

- You're a full-year resident not filing a joint return; or
- You and your spouse are both full-year residents filing jointly.

Form OR-40 is available at www.oregon.gov/dor/forms or you can contact us to order it.

## Military personnel

**Nonresidents stationed in Oregon.** Oregon doesn't tax your military pay while you're stationed in Oregon. File Form OR-40-N if you had other income from Oregon sources, or to claim a refund of Oregon tax withheld from your military pay.

**Military spouses.** Federal law does not allow Oregon to tax your wages if you're a nonresident and you're in Oregon only to be with your spouse who is stationed in Oregon. If you are domiciled in Oregon and you file a joint return with your spouse who is a resident of another state, federal law allows you to choose to be treated for tax purposes as a resident of your spouse's state. File Form OR-40-N if you had other income from Oregon sources or are claiming a refund of Oregon tax withheld.

**Residents (or Oregon-domiciled service members) stationed outside of Oregon.** If you meet the requirements for special-case Oregon residents or Oregon residents living abroad, file Form OR-40-N. File Form OR-40 if you don't meet those requirements.

**Residents (or Oregon-domiciled service members) stationed in Oregon.** Your pay is subject to tax, although the pay could qualify for certain subtractions. For more information on subtractions available to military personnel, see Publication OR-17.

Military personnel on active service in Oregon are treated as nonresidents for tax purposes if their address in the payroll records of the Defense Finance and Accounting System (DFAS) is outside Oregon, regardless of where they are domiciled (ORS 316.027).

## Filing for a deceased person

A personal income tax return must be filed for a person who died if the person would have been required to file. See "Do I need to file?". Check the "Deceased" box next to the person's name on the return. If you have been appointed personal representative or you have filed a small estate affidavit, sign the return as "personal representative." A surviving spouse must sign if it's a joint return. If there's no personal representative, only the surviving spouse needs to sign a joint return.

**Note:** Oregon has an estate transfer tax on estates valued at $1 million or more. The tax is paid by the estate using Form OR-706, not by the individuals receiving the inheritance. For more information, see the instructions for Form OR-706.

## When should I file my return?

The filing deadline for calendar year 2020 is **May 17, 2021.** If you can't pay your tax by the due date, it's important to file your return anyway to avoid a late-filing penalty.

Returns for fiscal filers are due by the 15th day of the fourth month after the close of their tax year.

## What if I need more time to file?

If you requested a federal extension to file, Oregon will allow the same extension. Don't include a copy of your federal extension with your Oregon return; keep it with your records. If you need an extension of time to file only your Oregon return, see Publication OR-40-EXT.

**An extension doesn't mean more time to pay.**

To avoid interest charges, you must pay all of the tax you expect to owe by May 17, 2021. If you can't pay all of the tax you expect to owe, pay what you can. You'll owe interest on any unpaid tax starting May 18, 2021, until the date of your payment. You may also be charged a penalty for failing to pay your tax on time. See "Penalties" and the instructions for Form OR-40-N, line 65 or Form OR-40-P, line 64.

**Don't forget to check the "Extension filed" box on your return when you file.**

## Penalties

If you don't pay all of your tax by May 17, 2021, you may be charged a 5 percent penalty on the unpaid amount, even if you requested an extension to file your return. Oregon doesn't allow an extension of time to pay tax, even if the IRS does.

You'll be charged a 20 percent penalty for failure to file your return if you file it more than three months after the due date, including extensions. If both penalties apply, the total penalty will be 25 percent of the unpaid tax.

**Note:** If you fail to file returns for three consecutive years by the due date for the third year's return, including extensions, you'll be charged a penalty of 100 percent of each year's unpaid tax.

For more information about these and other penalties, see the instructions for Form OR-40-N, line 65 or Form OR-40-P, line 64, and "Interest and Penalties" in Publication OR-17.

## 2021 estimated tax

Estimated tax is the amount of tax (after credits and Oregon tax withheld) you expect will be shown on your return when you file.

Oregon estimated tax laws are not the same as federal estimated tax laws. For more information on how to calculate your estimated payments for Oregon, see Publication OR-ESTIMATE. Vouchers for estimated payments are available at www.oregon.gov/dor/forms.

#### Do I need to make estimated payments?

In most cases, if you expect your return to show that **you will owe $1,000 or more in tax** after credits and withholding you **must** make estimated payments. You may need to make estimated payments if:

- You're self-employed and don't have Oregon tax withheld from your income.
- You have Oregon Lottery single-ticket winnings of less than $1,500.
- Oregon tax isn't withheld from other types of income (such as pensions, interest, or dividends) and you expect to owe tax of $1,000 or more.
- You're a wage earner and expect to owe tax of $1,000 or more on your 2021 return. You may want to increase the amount your employer withholds from your Oregon wages. For withholding information, go to www.oregon.gov/dor/personal.

See Publication OR-ESTIMATE for more information, including:

- Detailed instructions for calculating installment payments.
- Tax rate charts for 2021.
- Installment periods and due dates.
- Helpful worksheets and examples.
- Payment instructions and voucher.

Download Publication OR-ESTIMATE from our website or you can contact us to order it.

## Interest on underpayment of estimated tax

You may owe interest for underpaying your estimated tax if:

- The tax on your return after credits and withholding is $1,000 or more; or
- You underpaid one or more of your required estimated tax installments.

See the instructions for Form OR-40-N, line 66, or Form OR-40-P, line 65, and Form OR-10 Instructions for more information.

## What if I'm self-employed?

If you're self-employed and do business in **Multnomah, Clackamas, or Washington counties**, you may need to file Form OR-TM. If you're self-employed and do business in **Lane County**, you may need to file Form OR-LTD. Go to our website to download the forms, contact us to order either form, or file them electronically through Revenue Online at www.oregon.gov/dor.

## What if I need to change my Oregon return after filing?

It depends on what you need to change. Follow these instructions for amending (changing) your return if:

- You discover that your income, deductions, or other item(s) were wrong.
- You used a form that didn't match your residency status.
- Your filing status wasn't correct.
- The IRS or another state adjusted or audited your return and it affects your Oregon tax.
- You have a net operating loss (NOL) carryback.
- Changes in federal or state income tax laws affect a return you've already filed.

**Don't** amend your Oregon return if:

- We made changes to your return and you object to those changes. You must follow the appeal process in the notice we sent you.
- You're filing a protective claim for a refund. Use Form OR-PCR, which is available on our website or you can contact us to order it.

There's a time limit for filing an amended return. See the instructions for Form OR-40-N, lines 69 to 72 or Form OR-40-P, lines 68 to 71. For more information, see "Amended returns" in Publication OR-17.

# How do I amend my 2020 return?

## General instructions

- Complete the return as it should've been filed, including adjustments we made.
- Check the "Amended return" box on the first page.
- In the "Amended statement" space, provide the return line number and reason for each change.
- Use the **Amended worksheet** to figure your amended tax due or refund.
- If you're amending your federal return or a return you filed with another state, include a copy of those amended returns with your amended Oregon return. If you're only amending your Oregon return, include a copy of your original federal return. **Don't** include a copy of your original Oregon return.

**Residency.** Use the form that matches your residency status for the year you're amending, even if your original return was filed on a different form.

**Adjustment made by the IRS or another state.** Include a copy of the **corrected** federal or other state return or audit report.

**Electronically file your amended return.** You can now electronically file your Oregon amended return, if your chosen software supports filing a federal amended return. You will need to contact your software provider to find out if they support filing a federal amended return.

**NOL carryback.** Enter the loss year in the NOL tax year box on the first page of the return. If you're carrying back an NOL from more than one year, file a separate amended return for each NOL year. In the "Amended statement" space, tell us the section number of the Internal Revenue Code that allows you to carry back the NOL(s) to the 2020 tax year. See "Net operating losses for Oregon" in Publication OR-17 for more information.

### What if I need to change a return I filed for an earlier year?

Refer to the instructions for the tax year you need to amend. Visit our website or contact us if you need the form and instructions for a different year.

### How long will it take to process my amended return?

It may take six months or longer to process your amended return.

## Amended worksheet

Use this worksheet to figure your amended refund or tax to pay. Keep the completed worksheet with your records. **Note:** If we adjusted any of the amounts on your original 2020 return, use the **adjusted** amounts.

1. Amended tax after standard and carryforward credits (amended Form OR-40-N, line 54; Form OR-40-P, line 53). 1. _____
2. Amended total payments and refundable credits (amended Form OR-40-N, line 62; Form OR-40-P, line 61). 2. _____
3. Line 1 minus line 2. If less than 0, use a minus sign. 3. _____
4. Refund you already had for 2020 (original Form OR-40-N, line 69; Form OR-40-P, line 68; Form OR-40, line 43). If you didn't have a refund, enter 0. 4. _____
5. **Amended tax to pay or refund.** Line 3 plus line 4. If less than 0, you have a refund; go to line 6. If 0 or more, you owe tax; skip to line 8. 5. _____
6. Refund applications that weren't on your original return (amended Form OR-40-N, lines 70 through 72; Form OR-40-P, lines 69 through 71), up to the refund amount on line 5. Don't use a minus sign.
   **Example:** If line 5 is –$500, you may apply up to $500 on your amended Form OR-40-N, lines 70 through 72, or Form OR-40-P, lines 69 through 71. 6. _____
7. **Net amended refund.** Line 5 plus line 6. This can't be more than 0. 7. _____
8. Penalty and interest on amended tax to pay (amended Form OR-40-N, line 65; Form OR-40-P, line 64). 8. _____
9. **Total amount to pay** with your amended return. Line 5 plus line 8. 9. _____

# General instructions for Forms OR-40-N & OR-40-P

### Step 1: Complete your federal return

**Your Oregon tax is determined using the ratio of your Oregon-source income to your entire federal income. Complete your federal return first. Do this even if you aren't required to file a federal return.** You must use the information from your federal return to complete your Oregon return. You must include a copy (front and back) of your federal Form 1040 or 1040-SR with Schedules 1 through 3 (if applicable), or 1040-NR with your Oregon return. If you're amending your Oregon return and your federal return, include a copy of Form 1040-X and an amended Form 1040 or 1040-SR with Schedules 1 through 3 (if applicable).

