

# 2012 Estate Transfer Tax

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

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## New information

### 2012 filing requirement

Starting with a date of death on or after January 1, 2012, Form OR706, Oregon Estate Transfer Tax Return, replaces Form IT-1, Oregon Inheritance Tax Return. An estate is required to file Form OR706 if the gross value of the assets are \$1 million or greater; the gross value is the value of all estate assets at the date of death, wherever the estate is located. If the date of death is before January 1, 2012, use Oregon Form IT-1.

All references to schedules, in these instructions, are to federal Form 706 schedules, unless otherwise noted. Report the estate assets and deductions on the federal schedules and attach the schedules to your Form OR706.

### 2011 Oregon Legislative Session House Bill 2541

House Bill (HB) 2541 made significant changes to Oregon Revised Statutes (ORS) Chapter 118, which was previously called the Oregon inheritance tax, it's now the Oregon estate transfer tax. The name has changed, but the type of tax is still a transfer tax. Some of the major changes are: modified computation of tax; a \$1 million exemption built into the tax table; the unified credit is no longer used; and Oregon is tied to federal estate tax law in effect as of December 31, 2010.

### Reminder

Electronic filing is not available for Oregon Form OR706.

## Overview

### Purpose of Form OR706

The executor of a decedent's estate will use *Oregon Estate Transfer Tax Return*, Form OR706, to figure the estate tax imposed by ORS Chapter 118. This transfer tax is levied on the entire taxable estate and is paid by the estate. This tax is not imposed on the heirs or beneficiaries of the estate. If the estate has assets outside of Oregon, you'll apportion the tax on Part 2, lines 5 - 7.

### Filing requirements

An *Oregon Estate Transfer Tax Return*, Form OR706, must be filed for dates of death on or after January 1, 2012, if the value of the gross estate at the date of death is \$1 million or more.

The requirements for the estate to file a 2012 Form OR706 are different from the federal Form 706 filing requirements. Oregon requires the same forms, schedules, and supporting information (such as photocopy of death certificate, Form 712, will, trust, appraisals, etc.) that would have been required if the estate had filed a federal return.

### Oregon registered domestic partner

There are special filing requirements for Oregon registered domestic partners. Throughout these instructions you may replace "surviving spouse" with surviving Oregon

registered domestic partner. On Form OR706, page 2, Part 4, check the box for Oregon registered domestic partner. Prepare and attach only the necessary Form 706 schedules as though the decedent was married at the time of death.

### Gross estate

The gross estate of the decedent is the value of all real and personal property, tangible or intangible, valued as of the date of death. Include all assets whether located inside or outside of Oregon.

### Executor

According to ORS 118.005, the definition of "executor" is the executor, administrator, personal representative (PR), fiduciary, or custodian of property of the decedent. For probate estates, the personal representative appointed or approved by the court has the duty to file the return. For non-probate estates, any person having actual or constructive possession of the property of the decedent must file the return.

If two or more persons must file a return, they should all join together in filing one complete return. However, if they are unable to join in making one complete return, each must file a return disclosing all the information the person has in the case, including the name of every person holding an interest in the property and a full description of the property.

### When to file return

You must file Form OR706 within nine months after the date of the decedent's death. Example: If the date of death is February 13, 2012, the due date to file Form OR706 is November 13, 2012. See also extension of time to file later.

### Payment

Your tax payment is due within nine months after the date of the decedent's death, unless you requested an extension of time to pay and we approved your extension of time to pay.

If the tax paid with the return is less than the balance due shown on Part 2, line 11, explain why you did not pay the full amount of tax in a statement attached to the return. If we approved your request for an extension of time to pay, attach a copy of the approval to Form OR706 and check the extension of time to pay box.

To assist us in posting your payment to your account, use Form OR706-V, *Oregon Estate Transfer Tax Payment Voucher*. Send Form OR706-V with your payment; do not send Form OR706-V without a payment.

You may send payment prior to filing the return, with the return, or after filing the return. Always include Form OR706-V with your payment. Payments received after the original due date will be applied first to penalty, interest, and then to tax.

### Extensions

To request an extension of time to file or an extension of time to pay, complete and mail federal Form 4768 to us by or before the original due date of Form OR706. Oregon doesn't have its own extension form.

Two different types of extensions are available for an estate transfer tax return using Form 4768:

#### **Extension of time to file.**

When your extension request is received by the original due date of the tax return filing, you'll have an automatic six month extension of time to file. Include a copy of this extension with your Form OR706. An extension of time to file doesn't extend the time to pay the tax.

