

## Which partnerships must file Form OR-65?

- Every partnership having income or loss derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

## Which partnerships don't need to file Form OR-65?

- Publicly traded partnerships taxed as corporations.
- Partnerships that aren't required to file a federal partnership return.

**Example:** A married couple electing the qualified joint venture option doesn't file a federal partnership return; therefore they don't file an Oregon partnership return.

## Partnership minimum tax

A partnership must pay the \$150 minimum tax if it's doing business in Oregon **and** required to file a partnership return. **"Doing business"** is performing a profit-seeking activity. If you are registered to do business in Oregon, but didn't have any business activity, you are not subject to the minimum tax.

When a short-year return is filed only because of a change in accounting periods, the tax is prorated for the number of months in the short tax year.

## Filing and payment deadlines

Returns and tax payments for the 2022 calendar year are due by **March 15, 2023**. Fiscal year returns are due by the 15th day of the third month after the end of the partnership's tax year. Estimated payments are **not** required.

## Extension of time to file

If you filed a federal extension, you don't need an Oregon extension. If you need to file an Oregon-only extension, you will receive the same amount of time to file as a federal extension. The maximum extended due date is September 15, 2023 for calendar year partnerships. **Note:** An extension to file **doesn't** mean more time to pay.

To receive an Oregon-only extension, make your tax payment by the original return due date through Revenue Online or through the mail using a payment voucher, Form OR-65-V. With either payment option, check the "original return" payment type. When filing Form OR-65, check the (f) checkbox and enter the extension due date.

## What must be included with the Oregon partnership return?

Submit this information with the return in the following order:

- A copy of federal Form 1065, *U.S. Return of Partnership Income*. Include all pages and supporting schedules (for example, Schedule M-3).
- Schedule OR-AP, if you answered yes to question 6A on Form OR-65.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis, fair market value, and sales price.
- Federal Schedules K-1, if there were less than 11 partners during the year. If you had more than 10 partners, include a summary of partner information. Your summary must include each partner's name, Social Security number (SSN) or federal employer identification number (FEIN), address, profit/loss sharing percentage, and Oregon modifications and credits. *If you are mailing the summaries and K-1s, we prefer them on CD or a USB flashdrive.* Label the CD or flashdrive with the entity's name, FEIN, and tax year. If your CD or flashdrive is password protected, mail the password separately or email it to [files.partnership@dor.oregon.gov](mailto:files.partnership@dor.oregon.gov). Include the partnership name and FEIN with the password.
- Form OR-24, if you had a 1031 exchange investing in out-of-state property.
- Any additional schedules required for Oregon modifications and credits from Schedule I.

## Amending instructions

Complete the return as it should have been filed and check the "amended return" box at the top. Include an explanation of all corrections. There is no tax to pay or refund unless you change the amount entered on line 3C or 3D. If the amended return is a tax-to-pay return, include payment with the amended return. Don't include a voucher, Form OR-65-V, with the return.

**Federal audit adjustments.** If your federal partnership return was audited and adjusted at the federal level, see "Federal centralized partnership audits" for more information.

## Penalty and interest

The partnership will owe interest on any tax not paid by the due date. The 2023 interest rate is 6 percent per year and increases to 10 percent per year if not paid within 60 days of our billing notice.

The partnership will also owe a 5 percent late payment penalty on any tax not paid by the due date.

## Partnership failure-to-file penalty

We may assess a penalty if a partnership doesn't file a return or fails to provide information to us as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months.

**Don't submit a penalty payment with your return.** Penalty payments are only required if a penalty is assessed by us.

## Guaranteed payments

Guaranteed payments are treated as distributive shares of partnership income. For nonresident partners, income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

## Individual income tax returns

Each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual income tax return.

Partners report their share of Oregon modifications (additions or subtractions) or credits on their tax return. The partner's modification or credit is based on the total for the business multiplied by their ownership percentage.

Nonresident partners can join a composite return, Form OR-OC, filed by the partnership **or** file their own return using Form OR-40-N and instructions.

## 2023 short tax year

Oregon follows federal filing requirements for short tax years. Use the 2022 form for a short tax year that ends in 2023, if the 2023 forms are not available by the due date. Remember that an extension to file doesn't change the due date of the tax.