If you don't provide a copy of your federal return, we may adjust or deny your Oregon subtractions, deductions, and credits. **Include** federal Schedules 1 through 3 (if applicable); **don't include any other** federal schedules. We may ask you for copies of other schedules or additional information later.

**Oregon same-sex registered domestic partners (RDPs):** To correctly determine your Oregon tax liability, you must complete a federal income tax return as if you were filing as married filing jointly or married filing separately. Check the "Calculated using 'as if' federal return" box on the your Oregon return.

For more information on how to file as an RDP, go to www.oregon.gov/dor and search for "RDP."

### Step 2: Select the appropriate Oregon return

To decide which form to use, see "What form do I use?" in the "General information" section.

### Step 3: Fill out the Oregon return

**Use blue or black ink only** for easier reading and faster processing. The equipment used to scan documents and checks can't read gel ink or certain colors, and using them will delay the processing of your return.

## Fiscal-year filers

Write the ending date of your fiscal year in the "Fiscal year ending" box on the return.

## Oregon resident—Form OR-40-P only

Enter the dates you were an Oregon resident during 2020. For example, "from 01/01/2020 to 04/15/2020," or "from 03/01/2020 to 12/31/2020"

## Check the boxes

### Amended return

If you're amending your 2020 return, check this box. See "What if I need to change my return after filing?" in the "General information" section for instructions.

### Calculated using "as if" federal return

Check this box if:

- You're filing as an Oregon RDP.
- Your filing status is "married filing separately for Oregon only" because you and your spouse don't have the same residency status.
- You didn't file a federal return.

### Short-year tax election

If you're filing a short-year return due to a **bankruptcy,** check this box and write the ending date in the "Fiscal year ending" box.

### Extension filed

Check this box if you requested an extension to file your return. See "What if I need more time to file?" in the "General information" section and Publication OR-40-EXT for more information.

### Form OR-24—Like-kind property exchange or conversions

Check this box if you're deferring gain on like-kind property that was exchanged or converted. You'll report the gain to Oregon when it's reported on your federal return (federal Form 8824). You must include Form OR-24 with your Oregon return or provide it electronically through your Revenue Online account at www.oregon.gov/dor.

### Military

Check this box if you're a nonresident with military pay. See "Military personnel."

### Federal disaster relief

If you were affected by a presidentially-declared natural disaster in 2020, check this box.

**Oregon wildfires.** Certain Oregon counties were declared to be a federal disaster area due to wildfires and straight-line winds in September 2020. If you were affected by this during the 2020 tax year, be sure to check the "Federal disaster relief" box on your Oregon return.

### Federal Form 8886

Check this box if you filed federal Form 8886, *Reportable Transaction Disclosure Statement*.

### Employment exception

Check this box if you have interstate transportation wages or you're a waterway, air carrier, or hydroelectric dam worker. See the exceptions in the instructions for line 7S and the "Income" section in Publication OR-17 for more information.

## Name and address

Type or clearly print names, Social Security numbers (SSN), and dates of birth for you and your spouse. **Enter your spouse's information even if you're filing as married filing separately**. If you're filing for someone who died in 2020 or 2021, check the "Deceased" box next to their name.

Enter your **current mailing address**. This is where we'll send any refund or correspondence, if needed. Enter your current daytime phone number.

**Date of birth.** Enter the month, day, and year that you and your spouse were born. For example, "11/01/1978."

**SSN.** You must provide your SSN per Section 405, Title 42, of the United States Code. We will only use it to establish your identity for tax purposes.

Follow these instructions if you've filed previous tax returns using an Individual taxpayer identification number (ITIN) and this is your first year filing using your new SSN:

- Check the "First time using this SSN" box.
- Write your previous identification number on the first line of the "Amended statement" space on page 5 of your return.

**ITIN.** If the IRS assigned you an ITIN because you don't qualify for an SSN, enter your ITIN wherever an SSN is requested. **Refunds will not be issued without a valid SSN or ITIN.**

If you don't have an ITIN, you must request one from the IRS. To get an ITIN application (federal Form W-7), go to www.irs.gov or call 800-829-1040.

If you've applied for an ITIN but you haven't received it yet:

- Check the "Applied for ITIN" box.
- File your return by May 17, 2021.
- Don't include Form W-7 with your return. Keep it with your records.
- Once the IRS issues your ITIN, mail a copy of your ITIN letter to us at PO Box 14999, Salem OR 97309-0990.

## Filing status

1 – 5 Check the box next to your filing status. Generally, you must use the same filing status for your Oregon and federal returns. Choose only **one** filing status.

**Exception for Oregon RDPs.** As an Oregon RDP, you're not eligible to use the single filing status on your Oregon return. For Oregon, you're generally **required** to use married filing jointly or married filing separately. For more information, go to our website, see "Filing an Oregon return" in Publication OR-17, or contact us.

**Exceptions for married persons who filed a joint federal return when each person had a different residency status.** Use this table to determine which return form to use if you file a joint return or separate returns for Oregon.

**Table 2. Spouses with different residency status**

| Spouses' residency status: | If you file a joint return, use: | If you file separate returns: |
|---|---|---|
| Part-year and nonresident | OR-40-N | Each spouse uses the form that matches their individual residency status |
| Nonresident and full-year resident | OR-40-N | |
| Part-year and full-year resident | OR-40-P | |

### How to file separate returns for Oregon

**If you're filing a joint federal return but separate Oregon returns, enter your spouse's name, SSN, and date of birth on your return.** Report your own share of federal AGI and deductions. Also, report your share of any Oregon additions or subtractions using this formula to determine your percentage:

$$\frac{\text{Your share of federal AGI}}{\text{Joint federal AGI}} = \text{Your percentage (not to exceed 100\%)}$$

**Check the "Calculated using 'as if' federal return" box on your return.** You must include the following forms with **both** Oregon returns:

- A federal Form 1040 or 1040-SR with Schedules 1 through 3 (if applicable), or 1040-NR prepared as if you had filed as married filing separately.
- A copy of the joint Form 1040 or 1040-SR with Schedules 1 through 3 (if applicable), or 1040-NR that you actually filed with the IRS.

If the federal form you filed is an amendment, include Form 1040-X and federal returns as amended for your actual and "as if" returns.

If possible, mail both spouses' Oregon returns in the **same** envelope. **Don't** staple the returns together.

For more information, see "Filing status" in Publication OR-17.

## Exemptions

**6a** & **6b** **Yourself and spouse.** If no one else can claim you as a dependent on their return, check the "Regular" exemption box for yourself; otherwise, check the box below line 6a, even if the other person doesn't actually claim you as a dependent.

Check the "Regular" exemption box on line 6b if no one else can claim your spouse as a dependent and you're filing as:

- Married filing jointly.
- Married filing separately and your spouse has no income.

Otherwise, check the box below line 6b, even if the other person doesn't actually claim your spouse as a dependent.

**Severely disabled.** Did you or your spouse have a severe disability at the end of 2020? If so, you can claim an additional exemption. This is different from the disabled child exemption. You may qualify for and claim the severely disabled exemption even if someone else can claim you as a dependent. You're considered to have a severe disability if **any** of the following apply:

- You permanently lost the use of one or both feet.
- You permanently lost the use of both hands.
- You're permanently blind.
- You have a permanent condition that, without special equipment or outside help, limits your ability to earn a living, maintain a household, or transport yourself.
- You're unable to earn a living due to a permanent condition or an impairment of indefinite duration.

If you have a severe disability, your physician must write a letter describing it. Keep the letter with your records in case we request a copy.

If you qualify, check the "Severely disabled" exemption box on line 6a. If your spouse qualifies, check the "Severely disabled" exemption box on line 6b.

**Total exemptions for you and spouse.** Enter the total number of exemptions claimed for yourself on line 6a and for your spouse on line 6b.

**6c** **All dependents.** Enter your dependents' information in order from youngest to oldest. For each dependent, list their first name, last name, relationship code (see Table 3), SSN, and date of birth. In most cases, you will list the same dependents you claimed on your federal return.

If you have more than four dependents, check the box and fill out Schedule OR-ADD-DEP with your remaining dependents. Don't list the same dependents on your return and Schedule OR-ADD-DEP. Include Schedule OR-ADD-DEP with your return. You can download Schedule OR-ADD-DEP from our website or you can contact us to order it.

On line 6c, enter the total number of your dependents, including the number from line 1 of Schedule OR-ADD-DEP.