#### **Extension of time to pay tax.**

An extension of time to pay must be received by the original due date of the tax return. You must attach a written statement detailing why the estate can't pay the tax by the original due date. If the estate doesn't provide a written statement explaining why they can't pay the tax, the request for extension of time to pay will be denied. We'll evaluate your request and send you written approval or denial. Once your tax return is filed and an extension to pay is approved, the estate must provide collateral in an amount twice the amount of unpaid tax to secure the debt. An extension of time to pay the tax does not extend the time to file the tax return.

Interest accrues on any unpaid tax during the extension period.

#### **Signature of executor and Social Security number (SSN)**

The executor who files the return must sign the return under penalties of false swearing, per ORS 118.990. If there's more than one executor, all executors must provide their full name, titles (personal representative, trustee, etc.), address, telephone number, and SSN on an attached page. All executors are responsible for the return as filed and are liable for penalties provided for willfully filing erroneous or false returns per ORS 118.990. This also applies to amended returns.

All executors must notify us in writing of any change of address, telephone number or authorized representative.

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 both the decedent's and executors' identities.

If you paid a tax preparer to complete this tax return the preparer must sign and date the return, and provide their identifying information.

#### **Authorization**

If you want the tax return preparer to talk to us about this return, check the box located between the signature lines for the executor and the preparer. This is a limited authorization. If you check this authorization box we will also send a copy of the Oregon Estate Tax Receipt to the authorized preparer. If you want to authorize a person other than the preparer, please attach a signed Oregon Tax Information Authorization and Power of Attorney for Representation (POA) to the tax return, or mail the POA form to us separately. The POA form is on our website at [www.oregon.gov/dor](http://www.oregon.gov/dor).

#### **Where to file**

##### **Mailing address:**

Oregon Department of Revenue  
P O Box 14110  
Salem OR 97309-0910

We are unable to acknowledge the receipt of tax returns or payments. Don't send an addressed envelope for acknowledgements. If you want verification we received your envelope, you may send it by certified mail. If you want to know if we cashed your payment check, contact your bank.

##### **Private delivery services require a physical address:**

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.

#### **Amended returns**

Do you need to amend? If yes, it's the duty of the executor or other responsible person to file an amended return with us. Use Form OR706 to prepare the amended return using the amended figures and include a statement describing the reason for the amendment. Attach any schedules that have changed since your prior tax return and check the amended return box on page 1. If an asset value has changed, provide substantiation, such as an appraisal, to establish the new value.

Did the IRS audit or other taxing authority make a change or correction to the estate tax resulting in change to the Oregon estate tax? If yes, the executor or other responsible party must report the change or correction to us by sending a report showing all the changes and how the changes affect the Oregon estate tax.

If you owe more tax with your amended tax return or because of a change or audit to your estate tax return, include Form OR706-V, *Oregon Estate Transfer Tax Payment Voucher*, 150-104-172, with your payment.

#### **Separate Election**

If the estate makes an election on the Oregon tax return which is different from the election made on the federal tax return, check the box "A separate election is claimed" in the upper right section of the form. Examples of separate elections are Qualified Terminable Interest Property (QTIP) and Oregon Special Marital Property (OSMP). See Part 5, line 520.

#### **Rounding off to whole dollars**

On the return and schedules enter whole dollar amounts only, don't include cents, and round to the nearest dollar.

**Example:** \$5,762.81 becomes \$5,763; and \$1,294.33 becomes \$1,294.

## Late filing or late payment penalty

If you file Form OR706 or pay the tax due more than nine months after the date of death, the estate is subject to penalties.

## Interest charge

Interest is charged on tax not paid within nine months of the date of death. Interest will accrue during the extension period. The interest rate may change once a calendar year. If the tax is unpaid within 60 days of our billing notice, the interest rate will generally increase by 4 percent per year.

## Obtaining Oregon and federal forms

You may access our forms and instructions anytime on our website at [www.oregon.gov/dor](http://www.oregon.gov/dor). Search for Forms and Publications.

On our website you may:

- Fill-in Form OR706, print, and mail to us.
- Download current forms, instructions, and publications.
- Download prior year forms and instructions.

To request help for Estate Transfer Tax via e-mail, write to: [estate.help.dor@state.or.us](mailto:estate.help.dor@state.or.us).

Professional tax preparers: Please research your questions before contacting us for assistance.

Federal forms and publications are available on the IRS website at [www.irs.gov/formspubs](http://www.irs.gov/formspubs) or by calling 1-800-829-3676.

## Documents to file with your return

You must file all three pages of Form OR706 and the appropriate federal schedules, A through I, to support the entries on the Recapitulation—Part 5, lines 501 through 509.

If you enter zero on all lines of Part 5—Recapitulation, you still need to file Schedule F and answer all the Schedule F questions.

