

# Form OR-706-EXT Instructions

## Application for Extension of Time to File a Return and/or Pay Oregon Estate Transfer Tax

### Purpose of Form OR-706-EXT

The executor of a decedent's estate uses Form OR-706-EXT to apply for extensions of time to file Form OR-706 and/or pay the estate tax due. Both requests may be made on a single form. This form is required for estates of decedents dying on or after October 1, 2023. Estates of decedents dying before October 1, 2023 are strongly encouraged to use this form in lieu of the federal extension Form 4768, but aren't required to do so. Using Form OR-706-EXT will result in more efficient processing.

Form OR-706-EXT applies only to the Oregon Estate Transfer Tax Program [Oregon Revised Statutes (ORS) Chapter 118]. It can't be used for any other tax program.

### Overview

#### Who may file this application?

The executor(s) of the decedent's estate will use Form OR-706-EXT to apply for an extension of time to file Form OR-706 and/or pay estate tax due.

For purposes of Oregon's Estate Transfer Tax, the definition of "executor" is the executor, administrator, personal representative (PR), fiduciary, or custodian of property of the decedent (ORS 118.005). For probate estates, the personal representative appointed or approved by the court has the duty to file the return and use this form. For non-probate estates, any person having actual or constructive possession of the property of the decedent must file the return and use this form.

Additionally, an authorized attorney, certified public account, or other party holding power of attorney may use this form to apply on behalf of the executor. See Oregon Form 150-101-101, Form OR-AUTH-REP, *Authorization to Represent*, for details on which parties are qualified for Oregon tax purposes.

#### When to file

Your application for extension is considered timely filed when received by the due date of Form OR-706. For decedents who die on or after January 1, 2022, the due date for both the filing of the return and payment of tax is 12 months following the date of death and falls on the same corresponding numerical day of the 12th month. When the due date falls on a Saturday, Sunday, or a legal holiday, the due date for filing the return is the next business day. For this purpose, "legal holiday" means a holiday recognized statewide in Oregon or a holiday recognized in the District of Columbia [Oregon Administrative Rule (OAR) 150-118-0090].

If the decedent dies on February 29 in a leap year, the due date of the estate tax return and estate tax payment is February 28 of the following year. If February 28 of the following year falls on a Saturday, the due date would be the next business day, Monday, March 2.

### Mailing and payment instructions

#### Form only address:

If you're not including a payment with your application, mail your application to:

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

#### Form and payment address:

If you're including a payment with your application, mail your application and payment, without a payment voucher, to:

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

Include on your check:

- Decedent's SSN.
- Decedent's date of death.
- Applicant's daytime phone.
- Form OR-706.

#### Payment only address:

If you're paying by mail, separate from your application, include a Form OR-706-V, *Oregon Estate Transfer Tax Payment Voucher*, and mail to:

Oregon Department of Revenue  
PO Box 14950  
Salem OR 97309-0950.

#### Physical address for private delivery services:

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

Your private delivery service will tell you how to get written proof of mailing and delivery dates.

### Application checklist

For timely and accurate processing, ensure the following items are included with your application:

- Form OR-706-EXT.
- Written statement supporting your application, if required.
- Payment for expected tax (if applicable).

## Line instructions

### Part 1. Decedent information

**Decedent's identifying information.** Enter the decedent's name, the Social Security number (SSN) assigned to the decedent, date of birth, and date of death. If the decedent didn't have an SSN, the executor should obtain one for the decedent by filing federal Form SS-5, *Application for a Social Security Card*, with the Social Security Administration. Don't use the SSN assigned to the decedent's spouse.

ORS 305.100 and Section 405, Title 42, of the United States Code, authorizes requests for SSNs. You must provide this information. The SSN will be used to establish the decedent's and executor's identities.

**Decedent's domicile.** Domicile is the place where the decedent had their fixed, permanent, principal home. The decedent is allowed only one domicile, though they may have had multiple residences.

### Part 2. Executor information

**Note:** This part is required. Incomplete applications may be rejected.

**Executor's identifying information.** If there's more than one executor, enter the information of the executor we should contact.