**Table 3. Relationship codes**

| Title | Code | Relationships included |
|---|---|---|
| Son/Daughter | SD | Son, daughter, adopted child. |
| Stepchild | SC | Stepson, stepdaughter. |
| Foster child | FC | Foster child. |
| Sibling | SB | Brother, sister, half-brother, half-sister, stepbrother, stepsister, brother-in-law, sister-in-law. |
| Parent | PT | Father, mother, stepfather, stepmother, father-in-law, mother-in-law. |
| Spouse | SP | Husband, wife. |
| Grandparent | GP | Grandmother, grandfather. |
| Grandchild | GC | Grandson, granddaughter. |
| Aunt/Uncle | AU | Aunt, uncle. |
| Niece/Nephew | NN | Niece, nephew. |
| Other relative | OR | Son-in-law, daughter-in-law, cousin, and other related individuals not listed above. |
| No relation | NR | Any other qualifying individual. |

**6d** **Children with a disability.** You may be entitled to an additional personal exemption for your dependent child who has a qualifying disability. To qualify, **all** of the following must be true:

- Your child (age 21 or younger) qualified as your dependent for 2020.

- Your child was eligible for early intervention services or special education as defined by the State Board of Education of the state where the child attends school.
- Your child had an eligible disability as of December 31, 2020 under the federal Individuals with Disabilities Education Act. Eligible disabilities include:

  — Autism spectrum disorder.
  — Communication disorder.
  — Deafblindness.
  — Developmental delay.
  — Emotional disturbance.
  — Hearing impairment.
  — Intellectual disability.
  — Orthopedic impairment.
  — Other health impairment.
  — Specific learning disability.
  — Traumatic brain injury.
  — Visual impairment.

Each year, you must be able to provide an eligibility statement confirming that your child has been diagnosed with one of the disabilities listed above **and** a cover sheet from one of the following:

- The child's Individualized Education Program (IEP).
- The child's Individualized Family Service Plan (IFSP).

Keep the statement and cover sheet with your records. Check the "Check if child with qualifying disability" box next to the name of each child with a qualifying disability. Enter the total number of children with a qualifying disability, including the number of children on line 2 of Schedule OR-ADD-DEP, on line 6d.

**6e** **Total exemptions.** Add lines 6a through 6d and enter the total on line 6e. This is your total number of exemptions.

# Forms OR-40-N and OR-40-P line instructions

**Don't enter cents.** You **must** round off cents to the nearest whole dollar. For example, $99.49 becomes $99 and $99.50 becomes $100. If you don't round entries to the nearest dollar, there may be small variations in the totals we use.

The forms have two columns for figures. These are to show your federal adjusted gross income (AGI), additions, and subtractions. The columns compare your total (column F) to the portion that Oregon taxes (column S).

**You must include a copy (front and back) of your federal return, including Schedules 1 through 3 (if applicable), with your Oregon return.** This helps us verify your income and process your return faster. **If you don't include your federal return with your Oregon return, items claimed on your return may be adjusted or denied.**

## Federal column (F) instructions, lines 7F–29F

The first column is called "Federal column (F)." For lines 7F–29F of the federal column, transfer the amounts you reported on your federal return. If you used Form 1040 or 1040-SR, these will be the amounts on lines 1 through 11b and Schedule 1, lines 1 through 22.

**Line 29F, "Income after adjustments," must match your 2020 federal AGI** from Form 1040, 1040-SR, or 1040-NR, line 11; or Form 1040-X, line 1C. If it doesn't match, check that you transferred the figures from your federal return correctly.

## Oregon column (S) instructions, lines 7S–29S

The second column is called "Oregon column (S)." Use this column to list the amounts from the federal column that are taxed by Oregon.

**Nonresidents.** Oregon taxes only your income from **Oregon sources.** To determine your Oregon-source income, see "What does income from Oregon sources include?" in the "General information" section.

**Part-year residents.** Oregon taxes your income from **all sources** earned or received while you were an Oregon resident. Oregon also taxes your income from **Oregon sources** while you were a nonresident. To determine your Oregon-source income, see "What does income from Oregon sources include?" in the "General information" section.

**Full-year residents.** Oregon taxes your income from **all sources.** If you're a full-year resident filing jointly on Form OR-40-N or Form OR-40-P, all of your income in the federal column must be included in the Oregon column.

**7S** **Wages, salaries, and other pay for work. Part-year residents—**enter amounts you earned while an Oregon resident and any amounts you earned working in Oregon while you were a nonresident.

**Full-year residents—**enter all of your income included in the federal column.

**Nonresidents—**enter the amount you earned while working in Oregon for each job. If that amount differs from the Oregon wages on your Form W-2, request a signed statement from your employer verifying the number of days worked in Oregon and the total number of days worked everywhere. Keep this document and a statement explaining your calculations with your records. If your Oregon wages aren't stated separately on your Form W-2, compute your Oregon-source income using the following formula:

$$\frac{\text{Days actually worked in Oregon}}{\text{Days actually worked everywhere}} \times \text{Total wages (line 7F)} = \text{Oregon wages (line 7S)}$$

**Don't** include holidays, vacation days, and sick days as days actually worked. **However, you must** include sick *pay*, holiday *pay*, and vacation *pay* in total wages. See the example below. If Oregon is the only state you worked in, don't use this formula; all your earnings are taxable and should be reported in the Oregon column.

**Example:** Savannah lives in Idaho but works in Oregon. Of her 260 total days paid, she worked 138 days in Oregon and 92 days from her home in Idaho. She received 14 days vacation pay, eight days sick pay, and eight days holiday pay. She earned $50,000 in wages. She figured the amount subject to Oregon tax as follows:

| | |
|---|---|
| Total days paid | 260 |
| Less: Vacation days | -14 |
| Sick days | -8 |
| Holidays | -8 |
| Total days worked everywhere | 230 |

$$\frac{\text{Days actually worked in Oregon (138)}}{\text{Days actually worked everywhere (230)}} \times \text{\$50,000 (Total wages)} = \$30,000$$

Savannah's compensation reported in the federal column, Form OR-40-N, line 7F is $50,000 and in the Oregon column, Form OR-40-N, line 7S is $30,000.

## Exceptions

**Interstate employment.** Check the "Employment exception" box on page 1 and don't include the following types of compensation in the Oregon column of the return if you're a nonresident who works:

- For an interstate transportation provider and whose wages qualify for special treatment under the federal laws formerly known as the "Amtrak Act."
- On the Bonneville, The Dalles, John Day, or McNary hydroelectric dams.
- As a crewmember or pilot on a vessel in interstate navigable waters.

If you're a nonresident who works as a crewmember or pilot on aircraft in Oregon and at least one other state, you may be able to exclude your compensation from the Oregon column.

See the "Income" section of Publication OR-17 for details about these exceptions.

**Military.** Check the "Military" box on page 1 of the return if you're a:

- Nonresident member of the U.S. Armed Forces stationed in Oregon. Military pay of a nonresident isn't Oregon-source income. Don't report your military pay in the Oregon column on line 7S. If you have another job, those wages are taxable to Oregon and must be included on line 7S. Only your military pay is exempt.
- Nonresident military spouse. Your wages are exempt from state tax if you're only in Oregon because your spouse is stationed here. Don't report your wages in the Oregon column on line 7S. File Form OR-40-N if you had non-wage Oregon income or to claim a refund of Oregon tax withheld from wages.

  If Oregon taxes were withheld from your exempt wages, you should file a new withholding form with your employer. Use Form OR-W-4 and follow the instructions to declare that you're exempt using the appropriate code and give the form to your employer. You can download Form OR-W-4 and instructions from our website or you can contact us to order it.

**8S** **Taxable interest income.** Determine the amount of interest income on line 8F that you received from an Oregon business activity while you were a nonresident. Add any interest included on line 8F that you received during the part of the year you were an Oregon resident.

**9S** **Dividend income.** Determine the amount of dividends on line 9F that you received from an Oregon business activity source while you were a nonresident. This includes dividends passed through to you from an S corporation or partnership doing business in Oregon or providing services for Oregonians. These are dividends your S corporation or partnership received on the stock of another corporation. Add any dividend income included on line 9F that you received during the part of the year you were an Oregon resident.

**10S** **State and local income tax refunds.** If you received an income tax refund from another state or local government that is included in your federal income, and you deducted those taxes on a prior year's Oregon return, include the refund in your Oregon income. This refund is not taxable to Oregon if you did not deduct the taxes on an Oregon return.

Oregon doesn't tax Oregon state income tax refunds you received, so don't include amounts received from Oregon on line 10S.

**11S** **Alimony received.** Enter alimony you received for the part of the year you were an Oregon resident.

**12S** **Business income or loss.** Determine the amount of income or loss from an Oregon business activity for the part of the year you were a nonresident. Add all business income or losses incurred during the part of the year you were a resident of Oregon.

**13S** **Capital gain or loss.** Determine the amount of gain or loss and capital gain distributions from Oregon sources for the part of the year you were a nonresident. Add the amount of your capital gains received and losses incurred during the part of the year you were an Oregon resident. Limit losses to $3,000 ($1,500 if married filing separately).

**14S** **Other gains or losses.** Determine the amount of gain or loss from Oregon sources for the part of the year you were a nonresident. Add the gain received or loss incurred during the part of the year you were an Oregon resident.