## Federal centralized partnership audits

The Internal Revenue Service (IRS) makes audit adjustments and collects taxes at the partnership level for partnerships subject to the centralized partnership audit regime (CPAR). CPAR adjustments that affect the partnership's Oregon income and taxes must be reported to us using the procedures outlined here.

**Partnership representative.** Your federal partnership representative has the authority to make federal and Oregon decisions on behalf of the partnership, unless someone else is designated as the Oregon representative. Don't use Form OR-65 to designate an Oregon partnership representative. Send us a letter with the representative's information by mail or fax, or submit it through Revenue Online.

**Oregon CPAR election—Form OR-OC.** The partnership representative may elect to report the audit adjustments and pay Oregon tax at the partnership level. **The representative must use Form OR-OC, not Form OR-65, to make this election.** See Publication OR-OC for more details.

**Amended Form OR-65.** If the federal CPAR adjustments affect Oregon tax, and the partnership representative doesn't make the Oregon CPAR election, an amended Form OR-65 must be filed for each adjusted tax year. Complete a federal Form 1065 for each adjusted tax year as if the form were being filed with the IRS. Write "as if" at the top of each Form 1065, and submit the "as if" form with the amended Form OR-65 for each adjusted tax year.

**Additional requirements.** Partnerships with CPAR adjustments affecting Oregon tax must notify us by submitting a completed adjustments report, regardless of whether the Oregon CPAR election is made. Partnerships must also notify their owners of adjustments affecting Oregon income and whether the partnership has paid Oregon tax on that income. Partnerships can use federal Form 8986, *Partner's Share of Adjustment(s) to Partnership-Related Item(s)*, for these notifications.

For more information about the Oregon CPAR election, see Publication OR-OC.

## Form instructions

### Heading

Enter all information in the heading and check all applicable boxes. It's important that you provide the name and contact information for the person who has the partnership records. If you don't complete this section, there may be a delay in receiving important information. If the partnership filed using a different name on the 2021 Oregon partnership return, check the "name change" box and provide that name.

### Line instructions

**Line 1A.** Answer yes if the partnership is doing business in Oregon. "Doing business" is defined the same for partnerships and corporations.

**Lines 2A and 2B.** The partnership is required to file if it had Oregon resident partners **or** had income (or loss) apportioned or allocated to Oregon. If you answered "Yes" to 2A **or** 2B (or both), you must file a Form OR-65.

If you didn't answer "Yes" to either 2A or 2B, then the partnership isn't required to file a return or pay the minimum tax.

**Line 3A.** If 1A is "Yes" **and** 2A **or** 2B (or both 2A and 2B) are "Yes," the partnership owes the partnership minimum tax. Enter \$150 on line 3A unless the partnership is filing a return for a change in accounting periods. If the "Accounting period change" box is checked, use this chart to determine the correct tax. Enter the tax on line 3A that corresponds to the number of months on the return:

Number of months	Tax	Number of months	Tax
1	\$ 13	7	\$ 88
2	\$ 25	8	\$100
3	\$ 38	9	\$113
4	\$ 50	10	\$125
5	\$ 63	11	\$138
6	\$ 75	12	\$150

**Important:** This chart doesn't apply to other short tax year returns, such as initial returns or final returns. The tax is \$150 in those cases.

**Example 1:** In 2022, the IRS gave Renters LLC permission to change from a calendar tax year to a fiscal tax year ending in September. To change the accounting periods, a short year return

is required from January 1 to September 30, 2022. The LLC will file a 2022 short year return and owe \$113 in tax on the due date for that short year, which is December 15, 2022. Later they will file a full year 2023 return from October 1, 2022 to September 30, 2023 and will owe \$150 minimum tax for that full tax year.

**Example 2:** Freight Partners ended business on May 10, 2023. They are a calendar tax year partnership, so the partners will file a 2023 short tax year return due August 15, 2023. They will use 2022 forms because 2023 forms aren't available yet, but they will follow 2023 tax laws when completing the return. They will owe \$150 minimum tax which is also due August 15, 2023, even if they get an extension to file.

**Line 3B.** Enter the payments submitted prior to filing or with an extension.

**Line 3C.** If payments are less than the tax liability owed by the partnership, enter the amount of tax due (line 3A minus line 3B). Otherwise, go to line 3D.