If you claim an exclusion on the Recapitulation—Part 5, line 511, complete and attach Schedule U.

If you claim any deductions on the Recapitulation—Part 5, lines 513 through 521, complete and attach Schedules J, K, L, M, and O, and provide documentation to support the claimed deductions.

If there isn't enough space on a schedule to list all the items, attach a continuation schedule.

Number the items you list on each schedule, beginning with the number "1" each time.

Total the items listed on each schedule and its attachments, and any continuation schedules.

Enter the total of all schedules and continuation schedules at the bottom of each schedule.

Don't carry the totals forward from one schedule to the next.

Enter the total for each schedule on Part 5—Recapitulation.

**Do not** complete the "Alternate valuation date" or "Alternate value" columns of any schedule unless the executor elected alternate valuation under Elections—Part 3.

## Additional documents to file with your return

Processing delays will result if you don't provide the following required documents with your tax return:

- You must attach a photocopy of the **death certificate** to the return. If the decedent was a citizen or resident and died testate, attach a **photocopy of the will** to the return.
- Other supplemental documents may be required. Examples include federal Forms 712 and 706-CE, expert valuations, independent fee appraisals, trust documents, and power of appointment instruments. Processing delays will result if you don't provide the required documents.
- **If the decedent was a U.S. citizen but not a resident of the United States**, you must attach the following documents to the return:
  - A copy of the inventory of property and the schedule of liabilities, claims against the estate, and expenses of administration filed with the foreign court of probate jurisdiction, certified by a proper official of the court;
  - A copy of the return filed under the foreign inheritance, estate, legacy, succession tax, or other death tax act, certified by a proper official of the foreign tax department, if the estate is subject to such a foreign tax; and
  - A photocopy of the will, if the decedent died testate.

## Part 1: Decedent and executor information

### Decedent's name and Social Security number

Enter the decedent's name and SSN assigned to the decedent. If the decedent didn't have a SSN, the executor should obtain one for the decedent by filing federal Form SS-5, *Application for Social Security Card*, with the Social Security Administration.

**Do not** use the SSN assigned to the decedent's spouse.

### Decedent's domicile

Domicile is the place where the decedent had his fixed, permanent, principal home. The decedent had only one domicile, though he may have had multiple residences.

### Name and address of executor

If there's more than one executor, enter the name and the address of the executor we should contact. List the other executors' names, addresses, telephone numbers, and SSNs on an attached sheet. Notify us in writing of a change of address or telephone numbers of any executor(s) or authorized representative.

## Part 2: Tax computation

### Line 1

Enter either:

- Amount from Part 5, line 512, column (b) "Value at date of death," or,
- Amount from Part 5, line 512, column (a) "Alternate value," if the executor elected alternate valuation on Part 3, line 1, Elections by the executor.

### Line 4. Oregon estate tax.

Go to Part 6 for the tax table, instructions, and an example of the tax computation.

### Line 5. Gross value of property located in Oregon.

When the estate has property located outside of Oregon, use lines 5, 6, and 7 to compute the prorated Oregon tax.

On line 5, enter the gross value of estate assets taxable by Oregon. Property taxable for Oregon purposes depends on whether the decedent was a resident or nonresident of Oregon. **Highlight or underline the Oregon property on all schedules.**

**Oregon resident decedent.** For a resident decedent, property taxable by Oregon includes all real property located in Oregon, tangible personal property located in Oregon, and intangible personal property. Do not include intangible personal property taxed by another state or another country as a result of the decedent's death. **Enter the combined value of these assets on line 5.**

If the decedent was an Oregon resident and all assets were located in Oregon, enter the gross estate amount from line 1 in line 5.

**Nonresident decedent.** For a nonresident decedent, property taxable by Oregon includes all real property located in Oregon and tangible personal property located in Oregon. **Enter the combined value of these assets on line 5.**

### Line 6. Oregon Percentage.

Divide the amount on line 5 by the amount on line 1; round the decimal to four places. Convert the decimal to a percentage by multiplying the decimal by 100, or move the decimal two places to the right. Write the percentage on line 6. Don't enter more than 100 percent or less than -0-.

#### Example:

Line 1, - gross estate \$1,450,000

Line 2, deductions \$20,000

Line 4, tax \$43,000

Line 5, gross value of assets located in Oregon \$800,000

The prorated estate tax is computed as follows:

*[Line 5 ÷ Line 1 = Oregon percentage] X line 4 = prorated tax for line 7*

$[\$800,000 \div \$1,450,000 = .5517] \times \$43,000 = \$23,723$  prorated tax, enter on line 7.