**15S** **IRA distributions.** Determine the amount of any taxable individual retirement arrangement (IRA) distributions you received while an Oregon resident. Include any amounts you converted from a regular IRA into a Roth IRA while you lived in Oregon. If you lived in another state when you made contributions to your IRA, you may need more information. If so, contact us.

**16S** **Pension and annuities.** Enter the amount of taxable pensions and annuities (including federal

pensions), you received while an Oregon resident. Don't include any Railroad Retirement Benefits (RRB-1099-R). If you're domiciled in Oregon, you must also include any Oregon-source pensions you received. This is true even though you may qualify to file as a nonresident under the tests for special case Oregon residents or Oregon residents living abroad.

For example, if you lived in Oregon before you retired **and have not changed your permanent home to another state,** you must report the pension you earned while you worked in Oregon. If you have a federal pension, you may qualify for a subtraction on Schedule OR-ASC-NP. If you need help, contact us.

**17S** **Schedule E income.** Determine the income received and losses incurred from rents, royalties, partnerships, S corporations, real estate investment trusts (REITs), estates, trusts, etc. reported on federal Schedule E from Oregon sources during the part of the year you were a nonresident. Add the amount received or incurred during the part of the year you were an Oregon resident.

**18S** **Farm income or loss.** Determine the amount of income received or loss incurred from an Oregon farm while you were a nonresident. Add the amount of farm income received or loss incurred during the part of the year you were an Oregon resident.

**19S** **Unemployment insurance (UI) benefits and all other taxable income.** Include on line 19S:

- UI benefits received from an Oregon job or while an Oregon resident,
- Oregon Lottery winnings (see additional information below),
- Other winnings received while an Oregon resident,
- Severance pay received from an Oregon job or while an Oregon resident, and
- Any other taxable income on line 19F from Oregon sources or received while an Oregon resident.

**Don't include** Social Security, Railroad Retirement Board benefits, or Railroad Retirement Board unemployment benefits, as Oregon doesn't tax this income.

Include all payments received from the Oregon Lottery in the Oregon column. Oregon Lottery means all games offered by the Oregon State Lottery Commission and purchased in Oregon. For more information, see Publication OR-17.

**UI benefits exclusion:** Subtract your Oregon exclusion from your Oregon-source UI benefits. Use this formula to determine your Oregon exclusion amount:

$$\frac{\text{Oregon-source UI benefits}}{\text{Total UI benefits}} \times \text{Benefits excluded on federal return} = \text{Oregon exclusion amount}$$

## Adjustments

**21S** **IRA or self-employed SEP and SIMPLE contributions.** Oregon follows the federal definition of earned income and compensation used to calculate your IRA and other retirement plan deductions. Determine the amount you paid during the part of the year you were an Oregon resident. Add the amount calculated for the time you were a nonresident.

- **IRA.** Use the following formula to determine your deduction for the part of the year you were a nonresident:

$$\frac{\text{Oregon earned income while a nonresident}}{\text{Total earned income while a nonresident}} \times \text{IRA contributions made while a nonresident} = \text{Nonresident deduction}$$

- **Self-employed SEP, SIMPLE, and qualified plans.** Use the following formula to determine your allowable deduction for the part of the year you were a nonresident:

$$\frac{\text{Oregon compensation while a nonresident}}{\text{Total compensation while a nonresident}} \times \text{Contributions made while a nonresident} = \text{Nonresident deduction}$$

This deduction can't be more than the amount of compensation included in the Oregon column.

**22S** **Education deductions.** The following instructions will help you figure the amount you can claim on your Oregon return.

- **Educator expenses deduction** from federal Form 1040 or 1040-SR, Schedule 1, line 10. For the part of the year you were a nonresident, determine the amount of qualified educator expenses you paid while working in or providing educator services to students in Oregon elementary or secondary schools. Add the qualified educator expenses you paid during the part of the year you were an Oregon resident. Enter the smaller of the result or the amount deducted on your federal return.
- **Student loan interest deduction** from federal Form 1040 or 1040-SR, Schedule 1, line 20.

  Use the following formula to calculate your deductions for the part of the year you were a nonresident:

$$\frac{\text{Oregon-source income while a nonresident}}{\text{Total income from all sources while a nonresident}} \times \text{Student loan interest paid while a nonresident} = \text{Nonresident deduction}$$

  Add all interest paid during the part of the year you were an Oregon resident. Enter the result or the amount of federal student loan interest from your federal return, whichever is less.

- **Tuition and fees deduction** from federal Form 1040 or 1040-SR, Schedule 1, line 21.

  Use the following formula to calculate your deduction for the part of the year you were a nonresident:

$$\frac{\text{Oregon-source income while a nonresident}}{\text{Total income from all sources while a nonresident}} \times \text{Qualified tuition and fees paid while a nonresident} = \text{Nonresident deduction}$$

  Add all qualified education expenses you paid during the part of the year you were an Oregon resident. Enter the result or the amount of tuition and fees deduction from your federal return, whichever is less.

  **Note:** If you weren't allowed a federal tuition and fees deduction because you claimed the federal credit, don't claim a deduction on line 22S. You may be entitled to a subtraction (code 308). See Schedules OR-ASC and OR-ASC-NP Instructions.

  Add the Oregon amounts for your educator expenses deduction, student loan interest deduction, and tuition and fees deduction. Enter the total on line 22S.

**23S** **Moving expenses.** Enter moving expenses in the Oregon column only if **all** of the following are true for you (or your spouse, if filing jointly):

- You are on active duty in the United States Army, Navy, Air Force, Marines, or Coast Guard.
- Your expenses are deductible on your federal return because they are related to a permanent change of station (known as a PCS move).
- Your new duty station is in Oregon.
- You have taxable income from employment (military, civilian, or self-employment) performed in Oregon.

**24S** **Deductions for self-employment tax.** Use the following formula to determine the amount of your self-employment tax on earnings taxed by Oregon:

$$\frac{\text{Self-employment earnings taxed by Oregon}}{\text{Total taxable self-employment earnings}} \times \text{Federal deduction for self-employment tax} = \text{Oregon deduction}$$

The Oregon deduction can't be more than the federal deduction.

**25S** **Self-employed health insurance deduction.** Oregon allows a deduction of 100 percent of your health insurance premiums related to your self-employment for the part of the year you were an Oregon resident. Add the health insurance premiums paid by your Oregon business while a nonresident. Your total Oregon deduction can't be more than your federal deduction.

**26S** **Alimony paid.** Determine if the alimony you paid to your former spouse is deductible for federal purposes. If so, use the following formula to calculate your Oregon deduction for the part of the year you were a nonresident:

$$\frac{\text{Oregon-source income while a nonresident}}{\text{Total income while a nonresident}} \times \text{Alimony paid while a nonresident} = \text{Nonresident deduction}$$

Add to that amount the alimony you paid while you were a resident.

**27F/S** **Total adjustments from Schedule OR-ASC-NP.** Other adjustments not explained here are claimed on Schedule OR-ASC-NP. Enter the federal and Oregon totals from Schedule OR-ASC-NP, section 1. If you're reporting an adjustment, **you must include Schedule OR-ASC-NP with your return**.

For more information about adjustments, see the instructions for Schedules OR-ASC and OR-ASC-NP or "Adjustments" in Publication OR-17.

## Additions

**30F/S** **Total additions from Schedule OR-ASC-NP.** Additions are reported on Schedule OR-ASC-NP. Enter the federal and Oregon totals from Schedule OR-ASC-NP, section 2. If you're reporting an addition, **you must include Schedule OR-ASC-NP with your return**.

For more information about additions, see the instructions for Schedules OR-ASC and OR-ASC-NP or "Additions" in Publication OR-17.

## Subtractions

**32F** **Social Security and tier 1 Railroad Retirement Board benefits.** Enter Social Security and tier 1 Railroad Retirement Board benefits you included on line 7F or 19F.

If you have tier 2, windfall/vested dual, or supplemental Railroad Retirement Board benefits, these are subtracted on Schedule OR-ASC-NP. For more information, see the instructions for Schedules OR-ASC and OR-ASC-NP or the "Subtractions" section of Publication OR-17.

**33F/S** **Total subtractions from Schedule OR-ASC-NP.** Other subtractions not explained here are claimed on Schedule OR-ASC-NP. If you claim a subtraction on Schedule OR-ASC-NP, **you must include the schedule with your return.**

For more information about subtractions, see the instructions for Schedules OR-ASC and OR-ASC-NP or "Subtractions" in Publication OR-17.

**35** **Oregon percentage.** In most cases, to find your Oregon percentage, divide the amount on

line 34S by the amount on line 34F. If the amount on line 34S is **more than** the amount on line 34F or if the amount on line 34S is positive but the amount on line 34F is zero or negative, your Oregon percentage is 100 percent. If both amounts are negative, treat both as if they're positive, and then:

- If the Oregon number is smaller than the federal number, your Oregon percentage is 100 percent.
- If the federal number is smaller than the Oregon number, divide the federal number by the Oregon number.