"Executor" means the executor, administrator, personal representative, fiduciary, or custodian of property of the decedent, or, if there is no executor, administrator, fiduciary or custodian appointed, qualified and acting, then any person who is in the actual or constructive possession of any property includable in the estate of the decedent for estate tax purposes whether or not such estate is subject to administration (ORS 118.005).

### Part 3. Application filer information (if not executor) (Authorized attorneys, CPAs, and POAs only.)

**Note:** You must also complete part 2 above, regardless of completing part 3 of this form. Part 2 is always required.

If an authorized attorney, certified public account, or other party holding power of attorney is filing on behalf of the executor, include the name, title, and phone number for this individual in addition to the executor's information.

**Important:** Notify us in writing if the executor or application filer have a change of address or phone number.

### Part 4. Application for extension of time to file Form OR-706

An application for an extension of time to file **doesn't** extend the time to pay. If you need an extension of time to pay, you must apply as described below. You may make both applications on the same form, at the same time.

### Automatic extension

An executor may apply for an automatic 6-month extension. Applications will be approved if received or postmarked by the original due date of Form OR-706. If your application isn't received or postmarked by the original due date of Form OR-706, it will be denied unless the applicant includes a statement with their application to show good and sufficient cause that will be evaluated by the department. See below.

### Extension for cause

An executor who is unable to timely file for an automatic extension may still apply for an extension if they provide good and sufficient cause. Application for an extension for cause must be made within the 6-month period after the original due date. The application must include a written statement explaining why the application wasn't made timely. If a written statement isn't included, your application will be denied. If granted, the extension is for 6 months after the original due date; it's not 6 months after the application is received.

### Additional extension

Executors who are out of the country may qualify for up to an additional 6 months to file the return. You must have previously been approved for an automatic 6-month extension of time to file. The application must include a written statement explaining why it's not possible to file the return by the initial extended due date. If a written statement isn't included, your application will be denied.

**Important:** If an application for extension has been made and it's later determined that a return isn't required, provide us with a letter stating this. Send your letter to:

Estate Tax Unit, Business Division  
Oregon Department of Revenue  
PO Box 14110  
Salem OR 97309-0910

### Part 5. Application for extension of time to pay

Estates may apply for an extension of time to pay their estate tax for **up to** 14 years from the original due date of payment. Applying for an extension of time to pay **doesn't** extend the time you have to file the return. If you need an extension of time to file, you must apply for an extension of time to file as described above. You may apply for both extensions on the same application form.

An extension of time to pay the tax will only be considered when reasonable cause exists that prevents the executor from paying the tax timely and collateral is provided that we determine is acceptable. See *What is reasonable cause?* below.

For self-assessed tax, your application must be received by the later of the original due date for the payment of the Oregon Estate Transfer Tax, or the return filing due date (including extensions).

For a tax deficiency, your application must be received within 30 days of the Notice of Deficiency.

A failure-to-pay penalty won't be imposed when the estate has an approved extension of time to pay, and all tax plus accrued interest is paid by the extended payment due date. The executor must contact our Estate Tax Unit prior to making the final payoff to obtain the final balance that includes all tax plus accrued interest. See contact information below.

Interest charges will continue to accrue on the unpaid tax at the rate established in OAR 150-305-0140 and isn't subject to the increased rate established in OAR 150-305-0152 while under an approved extension of time to pay that remains in good standing.

If your payment isn't made timely, the installment payment arrangement is cancelled; a 5 percent late payment penalty will be assessed; and the remaining liability of penalty, interest, and tax is due and owing immediately.

### **Extension to pay of 1 year or less**

We don't require collateral for an extension to pay of one year or less. You must include a written explanation establishing reasonable cause. If a written statement isn't included, your application will be denied.

### **Extension to pay of more than 1 year and up to 14 years**

Estates that require a longer period of time to pay the Oregon Estate Transfer Tax may apply for an extension of time to pay of up to 14 years from the original due date of the return. Annual payments are required.

Acceptable collateral is required. See *Collateral requirements* below.