### Line 8. Natural resource and commercial fishing business credit

ORS 118.140 provides a natural resource or commercial fishing business credit. You may elect to take all, part, or none of this credit, for which you qualify. Natural resource property is farm use and forestland, as defined in ORS 308A.056, 308A.250, and 321.201. The qualifying property also includes property used in commercial fishing business operations defined in ORS 508 and Section 1301(b)(4). To calculate credit, see Schedule NRC and instructions.

### Line 10. Amount paid by the due date of the return

For an original Form OR706, enter the total of prior timely payments. For an amended return, enter the net payments (total payments made minus any refunds we paid to the estate) to date.

**Example:** Estate tax payments made with the original return = \$105,000. Tax on the original return: \$88,000. Original refund paid to the estate: \$17,000.

\$88,000 is the amount of your prior payments reduced by prior refunds ( $\$105,000 - \$17,000 = \$88,000$ ). Enter \$88,000 on your amended return, line 10, as your net prior payments.

### Line 13. Penalty due

A penalty of 5 percent of the tax will be imposed if the return isn't filed within nine months from the date of death or by the extended filing date. If you file the tax return more than three months after the due date (including extension), add an additional 20 percent penalty, for a total of 25 percent penalty.

A penalty of 5 percent of the tax will be imposed if the tax isn't paid within nine months from the date of death. If you have an approved extension of time to pay, the tax must be paid by the extended payment date to avoid a penalty.

### Line 14. Interest due

If you file or pay after the due date, calculate and pay interest on any unpaid tax or on tax paid after the original due date (or the approved extended payment date). An interest period is each full month starting with the day after the due date. For example, April 16 to May 15 is a full month and interest period. We calculate interest daily for periods of less than a month. Interest accrues on any unpaid tax during an extension of time to file. Here's how to calculate the interest due:

Tax x Annual interest rate x Number of full years.

Tax x Monthly interest rate x Number of months.

Tax x Daily interest rate x Number of days.

For periods beginning	Annual	Monthly	Daily
January 1, 2013	4%	0.3333%	0.0110%
January 1, 2012	5%	0.4167%	0.0137%

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

- You file a return showing tax due, or we assess an existing deficiency; and
- The assessment is not paid within 60 days after we issue the notice of assessment; and
- You have not filed a timely appeal.

**Exception to additional interest:** If we approved your request for extension of time to pay and you're in compliance with the extension terms, the interest rate won't increase by 4 percent per year.

**Special instructions.** Do you owe a penalty on Part 2, line 13 or interest on line 14 and have an overpayment on line 12? If your overpayment is less than the total penalty and interest, you have an amount due. To calculate the amount due, on line 15 fill in the result of line 13 plus line 14 minus line 12. If your overpayment is more than the total penalty and interest, you have a refund. To calculate your refund, enter on line 16 the result of line 12 minus the sum of line 13 plus line 14.

### Line 15. Total due

Enclose a check or money order for the total amount due (tax plus any applicable penalty and interest) with your return. Include the payment voucher, Form OR706-V, with your check. Do not send cash or postdated checks. Place your check and Form OR706-V in the envelope with your tax return; do not staple your check or Form OR706-V to any page of your tax return.

## Part 3: Elections by the executor

### Line 1. Alternate valuation

Refer to the federal Form 706 instructions for Alternate Valuation election. In the federal instructions, replace "IRS" with "Oregon Department of Revenue" and replace Form 706 with Oregon Form OR706. Search for 2012 Form 706 and instructions at [www.irs.gov/forms](http://www.irs.gov/forms) (if the current year isn't available, use the prior year's form).

### Line 2. Special use valuation of Section 2032A

Refer to the federal Form 706 instructions for Special Use Valuation of Section 2032A election. In the federal instructions, replace "IRS" with "Oregon Department of Revenue" and replace Form 706 with Oregon Form OR706. Search for 2012 Form 706 and instructions at [www.irs.gov/forms](http://www.irs.gov/forms) (if the current year isn't available, use the prior year's form).

### Line 3. Installment payments

Does the estate include an interest in a closely held business? On Form OR706, Part 3, did you elect to pay the taxes in installments under ORS 118.225? If you answered yes to both of these questions, you must submit a request for extension

of time to pay using federal Form 4768. We don't provide a special interest rate for an estate that qualifies for installment payments. The payments will be made in 14 equal payments made up of annual interest and principal.

The portion of tax which doesn't qualify for the installment plan must be paid by the original due date of the tax return. The first of 14 installment payments will begin once the extended payment period is approved by us, the total tax is determined, and collateral has been provided by the estate; see collateral required below. Other payment arrangements may be available for your estate under ORS 118.225.