Round the decimal to three places and enter the result as a percentage as shown in the examples. **Don't enter more than 100 percent or less than 0.**

**Table 4. Oregon percentage examples**

| Line 34S | | Line 34F | | Oregon percentage line 35 |
|---|---|---|---|---|
| $8,000 | ÷ | $30,000 | = | 0.266666 Round to 0.267 ( 2 6 .7 %) |
| $20,000 | ÷ | $15,000 | = | 1.333 Limited to 1.000 (1 0 0 .0 %) |
| -$1,000 | ÷ | $15,000 | = | 0 (0%) ( 0 .0 %) |
| $1,000 | ÷ | -$5,000 | = | (100%) (1 0 0 .0 %) |
| -$2,000<br>2,000 | ÷ | -$8,000<br>8,000 | = | Oregon number smaller than federal number (1 0 0 .0 %) |
| -$10,000<br>10,000 | ÷ | -$6,000<br>6,000 | = | Federal number smaller than Oregon number 6,000 / 10,000 = 0.6 ( 6 0 .0 %) |

## Deductions and modifications

Deductions and other modifications further adjust your Oregon taxable income. Modifications not explained here are reported on Schedule OR-ASC-NP. For more information about deductions and modifications, see the instructions for Schedules OR-ASC and OR-ASC-NP, or Publication OR-17.

In general, you can claim Oregon itemized deductions **or** the standard deduction, whichever is larger, **but not both.**

See the following exceptions for:

- Dependents who can be claimed on another taxpayer's return.
- Nonresident aliens.
- Spouses filing separate returns.

**37** **Itemized deductions.** If you're itemizing your deductions for Oregon enter the amount from Schedule OR-A, line 23. Note: **Don't** enter your federal itemized deductions; the amount allowed for Oregon may be different. You can download Schedule OR-A and instructions from our website or you can contact us to order it.

If you're not itemizing, enter 0.

**38** **Standard deduction.** Generally, your standard deduction is based on your filing status, as shown in Table 5.

**Table 5. Standard deduction**

| | |
|---|---|
| **Single** | $2,315 |
| **Married filing jointly** | $4,630 |
| **Married filing separately** | |
| • If spouse claims standard deduction | $2,315 |
| • If spouse claims itemized deductions | 0 |
| **Head of household** | $3,725 |
| **Qualifying widow(er)** | $4,630 |

**Standard deduction—Age 65 or older, or blind.** If you or your spouse turned age 65 or were blind at the end of the tax year, you're entitled to a larger standard deduction. If you or your spouse are permanently blind, you may also qualify for the severely disabled exemption credit; the instructions for lines 6a and 6b.

Check the applicable boxes on line 38, then multiply the number of boxes checked by:

- $1,200 if single or head of household filing status; or
- $1,000 for all other filers.

Add this amount to the standard deduction for your filing status from Table 5. Enter the total on line 38.

**Example.** Joni and Mike are married. By January 1, 2021, Joni had turned 61 and Mike had turned 67. Joni files the return as the primary taxpayer. She checks the box for spouse 65 or older and adds $1,000 to their standard deduction. Joni enters $5,630 ($4,630 + $1,000) on line 38.

**Standard deduction—Dependents who can be claimed on another taxpayer's return.** If someone else can claim you as a dependent, your standard deduction is limited to the **larger** of:

- Your earned income plus $350, up to the maximum allowed for your filing status (see Table 5); or
- $1,100.

This limit applies, even if the other person doesn't actually claim you as a dependent on their return.

If you're a dependent and not married, use the following worksheet to figure your standard deduction. If you're a dependent and married, see "Deductions and modifications" in Publication OR-17.

**Standard deduction worksheet for single dependents**

1. Enter your earned income (see definition below). 1. _____

| | | |
|---|---|---|
| 2. | Additional $350. | 2. $350 |
| 3. | Add lines 1 and 2. | 3. |
| 4. | Minimum standard deduction. | 4. $1,100 |
| 5. | Enter the larger of line 3 or line 4. | 5. |
| 6. | Basic standard deduction for single. | 6. $2,315 |
| 7. | Enter the smaller of line 5 or line 6. | 7. |
| 8. | If you turned 65 by 1/1/2021, enter $1,200. Otherwise, enter 0. | 8. |
| 9. | If you're blind, enter $1,200. Otherwise, enter 0. | 9. |
| 10. | Add lines 7, 8, and 9. This is your standard deduction. | 10. |

**Earned income** includes salaries, wages, tips, professional fees, or other amounts received as pay for work you actually performed, and any part of a scholarship or fellowship grant you received that is included in your federal gross income.

**Standard deduction—Nonresident aliens.** The standard deduction for nonresident aliens (as defined by federal law) is 0.

**Standard deduction—Married filing separately.** The standard deduction for married individuals filing separately is 0 if one spouse itemizes. This applies even if the standard deduction is more than your itemized deductions.

**40** **2020 federal tax liability subtraction.** Complete the following worksheet to determine your **federal tax liability** subtraction for 2020. Carefully follow the instructions. Don't confuse your **federal tax liability** on your federal return with the **federal tax withheld** on a Form W-2. They aren't the same. **RDPs and those filing as "married filing separately for Oregon only,"** use amounts from your actual federal return(s), **not** your "as if" return.

The federal tax liability subtraction limit for 2020 is $6,950 ($3,475 if married filing separately). The subtraction is further limited by the AGI phase-outs shown in Table 6.

**Note:** Use the worksheet(s) in the "Federal income tax liability" section of Publication OR-17 if any of these situations apply:

- You're amending your 2020 federal return or we corrected the federal tax liability subtraction on your original 2020 Oregon return.
- A prior year's federal return was audited or amended, resulting in additional federal tax paid or refunded in 2020.
- You paid income tax to a foreign country.
- You filed your federal return on Form 1040-NR.
- You reported recapture taxes or credits on your federal return.

**Caution:** Don't include any of the following in your calculation:

- Self-employment tax.
- Social Security and Medicare tax on tips.
- Household employment taxes.
- Penalties or interest.

| | | |
|---|---|---|
| 1. | Enter your federal tax liability from Form 1040 or 1040-SR, line 22. | 1. |
| 2. | Enter your excess advance premium tax credit from Form 1040 or 1040-SR, Schedule 2, line 2. | 2. |
| 3. | Line 1 minus line 2. (If less than $0, enter $0). | 3. |
| 4. | Enter your additional tax on retirement plans (Form 1040, Schedule 2, line 6); your first-time homebuyer credit recapture (Form 1040, Schedule 2, line 7a); any recapture taxes you included as "other taxes" (Form 1040, Schedule 2, line 8); and tax on income not effectively connected with a U.S. trade or business (Form 1040-NR, line 23a). | 4. |
| 5. | Add lines 3 and 4. | 5. |
| 6. | Enter your American Opportunity credit from Form 1040 or 1040-SR, line 29. | 6. |
| 7. | Enter your total premium tax credit from Form 8962, line 24. | 7. |
| 8. | Enter any **2020** federal economic stimulus payments you received in 2020 or 2021, plus your recovery rebate credit, if any (Form 1040 or 1040-SR, line 30). | 8. |
| 9. | Add lines 6, 7, and 8. | 9. |
| 10. | Line 5 minus line 9. (If less than $0, enter $0). | 10. |
| 11. | Enter your maximum allowable amount from Table 6. Don't enter more than $6,950 ($3,475 if married filing separately). | 11. |
| 12. | Enter the **smaller** of line 10 or line 11. This is your federal tax liability subtraction. | 12. |

**Are you amending your 2020 return?** Usually you can't change your federal tax subtraction on your amended return. See the "Federal income tax liability" section in

Publication OR-17 for more information before making changes to this subtraction.

**Table 6. Federal tax liability subtraction AGI phase-out**

| If your filing status is: | And your federal adjusted gross income is: | | Then your maximum allowable tax liability subtraction is: |
|---|---|---|---|
| | *At least—* | *But less than—* | |
| Single | 0 | $125,000 | $6,950 |
| | $125,000 | $130,000 | $5,550 |
| | $130,000 | $135,000 | $4,150 |
| | $135,000 | $140,000 | $2,750 |
| | $140,000 | $145,000 | $1,350 |
| | $145,000 or more | | 0 |
| Married filing separately | 0 | $125,000 | $3,475 |
| | $125,000 | $130,000 | $2,775 |
| | $130,000 | $135,000 | $2,075 |
| | $135,000 | $140,000 | $1,375 |
| | $140,000 | $145,000 | $675 |
| | $145,000 or more | | 0 |
| Married filing jointly; or Head of household; or Qualifying widow(er) | 0 | $250,000 | $6,950 |
| | $250,000 | $260,000 | $5,550 |
| | $260,000 | $270,000 | $4,150 |
| | $270,000 | $280,000 | $2,750 |
| | $280,000 | $290,000 | $1,350 |
| | $290,000 or more | | 0 |

**41** **Total modifications from Schedule OR-ASC-NP.** Enter the total from Schedule OR-ASC-NP, Section 4. **Include the schedule with your return.**

For more information about modifications, see "Deductions and modifications" in Publication OR-17.

**Form OR-40-N 42**

**Deductions and modifications multiplied by the Oregon percentage (Form OR-40-N filers only).** Nonresidents must complete the worksheet below to determine the amount of deductions and modifications they're entitled to claim.

1. Amount from Form OR-40-N, line 39. 1. _____
2. Amount from Form OR-40-N, line 40. 2. _____
3. Amount from Form OR-40-N, line 41. 3. _____
4. Add lines 1, 2, and 3 above. 4. _____
5. Oregon percentage from Form OR-40-N, line 35. 5. _____
6. Line 4 times line 5. Enter result on Form OR-40-N, line 42. These are your Oregon deductions and modifications. 6. _____

**Form OR-40-N 43**

**Charitable art donation (Form OR-40-N filers only).** Artists who make a charitable art donation may take a full deduction. See "Artist's charitable contribution" in Publication OR-17 to calculate this subtraction.