To submit a payment:

- You can make payments anytime at [www.oregon.gov/dor](http://www.oregon.gov/dor).
- Make your check or money order payable to "Oregon Department of Revenue."
- Write your daytime phone number, FEIN, and "2022 Partnership Tax" on your check or money order.
- Don't send cash or a postdated check.
- Send your check or money order in the same envelope as your return. Don't use Form OR-65-V unless you're sending a payment without a return.
- Pay the tax by the due date (not including extensions) to avoid penalty and interest.

**Line 3D.** If payments are more than the tax liability owed by the partnership, enter the amount to be refunded to the partnership (line 3B minus line 3A). If the tax liability and the payments already submitted are the same, enter \$0.

**Line 4D.** Enter the number of federal Schedule K-1s that were issued to partners. Does the partnership have nonresident partners? The partnership is required to send in payments on behalf of nonresident partners who are individuals or C corporations, unless the partner is exempt, files an affidavit, or joins a composite return. See Publication OR-OC and Form OR-19-AF Instructions for more information on the partnership's requirements to file a composite return or send in payments on behalf of its nonresident partners.

**Line 4E.** Nonresident partners who are individuals, trusts, estates, or C corporations can join a composite return, Form OR-OC, filed by the partnership. Enter how many partners participated in the Form OR-OC the partnership filed or will be filing.

**Line 5C.** If a federal audit or adjustment changed your prior year or current year tax return, check the box and list the tax years that were changed. Report increases in tax using Form OR-OC. See Publication OR-OC for additional information.

**Line 5D.** If the partnership didn't opt out of CPAR, enter the contact information for the federal partnership representative (PR). If the PR is an entity, enter the contact information for both the designated individual and the entity.

**Lines 7A–7D.** The partners must file returns and pay transit district self-employment taxes for income subject to these taxes. The partnership may instead file and pay on their behalf. Go to [www.oregon.gov/dor/business](http://www.oregon.gov/dor/business) for information.

## Schedule I

Enter the name, numeric code, and amount for each modification or credit. Include schedules to list additional modifications and credits or to explain the modifications. Modification and credit codes can be found in Publication OR-CODES and Publication OR-17, which are available on our website.

If your partnership is a member of another PTE who elected to pay Oregon's PTE-E tax and the PTE claimed a deduction for PTE-E elective tax on their federal return, you must report an addition on Schedule I. See Form OR-21 Instructions or Publication OR-17 for additional information.

A partner may be able to claim their share of these modifications or credits on their own return. Provide this information to partners with their Schedule OR-K-1. For more information, see the instructions regarding partnership and S corporation modifications and credits in Publication OR-17.

**Oregon marijuana business modification.** Oregon-licensed marijuana businesses are allowed a subtraction for expenses that could be claimed as federal deductions if marijuana wasn't a controlled substance under federal law (IRC Section 280E). To calculate the subtraction, you must fill out a federal partnership return as if the marijuana business expenses would have been allowed for federal purposes. You won't submit the "as if" federal partnership return to the IRS. The subtraction is the difference between the profit/loss on your actual federal return and the "as if" return. Don't submit the "as if" return with your Form OR-65. Keep it with your tax records. See Publication OR-17.

**Gain on voluntary and involuntary conversions.** Oregon allows partnerships to elect for their partners to defer the gain on voluntary and involuntary conversions. Partnerships must make the election for all consenting partners. Include Form OR-24 with your Form OR-65, and check box (g) on the front of the return.

## Filing instructions

You can electronically file or mail the Form OR-65 and any required enclosures to:

**Oregon Department of Revenue**  
**PO Box 14555**  
**Salem OR 97309-0940**

If you are filing electronically and your software doesn't support attachments, mail the attachments to the address above or fax the attachments to 503-945-8735, labeled "Attn: ADP." Be sure to provide the partnership name and FEIN for reference. Wait three days after electronically filing the Form OR-65 before faxing the required attachments.

Don't submit Form OR-OC or Form OR-19 with the partnership return. File those forms separately.

**Do you have questions or need help?**

[www.oregon.gov/dor](http://www.oregon.gov/dor)  
503-378-4988 or 800-356-4222  
[questions.dor@dor.oregon.gov](mailto:questions.dor@dor.oregon.gov)

Contact us for ADA accommodations or assistance in other languages.