### Collateral required

According to OAR 150-118.225, for us to agree to an installment payment of tax, the following must occur:

- Acceptable collateral must be provided. For real property, a first mortgage, having a value of double the extended tax. For personal property, a surety bond in double the amount of the extended tax, executed by a corporation licensed to do business in the State of Oregon. The bond must be renewed every five years.
- Executor is **personally** liable for payment of the tax to the extent of the value of the property.
- No annual statements will be sent to the executor.
- 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.
- Interest on the Oregon inheritance tax accumulates from the day after the due date of the original return, to the date your payment is received.
- Oregon interest rates are shown in these instructions for Part 2, line 14.

You don't need to furnish the required mortgage or bond at the time you file Form OR706. We will contact you and you'll be given the opportunity to furnish the collateral.

**Important:** *The interest paid on installment payments is not deductible as an administrative expense of the estate.*

### Line 4. Reversionary or remainder interests

For details of this election, see Section 6163 and the related regulations.

## Part 4: General information

### Line 2. Surviving spouse/Oregon registered domestic partner

Complete line 2 whether or not there is a surviving spouse or registered domestic partner and whether or not the surviving spouse or registered domestic partner received any benefits from the estate. If there was no surviving spouse or registered domestic partner on the date of decedent's death, enter "None" in line 2a and leave lines 2b and 2c blank. The

value entered in line 2c does not need to be exact. See the instructions for "Amount" under line 3.

### Line 3. Beneficiary's information

#### Name

On line 3a enter the name of each individual, trust, or estate who received or will receive benefits of \$5,000 or more from the estate directly as an heir, next-of-kin, devisee, or legatee; or indirectly (for example, as beneficiary of an annuity or insurance policy, shareholder of a corporation, or an heir that is a partner in a partnership, etc.).

#### Identifying number

Enter the SSN of each individual beneficiary listed. If the number is unknown, or the individual has no number, please indicate "unknown" or "none." For trusts and other estates, enter the federal employer identification number (FEIN).

#### Relationship

For each individual beneficiary, enter the relationship (if known) to the decedent by reason of blood, marriage, or adoption. For trust or estate beneficiaries, indicate TRUST or ESTATE.

#### Amount

Enter the value actually distributed (or to be distributed) to each beneficiary, including transfers during the decedent's life, from Schedule G. This value is required to be included in the gross estate. The value entered doesn't need to be exact; a reasonable estimate is sufficient. For example, where precise values can't readily be determined, as with certain future interests, a reasonable approximation should be entered. The total of these distributions should approximate the value of the gross estate reduced by funeral and administrative expenses, debts and mortgages, bequests to surviving spouse, charitable bequests, and any federal estate and state inheritance taxes paid (or payable) relating to the benefits received by the beneficiaries listed on lines 2 and 3. All distributions of less than \$5,000 to specific beneficiaries may be included with distributions to unascertainable beneficiaries on line 3b.

### Line 4. Section 2044 property

If you answered "Yes," these assets must be shown on Schedule F.

Section 2044 property is property for which a previous Section 2056(b)(7) election (Qualified Terminable Interest Property, or QTIP election) has been made, or for which a similar gift tax election (Section 2523) has been made. For more information, see the instructions on the back of Schedule F.

### Line 5. Insurance not included in the gross estate

If you checked "Yes" for either 5a or 5b, you must complete and attach both **Schedule D** and **Form 712, Life Insurance**

*Statement*, for each policy with an explanation of why the policy or its proceeds are not includible in the gross estate.

### Line 7. Partnership interests and stock in close corporations

If you answered "Yes" to line 7, you must include full details for partnerships and unincorporated businesses on Schedule F (Schedule E if the partnership interest is jointly owned). You must include full details for the stock of inactive or close corporations on Schedule B.

Value these interests using the federal Regulations Section 20.2031-2 (stocks) or 20.2031-3 (other business interests).

A "close corporation" is a corporation whose shares are owned by a limited number of shareholders. Often, one family holds the entire stock issue. As a result, little, if any, trading of the stock takes place. There is, therefore, no established market for the stock, and those sales that do occur are at irregular intervals and seldom reflect all the elements of a representative transaction as defined by the term "fair market value" (FMV).

### Line 9. Trusts

**If you answered "Yes" to either 9a or 9b, you must attach a copy of the trust instrument for each trust.** You must complete Schedule G if you answered "Yes" to 9a and Schedule F if you answered "Yes" to 9b.