## Oregon tax

**Form OR-40-N 46** **Form OR-40-P 44**

**Tax rate charts.** Calculate your tax using the applicable formula in the tax rate charts for your filing status.

- Use Chart S if your filing status is single or married filing separately.
- Use Chart J if your filing status is married filing jointly, head of household, or qualifying widow(er) with dependent child.

**Example:** Daniel and Madison are filing a joint return. Their Oregon taxable income is $75,500. They use the formula in Chart J for taxable income over $18,100 but not over $250,000 to calculate their tax as follows:

| | | |
|---|---|---|
| Tax on the first $18,100 (from the chart) | | $1,078 |
| Oregon taxable income | $75,500 | |
| Minus the first $18,100 | – 18,100 | |
| Excess over $18,100 | $57,400 | |
| Multiply excess by 8.75% | x 0.0875 | |
| Tax on excess over $18,100 | | + $5,023 |
| Total Oregon tax | | $6,101 |

**Other tax methods.** If you qualify, you can compute your Oregon tax using any of the following methods:

**Farm income averaging method.** Did you have income from a farm? You may use the federal farm income averaging method to compute your Oregon tax even if you didn't use farm income averaging on your federal return. Only Oregon-source farm income is considered elected farm income. Download Schedule OR-FIA-40-N or Schedule OR-FIA-40-P from our website or you can contact us to order it.

If you use Schedule OR-FIA-40-N to calculate your tax, enter the tax amount from Schedule OR-FIA-40-N, line 21, on Form OR-40-N, line 46, and check box 46a.

If you use Schedule OR-FIA-40-P to calculate your tax, enter the tax amount from Schedule OR-FIA-40-P, line 20, on Form OR-40-P line 44, and check box 44a.

Don't include Schedule OR-FIA-40-N or Schedule OR-FIA-40-P with your Oregon return. Keep it with your records.

**Farm asset capital gain method.** Did you sell or exchange capital assets primarily used in farming because you were getting out of a farming business? Or, did you sell or exchange a farming business in which you held at least a 10 percent ownership interest? If so, you may be eligible for a reduced tax rate on the net capital gain from the proceeds. Download Worksheet FCG from our website or you can contact us to order it.

*Nonresidents.* Enter the tax amount from Worksheet FCG, line 9 on Form OR-40-N, line 46 and check box 46b.

*Part-year residents.* Enter the tax amount from Worksheet FCG, line 9 on Form OR-40-P, line 44 and check box 44b.

Don't include Worksheet FCG with your return. Keep it with your records.

**Oregon qualified business income reduced tax rate.** Did you have business income from a sole proprietorship, partnership, or S corporation in which you materially participated? If so, you may qualify to use this reduced tax rate. For details, see Schedule OR-PTE-NR or OR-PTE-PY on our website or you can contact us to order it.

**Note:** If you elect to use this reduced tax rate for qualifying income, the election is irrevocable and must be made on your original return. An original return includes an amended return filed on or before the due date, including extensions. **You can't change the election after your original return has been filed.**

*Nonresidents.* Enter the tax amount from Schedule OR-PTE-NR, line 14a on Form OR-40-N, line 46 and check box 46c.

*Part-year residents.* Enter the tax amount from Schedule OR-PTE-PY, line 19a on Form OR-40-P, line 44 and check box 44c.

Include the schedule with your Oregon return or submit it at www.oregon.gov/dor; click the link for Revenue Online and log in or create an account.

Form OR-40-N 47 | Form OR-40-P 46

**Interest on certain installment sales.** Did you have installment sales that required you to pay interest on the deferred tax liability for federal purposes? If so, you must also compute interest for Oregon using the same method as for federal. The annual interest rate is 6 percent for 2020 and 4 percent for 2021.

**Nonresidents.** Use only those installment obligations from dispositions of Oregon property.

## Credits—Nonrefundable

Nonrefundable credits can't be more than your Oregon tax liability. **Carryforward credits** allow you to claim unused amounts in a later year. **Standard credits** can't be used in any other year. For more information about nonrefundable credits, see the instructions for Schedules OR-ASC and OR-ASC-NP or "Credits" in Publication OR-17.

**2020 Tax rate charts**

**Chart S: For persons filing single or married filing separately—**

| | |
|---|---|
| If your taxable income is not over $3,600 | your tax is 4.75% of taxable income |
| If your taxable income is over $3,600 but not over $9,050 | your tax is $171 plus 6.75% of excess over $3,600 |
| If your taxable income is over $9,050 but not over $125,000 | your tax is $539 plus 8.75% of excess over $9,050 |
| If your taxable income is over $125,000 | your tax is $10,685 plus 9.9% of excess over $125,000 |

**Chart J: For persons filing jointly, head of household, or qualifying widow(er) with dependent child—**

| | |
|---|---|
| If your taxable income is not over $7,200 | your tax is 4.75% of taxable income |
| If your taxable income is over $7,200 but not over $18,100 | your tax is $342 plus 6.75% of excess over $7,200 |
| If your taxable income is over $18,100 but not over $250,000 | your tax is $1,078 plus 8.75% of excess over $18,100 |
| If your taxable income is over $250,000 | your tax is $21,369 plus 9.9% of excess over $250,000 |

Form OR-40-N 49 | Form OR-40-P 48

**Exemption credit.** If your federal AGI is more than $200,000 ($100,000 if your filing status is single or married filing separately), enter 0; otherwise, use this worksheet to figure your exemption credit:

**Exemption credit worksheet**

| | | |
|---|---|---|
| 1. | If your federal AGI is more than $100,000 and your filing status is single or married filing separately, or more than $200,000 for all others, enter 0; otherwise, enter the number of "regular" exemptions from lines 6a and 6b plus the number of dependents from line 6c. Don't include any "Severely disabled" or "Child with a qualifying disability" exemptions. | 1. _____ |
| 2. | If your federal AGI is more than $100,000, enter 0; otherwise, enter the number of "Severely disabled" exemptions from lines 6a and 6b. | 2. _____ |
| 3. | If your federal AGI is more than $100,000, enter 0; otherwise, enter the number of exemptions for children with a qualifying disability from line 6d. | 3. _____ |
| 4. | Add lines 1, 2, and 3. | 4. _____ |
| 5. | Line 4 times $210. | 5. _____ |
| 6. | Enter your Oregon percentage from Form OR-40-N or Form OR-40-P, line 35, as a decimal. | 6. _____ |
| 7. | Line 5 times line 6. Round to the nearest whole dollar. This is your exemption credit. | 7. _____ |

Form OR-40-N 50 | Form OR-40-P 49

**Total standard credits from Schedule OR-ASC-NP.** All other standard credits are claimed on Schedule OR-ASC-NP. Enter the total of your standard credits from section 5 of the schedule. **Include Schedule OR-ASC-NP with your return.**

Form OR-40-N 53 | Form OR-40-P 52

**Total carryforward credits from Schedule OR-ASC-NP.** All carryforward credits are claimed on Schedule OR-ASC-NP. Enter your total carryforward credits from section 6 of the schedule. **Include Schedule OR-ASC-NP with your return.**

## Tax payments and refundable credits

Form OR-40-N 55 | Form OR-40-P 54

**Oregon income tax withheld.** Enter the total **Oregon** tax withheld from your wages and other income. State tax withheld from wages is shown in box 17 of Form W-2 and in the State area of various 1099 forms. **Don't** include the FICA (Social Security) tax withheld or tax withheld from your wages by other states. **You must include a legible, unaltered copy** of your Form W-2 from each job and any Form 1099 showing Oregon income tax withheld with your Oregon return.

If you don't have a Form W-2 or 1099, you must provide other proof of Oregon tax withheld. Proof may include a copy of a final paycheck stub or a letter from your employer. If you file before February 1, 2021, we can accept only a Form W-2 or 1099 as proof.

If you have tax to pay, you may want to increase the amount your employer or other payer withholds from your wages. For withholding information, go to www.oregon.gov/dor/personal.

Form OR-40-N 56 | Form OR-40-P 55

**Amount applied from your prior year's tax refund.** Enter the amount of any prior-year refund you applied as a payment of 2020 estimated tax. If we adjusted your applied refund, be sure to use the adjusted amount. If you need to verify your applied refund amount, log into or create your Revenue Online account at www.oregon.gov/dor or contact us.

Form OR-40-N 57 | Form OR-40-P 56

**Estimated tax payments for 2020.** Enter the total estimated tax payments you made before filing your 2020 Oregon return. For calendar-year filers, these payments were due April 15, 2020; June 15 2020; September 15, 2020; and January 15, 2021. **Include all** payments you made up to the date you filed your original or amended return along with any payments from

real estate transactions. **Don't include** the amount reported on Form OR-40-N, line 56; or Form OR-40-P, line 55. If you need to verify your estimated payments, log into or create your Revenue Online account at www.oregon.gov/dor or contact us.