You must include a written explanation demonstrating reasonable cause by detailing why an extension of time to pay is needed, and identifying which property of the estate that you propose to provide as collateral. If a written statement isn't included, your application will be denied.

### **What is reasonable cause?**

In general, reasonable cause exists if:

- The estate can pay the tax only by disposing of property for less than market value or by borrowing money at a rate in excess of the mortgage money market (on terms that would cause a loss to the estate), or
- The gross taxable estate includes a beneficial interest in one or more closely held businesses whose value exceeds either 35 percent of the gross taxable estate or 50 percent of the net taxable estate. See OAR 150-118-0150 for definitions and further details.

If a liquid market exists for property, then fluctuations in the market value of the property won't create reasonable cause for an extension of time to pay the estate tax.

If no liquid market exists for the property and the lack of a liquid market would require the estate to sell the property for less than its market value, we may determine that there is reasonable cause for an extension to pay.

### **Collateral requirements**

If you're applying for an extension of time to pay that is more than 1 year and up to 14 years, you're required to provide acceptable collateral valued at twice the value of the unpaid tax amount.

**Example:** Form OR-706 shows \$700,000 tax due. Of this, \$200,000 is paid by the due date. The unpaid tax is \$500,000. Collateral provided must be equal to or greater than \$1,000,000, the amount equal to double the unpaid tax.

We will generally accept the following as collateral for purposes of extending the date for payment of the Oregon Estate Transfer Tax:

- A first mortgage or trust deed on real property with a value at least double the amount of the tax paid on extension, or
- A surety bond executed by a corporation licensed to do business in the State of Oregon. The bond must be at least double the amount of the tax paid on extension and must be renewed every five years.

**Important: Don't** record any mortgage deed, trust deed, or obtain a surety bond prior to discussing your application with our Estate Tax Unit. We must determine and agree that the collateral offered is acceptable.

### **Extension of time to pay application process**

When applying for an extension of time to pay that is over 1 year, you begin an interactive process with us. Upon receiving the application, the Estate Tax Unit will review the application to determine if reasonable cause exists. A letter will be issued to the executor explaining the application is tentatively approved pending the taxpayer's proposal of acceptable collateral within 60 days of the time the application for extension of time to pay is tentatively accepted. We will then contact the executor or party holding power of attorney and work with them to determine and secure acceptable collateral and complete the remaining steps needed for the application process. If approved, the first installment is due one year from the original due date. Remaining installments are due annually on this date until paid in full.

### **Part 6. Payment to accompany extension request**

Enter on Part 6, Line 1, the estimated amount of estate taxes due. On Line 2, enter the amount of the cash shortage, if applicable. On Line 3, enter the amount of the payment that will accompany the extension request.

Interest must be paid on any estate taxes that aren't fully paid by the original due date of the tax return, regardless of whether an extension of time to file and/or pay has been obtained. For this reason, you should pay as much of the tax as possible by the original (not extended) due date of the return.

### **Part 7. Signature and verification**

Sign and date as appropriate.

Mail to the address shown on page 3 of the form.

## Do you have questions or need help?

### Internet

**[www.oregon.gov/dor](http://www.oregon.gov/dor)**

- Download forms, instructions, and publications.
- Search FAQ.

### Email

**[estate.help.dor@dor.oregon.gov](mailto:estate.help.dor@dor.oregon.gov)**

*This email address isn't secure and confidentiality can't be ensured. General tax and policy questions only. We ask that professional tax preparers and attorneys research questions before contacting us.*

### Correspondence

Estate Tax Unit, Business Division  
Oregon Department of Revenue  
PO Box 14110  
Salem OR 97309-0910  
Fax: 503-945-8787, Estate Tax Unit

### Phone

503-378-4988 or 800-356-4222

Monday through Friday, 7:30 a.m. to 5:00 p.m.  
Closed Thursdays from 9:00 to 11:00 a.m. Closed holidays.  
Wait times may vary.

Contact us for ADA accommodations or assistance in other languages.

### In person

Find directions and hours on our website.  
[www.oregon.gov/dor](http://www.oregon.gov/dor).