## Part 5: Recapitulation

Lines 501 through 509—Gross Estate: You must make an entry on each line 501 through 509. If the gross estate doesn't contain any assets of the type specified by the separate schedules, enter zero on that line. Entering zero on any lines 501 through 509 is a statement by the executor, made under penalties of perjury, that the gross estate doesn't contain any includible assets covered by that line.

**Do not** enter any amounts in the "Alternate value" column unless you elected alternate valuation on Elections by the Executor—Part 3, line 1.

**Schedules to attach for lines 501 through 509.** You must attach:

Schedules A, B, and C if the gross estate includes any real estate; stocks and bonds; or mortgages, notes, and cash, respectively.

Schedule D if the gross estate includes any life insurance or if you answered "Yes" to General information—Part 4, question 5.

Schedule E if the gross estate contains any jointly owned property or if you answered "Yes" to General information—Part 4, question 6.

Schedule F must be filed with every tax return. Answer its questions, even if you report no assets on this schedule.

Schedule G if the decedent made any of the lifetime transfers to be listed on that schedule or if you answered “Yes” to General information—Part 4, question 8 or 9a.

Schedule H if you answered “Yes” to Part 4, question 10.

Schedule I if you answered “Yes” to Part 4, question 11.

### **Line 511. Conservation easement exclusion**

You must complete and attach Schedule U (along with any required attachments) to claim the exclusion on this line.

### **Lines 513 through 521. Deductions**

You must attach schedules J, K, L, M, and O as applicable, for the deductions you claim.

### **Line 517**

If line 516 is less than or equal to the value (at the time of the decedent’s death) of the property subject to claims, enter the amount from line 516 on line 517.

If the amount on line 516 is more than the value of the property subject to claims, enter the greater of (a) the value of the property subject to claims, or (b) the amount actually paid at the time the return is filed.

Don’t enter more on line 517, than the amount on line 516. See Section 2053 and the related regulations for more information.

### **Line 520. Marital Deduction—Schedule M**

Oregon allows elections, including but not limited to Section 2056—Bequests to Surviving Spouse. See OAR 150-118.010(8) for details and examples.

If the estate claims a marital deduction or a QTIP deduction, complete and attach an “Oregon-only” Schedule M. Identify the specific property for the deduction.

An estate may elect to claim an Oregon Special Marital Property (OSMP) deduction. The OSMP deduction is allowed by ORS 118.013 and 118.016. See OAR 150-118.010(8) for more detail and examples.

The Oregon estate transfer tax return for the second spouse to die must include any property previously claimed for the QTIP or OSMP deduction claimed on the Oregon estate or inheritance tax return for the first spouse to die. See OAR 150-118.010(8) for details.

### **Estate transfer tax checklist for filing Form OR706**

When you complete the return, staple all the required pages together in the following order:

- Form OR706, pages 1, 2, and 3.

- Federal schedules in alphabetical order, with Forms 712, as applicable.
- Oregon Schedule OSMP, if applicable.
- Oregon Schedule NRC, if applicable.
- Form 4768 extension request.
- Death certificate.
- Will.
- Trust.
- Powers of appointment document.
- A copy of another state’s estate tax return or foreign estate tax return, if the estate is subject.
- A copy of property inventory, schedule of liabilities, claims against the estate, and expenses of administration filed with a foreign probate court, certified by an official of the court.
- Expert valuations (e.g., business value, personal property, etc.).
- Independent fee appraisals for real property wherever located, used to support reported value.

### **What happens after you file the tax return?**

We’ll review your tax return in the order the returns are received. During our review, we may contact you for additional information or documentation. Your return may be selected for an audit.

When we’ve completed our review or audit, we’ll issue the Oregon estate tax receipt as required by ORS 118.250. The receipt will identify the estate and show the amount of tax, penalty, and interest paid to us. We’ll send a copy of the receipt to the authorized representative, if the authorization box on Part 2 of the form is checked, or if we have an Oregon POA form on file for a representative.

The executor may request a discharge from personal liability by completing the Oregon form Request for Discharge from Personal Liability for Oregon Estate Transfer Tax. This form may be filed with Form OR706 or after the return is filed. We’ll issue the discharge after we’ve accepted the return, completed processing the tax, and the tax is paid in full. You can download the discharge form at [www.oregon.gov/dor](http://www.oregon.gov/dor).

## **Part 6: Tax Table**

See Part 6 of Form OR706 for the tax table, computation instructions, and an example.



# Have questions? Need help?

## Internet

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

- Download forms, instructions, and publications.
- Check your refund status.
- Make payments.
- Find out how much you owe.

**Twitter:** ORrevenue

## E-mail

[estate.help.dor@state.or.us](mailto:estate.help.dor@state.or.us).