**Form OR-40-N 58** **Form OR-40-P 57**

**Tax payments from a pass-through entity (PTE).** If you're an owner of a PTE with Oregon-source income and you didn't join in the filing of a composite return to report that income, enter the amount of tax payments made by the PTE on your behalf. **Note:** Don't claim the tax paid on your behalf on the composite return, Form OR-OC, as a tax payment on your individual return. That payment was already used to pay the tax on the income reported on Form OR-OC.

**Refundable credits.** Refundable credits reduce the amount of tax that you owe. Any amount that is more than your tax liability is treated the same way as an overpayment. Refundable credits not explained here are claimed on Schedule OR-ASC-NP.

For more information about refundable credits, see the instructions for Schedules OR-ASC and OR-ASC-NP or "Credits" in Publication OR-17.

**Form OR-40-N 59** **Form OR-40-P 58**

**Earned income credit.** Oregon's earned income credit is a percentage of the earned income tax credit (EITC) claimed on your federal return. The percentage is based on the age of your **youngest** dependent at the end of the tax year. You may claim the Oregon earned income credit **only if** you qualify for the federal EITC. The credit must be prorated using your Oregon percentage from line 35. **Note to RDPs:** You may claim this credit if you would otherwise qualify for the EITC using your "as if" federal return.

Use Table 7 and the following worksheet to figure your credit.

**Table 7. EIC percentage**

| Age of youngest dependent at end of tax year | Percentage of federal EITC |
|---|---|
| At least 3 years old, or no dependents | 9 percent (0.09) |
| Younger than 3 | 12 percent (0.12) |

**Earned income credit worksheet**

| | | |
|---|---|---|
| 1. | Enter your federal EITC from Form 1040 or 1040-SR, line 27. | 1. _____ |
| 2. | Enter the percentage from the table as a decimal. | 2. _____ |
| 3. | Line 1 times line 2. | 3. _____ |
| 4. | Enter your Oregon percentage from line 35, as a decimal. | 4. _____ |
| 5. | Line 3 times line 4. This is your Oregon earned income credit. | 5. _____ |

**Form OR-40-N 61** **Form OR-40-P 60**

**Total refundable credits from Schedule OR-ASC-NP.** Enter your total refundable credits from Schedule OR-ASC-NP, section 7. **Include Schedule OR-ASC-NP with your return.**

## Penalties and interest

**Form OR-40-N 65** **Form OR-40-P 64**

Your 2020 tax must be paid by **May 17, 2021**, even if you requested an extension of time to file your return. Your 2020 return must be filed by May 17, 2021. If you requested an extension, your return must be filed by October 15, 2021.

Round the total of penalties and interest to the nearest whole dollar. For more information and examples showing how penalties and interest are calculated, see "Interest and penalties" in Publication OR-17.

### Penalties

Penalty amounts are based on the tax after all credits shown on your return. To find your tax after all credits, start with your tax after standard and carryforward credits (Form OR-40-N, line 54; Form OR-40-P, line 53), then subtract the refundable credit amounts (Form OR-40-N, lines 59, 60, and 61; Form OR-40-P, lines 58, 59, and 60).

- **Failure-to-file penalty**. Include a penalty for failure to file a return if:
  - — Your return is filed more than three months after the due date (or extension due date); **and**
  - — You didn't pay all of your tax by May 17, 2021.

The penalty for failure to file is 20 percent of your tax after all credits that wasn't paid by May 17, 2021.

- **Failure-to-pay penalty.** Include a penalty for failure to pay if:
  - — Less than 90 percent of your tax after all credits was paid by May 17, 2021, **or**
  - — You paid at least 90 percent of your tax after credits by May 17, 2021 **but** you aren't paying the balance of unpaid tax in full when you file.

The penalty for failure to pay is 5 percent of your tax after all credits that wasn't paid by May 17, 2021.

**Failure to file and pay.** If both penalties apply, your total penalty will be 25 percent of your tax after all credits that wasn't paid by May 17, 2021.

**First-time home buyer savings account (FTHBSA) penalty for nonqualified withdrawal.** Include penalty of 5 percent of the funds withdrawn from your FTHBSA if you withdrew funds from your account for a purpose other than purchasing a home.

No penalty will be imposed if:

- The account holder:
  - — Dies.
  - — Files bankruptcy.
  - — Becomes permanently unable to regularly perform work at a gainful and suitable occupation due to loss of any bodily function.
- The funds are withdrawn more than 10 years after the account was opened.

This penalty is in addition to all other penalties provided by law. Withdrawn funds that are subject to this penalty also must be added back to Oregon income. See this topic in "Additions."

### Interest on unpaid tax

You'll owe interest on the amount of tax that wasn't paid by May 17, 2021. Interest starts accruing on May 18, and continues to accrue every day, including the date of your payment.

Interest is figured daily, based on a 365-day year. The annual interest rate for 2021 is 4 percent, or 0.0110 percent per day.

To figure your interest, count the number of days starting with May 18, 2021 and ending with the date of your payment. Multiply your unpaid tax by the number of days, then multiply by 0.000110 (the daily rate converted to a decimal).

**Interest rate increase.** If we bill you for unpaid tax, and the tax isn't paid in full within 60 days from the date of our billing notice, the annual interest rate increases by 4 percentage points, to 8 percent.

**Amended return.** If you're amending your return, calculate the interest based on the additional amount of tax you must pay (line 5 of the **Amended worksheet)**.

Form OR-40-N 66 | Form OR-40-P 65

**Interest on underpayment of estimated tax.** Underpayment interest is charged if:

- Your tax after all credits and withholding is $1,000 or more;
- You were required to make estimated tax payments;
- One or more of your required installments was underpaid; **and**
- You don't qualify for an exception.

**Note:** You could be charged interest on underpayment of estimated tax even if Form OR-40-N, line 63 or Form OR-40-P, line 62 shows a refund.

See Publication OR-10 to determine if you owe underpayment interest or qualify for an exception. Download the publication from our website or you can contact us to order it.

If you owe underpayment interest, enter the amount from line 33 of Form OR-10. If you qualify for an exception, enter the exception number from line 1 of the form inside box 66a on Form OR-40-N or box 65a on Form OR-40-P. If you used the Annualized Income Worksheet (located in the Form OR-10 Instructions) to figure your interest, check box 66b on Form OR-40-N or box 65b on Form OR-40-P. **Include Form OR-10 with your return** (along with any required statements if you're claiming an exception). Keep the Annualized Income Worksheet with your records.

## Amount due

Form OR-40-N 68 | Form OR-40-P 67

**Amount you owe.** Enter your total unpaid tax plus penalties and interest. **Note:** If you have an overpayment on Form OR-40-N, line 63 or Form OR-40-P, line 62 **and** the overpayment is less than the total penalties and interest you entered on Form OR-40-N, line 67 or Form OR-40-P, line 66:

- On Form OR-40-N, enter the amount from line 67 minus the amount on line 63.
- On Form OR-40-P, enter the amount from line 66 minus the amount on line 62.

## Payment options

You may pay electronically with your checking or savings account, credit card, check, cashier's check, or money order. Cash payments can be made only at our main office in Salem. If the amount due is less than $2, no payment is required.

#### Electronic payment from your checking or savings account

You can pay your current year income taxes, 2021 estimated income taxes, any prior year taxes due, and amended return taxes directly from your checking or savings account. There is no fee to use this service.

This option is available only through our website. Go to Revenue Online at www.oregon.gov/dor.

Direct debit may be available with e-filed returns at the time of filing.

#### Credit card payments

You can pay with your Discover, MasterCard, or Visa credit card. The service provider **will charge** you a convenience fee. The service provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction before entering your credit card information. If you complete the credit card transaction, you will receive a confirmation number. **Keep this confirmation number as proof of payment—don't send it with your return.**

To pay by credit card, go to Revenue Online at www.oregon.gov/dor.

#### Check or money order

- Make your check or money order payable to **"Oregon Department of Revenue."**
- Write **all** of the following on your payment:
  - — The tax year (2020).
  - — The form you're filing (Oregon Form OR-40-N or OR-40-P).
  - — The last four digits of your SSN or ITIN.
- Use blue or black ballpoint ink. Don't use red or purple ink or gel pens.
- Don't send cash or a postdated check.

**Form OR-40-V.** Use the voucher **only if** you're making a separate payment by check, cashier's check, or money order. **Don't** use the voucher if you're including a payment with your return or making an electronic payment. You can download Form OR-40-V from our website or you can contact us to order it.

**Payment plan.** If you can't pay in full now, pay what you can. Contact us and we will help you set up a payment plan for the amount you don't pay with your return.

## Refund

**Form OR-40-N 69** **Form OR-40-P 68**

**Refund.** Enter your overpayment minus any penalty or interest (Form OR-40-N, line 63 minus line 67; Form OR-40-P, line 62 minus line 66). **Note:** If the total penalty and interest is more than your overpayment, see the instructions for Form OR-40-N, line 68 or Form OR-40-P, line 67.

You have three years from the due date of the return to file a claim for your refund. By law, we can't issue a refund if you file your return more than three years after the return's due date (excluding extensions) or if the refund is less than $1. For more information about the time limit for claiming a refund, see "Payments and refunds" in Publication OR-17.

**Interest on refunds.** See "Payments and refunds" in Publication OR-17 for information about interest paid on refunds.

### Refund applications

If Form OR-40-N, line 69 or Form OR-40-P, line 68 shows a refund, you may use some or all of it to:

- Make an estimated tax payment for a later year.
- Donate to one or more of the charitable organizations listed on Schedule OR-DONATE.
- Make a deposit to an Oregon college or MFS 529 savings account.