*This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only. We ask that professional tax preparers and attorneys research questions before contacting us.*

## Correspondence

Include the estate's BIN or the decedent's SSN and a daytime telephone number for faster service.

**Write to:** Estate Audit, Business Division, Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

## Phone

**Salem area or outside Oregon..... 503-378-4988**

**Toll-free from an Oregon prefix..... 1-800-356-4222**

- Check your refund status.
- Order forms, instructions, and publications.
- Listen to recorded information.
- Speak with a representative:

Monday–Friday .....7:30 a.m.–5 p.m.

*Closed Thursdays from 9–11 a.m. Closed holidays. Extended hours during tax season; wait times may vary.*

### Asistencia en español:

En Salem o fuera de Oregon ..... 503-378-4988

Gratis de prefijo de Oregon..... 1-800-356-4222

### TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon ..... 503-945-8617

Toll-free from an Oregon prefix..... 1-800-886-7204

**Americans with Disabilities Act (ADA):** Call one of the help numbers above for information in alternative formats.

<b>Form</b> <b>OR706</b> (147)	<b>Oregon</b> <b>Estate Transfer</b> <b>Tax Return</b>	<b>Year of Death</b> <b>2012</b>	<b>For office use only</b>	
			Date received	
			Payment	
			BIN	

**Part 1** (Please print or type.)

Decedent's first name, middle initial, and last name		, Estate		Decedent's Social Security number	
				- -	
Date of birth	Date of death	Decedent's domicile (legal residence)—City, County, State, Country		Year domicile established	
Is the estate being probated in Oregon? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If Yes— Oregon county: _____ <input type="checkbox"/> No <input checked="" type="checkbox"/> Oregon probate number: _____		<input type="checkbox"/> An extension of time to <b>file</b> is attached. <input type="checkbox"/> An extension of time to <b>pay</b> is attached. <input type="checkbox"/> This is an amended return. <input type="checkbox"/> A separate election is claimed.			

Executor's name		Executor's Social Security number		Executor's daytime telephone number	
		- -		( )	
Executor's mailing address			City	State	ZIP code

**Attach a copy of all required schedules and supporting documents.**

**Part 2—Tax computation** *Round all amounts to the nearest whole dollar.*

1. Total gross estate (from page 3, Part 5, line 512).....	1.	
2. Total allowable deductions (from page 3, Part 5, line 522).....	2.	
3. Taxable estate (line 1 minus line 2).....	3.	
4. Oregon estate tax (see page 3, Part 6).....	4.	
5. Gross value of property located in Oregon ..... ● 5.		
6. Oregon percentage (line 5 divided by line 1, round to four decimal places, no more than 100%) .....	6.	
7. Tax payable to Oregon (line 4 multiplied by line 6).....	7.	
8. Natural Resource Credit (from Schedule NRC, line 9)..... ● 8.		
9. Net estate tax (line 7 minus line 8)..... ● 9.		
10. Amount paid by original due date of return.....	10.	
11. Tax due (line 9 minus line 10) .....	11.	
12. Overpayment (line 10 minus line 9) .....	●12.	
13. Penalty for late filing or late payment (see instructions).....	13.	
14. Interest on late payment (see instructions).....	14.	
15. <b>Total due</b> (add lines 11, 13, and 14) .....	15.	
16. <b>Refund</b> (line 12 minus lines 13 and 14).....	16.	

**Signatures and authorization**

Under penalties of false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the executor, this declaration is based on all information of which the preparer has any knowledge.

Executor signature	Title	Executor's telephone no.	Executor's SSN or FEIN	Date
<b>X</b>			- -	
Executor signature	Title	Executor's telephone no.	Executor's SSN or FEIN	Date
<b>X</b>			- -	

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

Preparer's name (print)	Title	Telephone number	
		( )	
Preparer's mailing address	City	State	ZIP code
Signature of preparer			Date

Part 3—Elections by the executor

Check the "Yes" or "No" box for each question. See instructions.

- 1. Do you elect alternate valuation?
2. Do you elect special use valuation? Attach Schedule A-1
3. Do you elect to pay the taxes in installments?
4. Do you elect to postpone the part of the taxes attributable to a reversionary or remainder interest as described in Section 6163?

Part 4—General information

You must attach a copy of the death certificate, and all supporting documents. See instructions.

- 1. Marital status of the decedent at time of death:
2. a. Surviving spouse's/Oregon registered domestic partner's name:
b. Survivor's Social Security number:
c. Amount received (see instructions):

3a. Individuals (other than the surviving spouse/Oregon registered domestic partner), trusts, or other estates who receive benefits from the estate (do not include charitable beneficiaries shown in Schedule O) (see instructions). For Privacy Act Notice (applicable to individual beneficiaries only), see the instructions for Form 1040.

Table with 4 columns: Name of individual, trust, or estate receiving \$5,000 or more; Identifying number; Relationship to decedent; Amount (see instructions). Includes a Total row at the bottom.

Check the "Yes" or "No" box for each question.

- 4. Does the gross estate contain any Section 2044 property [qualified terminable interest property (QTIP) from a prior gift or estate]? (Schedule F)

If you answer "Yes" to any of questions 5-12, you must attach additional information as described in the instructions.

- 5. a. Was there any insurance on the decedent's life that is not included on the return as part of the gross estate?
b. Did the decedent own any insurance on the life of another that is not included in the gross estate?
6. Did the decedent at the time of death own any property as a joint tenant with right of survivorship...
7. a. Did the decedent, at the time of death, own any interest in a partnership or unincorporated business...
b. If yes, was the value of any interest owned...
8. Did the decedent make any transfer described in Section 2035, 2036, 2037, or 2038?
9. Were there in existence at the time of the decedent's death:
a. Any trusts created by the decedent during his or her lifetime?
b. Any trusts not created by the decedent under which the decedent possessed any power, beneficial interest, or trusteeship?
10. Did the decedent ever possess, exercise, or release any general power of appointment?
11. Was the decedent, immediately before death, receiving an annuity described in the "General" paragraph of the instructions for Schedule I?
12. Was the decedent ever the beneficiary of a trust for which a deduction was claimed by the estate of a pre-deceased spouse or Oregon registered domestic partner under Section 2056(b)(7) and which is not reported on this return? If "Yes," attach an explanation.

**Part 5—Recapitulation**

Round all amounts to the nearest whole dollar.

Gross Estate	● (a) Alternate value	(b) Value at date of death
501. Schedule A—Real estate..... ● 501.		
502. Schedule B—Stocks and bonds ..... ● 502.		
503. Schedule C—Mortgages, notes, and cash ..... ● 503.		
504. Schedule D—Insurance on the decedent’s life [attach Form(s) 712] ..... ● 504.		
505. Schedule E—Jointly owned property [attach Form(s) 712 for life insurance] ..... ● 505.		
506. Schedule F—Other miscellaneous property [attach Form(s) 712 for life insurance] .. ● 506.		
507. Schedule G—Transfers during decedent’s life [attach Form(s) 712 for life insurance] .... ● 507.		
508. Schedule H—Powers of appointment..... ● 508.		
509. Schedule I—Annuities ..... ● 509.		
510. Total gross estate (add lines 501 through 509)..... 510.		
511. Schedule U—Qualified conservation easement exclusion..... ● 511.		
512. <b>Total gross estate less exclusion</b> (line 510 minus line 511). Enter here and on part 2, line 1 ..... 512.		

Deductions	Amount
513. Schedule J—Funeral expenses and expense incurred in administering property subject to claims..... ● 513.	
514. Schedule K—Debts of the decedent..... ● 514.	
515. Schedule K—Mortgages and liens ..... ● 515.	
516. Total of lines 513 through 515 ..... 516.	
517. Allowable amount of deductions from line 516 (see instructions)..... ● 517.	
518. Schedule L—Net losses during administration ..... ● 518.	
519. Schedule L—Expenses incurred in administering property not subject to claims..... ● 519.	
520. Schedule M—Bequests, etc., to surviving spouse/Oregon registered domestic partner (see instructions) or Oregon Schedule OSMP..... ● 520.	
521. Schedule O—Charitable, public, and similar gifts and bequests..... ● 521.	
522. <b>Total deductions</b> (add lines 517 through 521) (Enter here and on part 2, line 2) ..... 522.	

**Part 6—Estate transfer tax table**

Compute your tax for Part 2 line 4 by applying the rates in the table below to the amount on Part 2, line 3 (taxable estate).

**Example:** The taxable estate, Part 2, line 3, is \$1,700,000.

Column 1, the taxable amount is at least but less than \$1,500,000.

Column 2, the taxable amount is less than \$2,500,000.

Column 3, tax on the amount in column 1 is \$50,000.

Column 4, tax rate of 10.25 percent; apply to the taxable estate amount which is more than the amount in column 1.

\$1,700,000 less \$1,500,000 = \$200,000 X 10.25 % = \$20,500 plus \$50,000 = \$70,500 total tax.

Enter your Oregon Estate Transfer Tax on Part 2, line 4.

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or more than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate on taxable estate amount more than the amount in column 1 (percent):
\$ 1,000,000	\$ 1,500,000	\$ 0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

**Attach a copy of all required schedules and supporting documents.**

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