Each of these applications will reduce your refund. The combined total of all applications can't be more than the amount of your refund.

**Note:** A refund of overpaid tax will be offset against outstanding debt before any amount is applied or refunded to you.

**Instructions for amended returns.** If line 5 of the **Amended worksheet** shows a refund, you can use some or all of it for the refund applications listed above. However, you **can't reduce** any amounts you've already applied from a refund on your original return. See the instructions for each application for details.

**Form OR-40-N 70** **Form OR-40-P 69**

**Open estimated tax account.** Enter the amount of your refund you want to apply as a tax payment for a later year. This amount will be applied to your **open** estimated tax account (to a year where you **will be** filing a tax return). Generally, unless you're filing a delinquent or amended return, the payment will be applied to the 2021 tax year. For more information, see "Payments and refunds" in Publication OR-17.

**Instructions for amended returns.** Enter the amount, if any, from a refund on your original return that you've already applied as an estimated tax payment for a later year. If line 5 of the **Amended worksheet** shows a refund and you want to apply some or all of it as an estimated tax payment, include the amount you want to apply.

Form OR-40-N 71 | Form OR-40-P 70

**Charitable checkoff.** Enter the amount from line 30 of Schedule OR-DONATE. For more information, see the schedule instructions. You can download Schedule OR-DONATE from our website or you can contact us to order it.

**Note:** If your refund—after being applied to an open estimated tax account—is less than your total donation amount, your donations will be prorated.

To make direct donations instead, you can find each charity's address listed on our website. Don't mail your donations to us.

**Instructions for amended returns.** Enter the amount, if any, from a refund on your original return that you applied as charitable donations using Schedule OR-DONATE. If line 5 of the **Amended worksheet** shows a refund, you can donate some or all of it to one or more of the listed charities. Include this amount and an amended Schedule OR-DONATE with your amended return. **Note:** The refund from your amended return will be applied as a donation for the calendar year in which you're filing it.

Form OR-40-N 72 | Form OR-40-P 71

**Oregon college or MFS 529 savings plan.** Enter the total from Schedule OR-529. For minimum deposit amounts and other information, see the schedule instructions. You can download the Schedule OR-529 from our website or you can contact us to order it.

**Note:** If the amount of your refund—after any application to an open estimated tax account or charitable checkoff donation—is less than the total amount you want to deposit, no deposit will be made.

**Instructions for amended returns.** Enter the amount, if any, from a refund on your original return that you applied as an Oregon college or MFS 529 savings plan deposit. If line 5 of the **Amended worksheet** shows a refund, add the amount you want to apply as a deposit and include an amended Schedule OR-529 with your amended return. The refund will be applied for the year in which you're filing the amended return.

Form OR-40-N 74 | Form OR-40-P 73

**Net refund.** You must **reduce your refund** by any amounts applied to your open estimated tax account, charitable checkoff donations, and Oregon college or MFS 529 savings plan accounts. **By law, we can't issue or apply a refund if you file your return more than three years after the return's due date (excluding extensions).**

## Direct deposit

Form OR-40-N 75 | Form OR-40-P 74

In most cases, we can deposit your refund directly into your checking or savings account instead of mailing you a check. However, federal banking regulations prevent us from making a refund by direct deposit if the final destination is an account outside the U.S. In that case, we must issue a paper check instead.

Before you enter your information, verify that your deposit will be accepted and confirm your correct routing and account numbers. You can find a diagram of a personal check showing where these numbers are located in the "Payments and refunds" section of Publication OR-17.

Follow these steps to make sure your refund will be deposited into the correct account:

1. **Check the box** if the final destination for your refund would be an account outside the U. S. **Note:** If you check this box, you will be issued a paper check.
2. **Check the appropriate box, either** checking **or** savings, but not both.
3. **Enter your nine-digit routing number.** Routing numbers begin with the digits 01 through 12, 21 through 32, or 61 through 72.
4. **Enter your account number.** Account numbers can be up to 17 characters (both numbers and letters). Don't include hyphens, spaces, or special symbols.
5. **Double-check** the account and routing numbers. **These numbers can't be changed after the return is filed.**

## Signature block

**Signature(s).** Be sure to sign and date your return. If you're filing a joint return, both taxpayers must sign. By signing the return, you acknowledge, under penalty of false swearing, that the information on the return is true, correct, and complete.

**Minor child's return.** If your child can't sign their tax return, you may sign the child's name as their legal

agent. Sign the child's name, then write "By [your signature], parent (or other legal guardian) of minor child."

**Preparer signature.** Anyone who prepares, advises, or assists in preparing personal income tax returns in exchange for compensation of any kind **must** be licensed to prepare Oregon returns and **must** sign the return.

Signing the return doesn't grant your preparer the right to represent you or make decisions on your behalf. See the *Tax Information Authorization and Power of Attorney for Representation* form and instructions on our website for more information.

Contact the following agencies to check the status of your Oregon tax practitioner:

- State Board of Tax Practitioners at 503-378-4034 (Salem) for licensed tax consultants or preparers, or go to www.oregon.gov/obtp.
- State Board of Accountancy at 503-378-4181 (Salem) for public accountants and certified public accountants, or go to www.oregon.gov/boa.

**Preparer license number.** Licensed tax consultants and tax preparers: enter your license number. CPAs: enter your certificate number. Tax-Aide volunteers: enter your TCE site number. All others: leave blank. **Don't** enter your driver license number.

## Before you file

**Copy of federal return.** Before you assemble your Oregon return, make a copy of both sides of your federal Form 1040 or 1040-SR along with Schedules 1 through 3 (as applicable), 1040-X, or 1040-NR.

Don't include any other federal schedules or an extension request unless instructed otherwise. Keep these with your records; we may ask for them later.

If you created an "as if" federal return, use blue or black ink to label it "as if" on the top left corner. Include it along with the copy of your actual federal return (and any amendments).

**Failure to include your federal return will delay processing, and items claimed on your Oregon return may be adjusted or denied.**

**Amended Oregon return.** If you're amending your Oregon return due to changes to your federal return or a return you filed with another state, include a copy of your amended or corrected federal or other state return or audit report. If you're amending only your Oregon return, include a copy of your original federal or other state return.

**Assemble your Oregon return.** Assemble your return in the order shown below. If a form has more than one page, be sure that you've included all pages and that they're all from the same 2020 form. For example, if you're filing Schedule OR-WFHDC, Schedule OR-A, or Schedule OR-ASC-NP, be sure that "2020 Schedule OR-WFHDC", "2020 Schedule OR-A" or "2020 Schedule OR-ASC-NP" is printed at the top of each page and that you've included all pages associated with each schedule.

**Important: Don't use staples, paperclips, tape, or other fasteners.** Doing so will delay processing.

1. Payment by check or money order, if any. **Don't use a voucher.**
2. Form(s) W-2 and 1099 showing Oregon tax withheld.
3. Form OR-40-N or Form OR-40-P.
4. Schedule OR-A.
5. Schedule OR-ASC-NP.
6. Schedule OR-ADD-DEP.
7. Schedule OR-DONATE.
8. Schedule OR-529.
9. Schedule OR-PTE-NR or OR-PTE-PY.
10. Form OR-10.
11. Schedule OR-WFHDC.
12. Other Oregon schedules required to be included with your return.
13. If you're an RDP filing separately for Oregon, your RDP's Oregon return.
14. Your federal return(s) and schedules.

**Note:** If you're making an estimated tax payment for 2021 by check or money order, send the payment in a **separate envelope** with a completed Form OR-40-V. **Don't** include your 2021 payment or voucher with your 2020 return.

## Avoid processing delays

**Type or clearly print** your name, SSN, date of birth, complete mailing address, and daytime phone number on your return.

**Include all pages of your Oregon return.**

**Double-check your figures and other numbers, including your SSN.** Errors will delay processing. Common mistakes are:

- Math errors.
- A wrong amount claimed for the federal tax liability subtraction.
- Using the wrong line or column on the tax tables.
- Using the wrong tax chart.

**If you have tax to pay,** review the instructions for Form OR-40-N, line 68 or Form OR-40-P, line 67.

**Verify your account information** if you're requesting a refund by direct deposit.

**Sign your return.** Both spouses must sign a joint return.

**Include legible copies** of all W-2 and 1099 forms showing Oregon income tax withheld. Place them on top of your return along with any payment by check, cashier's check, or money order.

**Include a copy** of your federal return (front and back) with your Oregon return. **Include** federal Schedules 1 through 3 (if applicable), but **don't include** other federal schedules unless otherwise instructed. Place it behind all Oregon forms and schedules.

**Payment by check, cashier's check, or money order** should be placed on top of your return. Don't mail cash. **Don't use a voucher.**

**Don't use staples, paper clips, tape, or other fasteners.**

**Mail your return in a stamped envelope.** Use a business-size (4 × 9½ inches) or larger envelope with adequate postage. Don't use a smaller envelope—it delays processing.

## Tax return mailing addresses

| **Mail refund returns or no-tax-due returns to:** | **Mail tax-to-pay returns to:** |
|---|---|
| REFUND<br>PO Box 14700<br>Salem OR 97309-0930 | Oregon Department of Revenue<br>PO Box 14555<br>Salem OR 97309-0940 |