Oregon 2011 Insurance Excise Tax
Form 20-INS Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes.

Reminder

If your registered corporation or insurance company isn't doing business in Oregon and has no Oregon-source income, then you don't need to file a corporation tax return.

Electronic filing

File corporate tax returns through the Federal/State E-Filing Program. With approved third party software, you can file returns, schedules, and federal returns in a single filing.

Instructions for corporate e-file: www.oregon.gov/dor/e-filing/Corp_handbook.shtml.

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

- Obtain tax forms and instructions.
- Get answers to common questions.
- Register for electronic funds transfer (EFT).
- Check out the Oregon Revenue Bulletins.

OREGON DEPARTMENT OF REVENUE

What's new?

Tie to federal tax law

In general, Oregon income tax law is based on federal income tax law.

With some exceptions, the 2011 Oregon Legislature reinstated a full rolling reconnect to federal taxable income, including:

- **Discharge of indebtedness** [IRC section 108(i)],
- **Bonus depreciation** [IRC section 168(k)], and
- **Expensing provisions** (IRC section 179). For tax years beginning on or after January 1, 2011, Oregon will have the same expensing limitations as federal.

For tax years beginning on or after January 1, 2011, Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans (IRC section 139A; ORS 317.401).
- **Domestic production** activities (QPAI) (IRC section 199; ORS 317.398).

Important: The disconnect from federal law for tax years 2009 and 2010 may have disallowed additional expenses on your Oregon return. If so, this will create modifications to compute Oregon taxable income in later years.

Any assets placed in service for a year beginning on or after January 1, 2009, and before January 1, 2011, that created an addition on your Oregon return will require a modification to income. Also, if you deferred reporting for federal purposes [IRC section 108(i)] and reported the income for Oregon purposes in the year of cancellation, then you may have an Oregon subtraction in the year you report the federal income.

Oregon tax rate change

For tax years beginning January 1, 2011 and before January 1, 2013, corporations calculate Oregon tax as follows:

- If Oregon taxable income is $250,000 or less, multiply Oregon taxable income by 6.6 percent. Enter -0- if the result is a negative number or zero.
- If Oregon taxable income is more than $250,000, multiply the amount that is more than $250,000 by 7.6 percent, and add $16,500.

Business energy tax credit (BETC) changes

The BETC has a new name. It's now called **energy manufacturing facility credit**. The Oregon Business Development Department (OBDD) administers and certifies the credit. Claim the credit on line 25 of your Form 20-INS, as "other credits" on the corporate form.

To claim the existing BETC for renewable and conservation projects, the Oregon Department of Energy must receive a preliminary certification before July 1, 2011. The existing BETC is referred to as the business energy credit and is claimed on line 25 of your Form 20-INS, as "other credits" on the corporate form.

After July 1, 2011, the BETC is replaced with three energy credits:

- The **Renewable energy contribution credit**, claimed on line 25 of your Form 20-INS, as "other credits" on the corporate form;
- The **Energy conservation project credit**, claimed on line 25 of your Form 20-INS, as "other credits" on the corporate form; and
- The **Energy transportation project credit**, claimed on line 25 of your Form 20-INS , as "other credits" on the corporate form.

The Oregon Department of Energy certifies these new energy credits.

For tax years beginning on or after January 1, 2009, grants received from the federal government in connection with a facility certified by the Oregon Department of Energy will reduce the total costs—not the certified costs—of the facility on a dollar-for-dollar basis.

Looking ahead

Oregon tax rate change beginning 2013

For tax years beginning January 1, 2013 and later, corporations calculate Oregon tax as follows:

- If Oregon taxable income is $10 million or less, multiply Oregon taxable income by 6.6%. Enter -0- if the result is negative or zero.
- If Oregon taxable income is more than $10 million, multiply the amount that is more than $10 million by 7.6 percent, and add $660,000.

Qualified equity investment tax credit

For qualified investments made on or after July 1, 2012, and before July 1, 2016, a tax credit is allowed for qualified equity investments in low-income community businesses. The credit is certified by the Oregon Business Development Department and shall equal 39 percent of the cost of a qualified equity investment.

Qualified research activities credit

For tax years beginning on or after January 1, 2012, the maximum credit amount that can be claimed under ORS 317.152 or ORS 317.154 is reduced from $2 million to $1 million.

Biomass production or collection credit

For tax years beginning on or after January 1, 2012, woody biomass is measured by its dry weight. For tax years beginning before January 1, 2012, woody biomass is measured by its wet (green) weight.

Tax credit sunsets

Beginning January 1, 2012, these tax credits are not available except for prior year carryovers:

- Water Transit Vessel Manufacturing Credit, ORS 315.517.
- Crop Donation, ORS 315.156.
- Voluntary Removal of Riparian Lands Removed From Farm Production Credit, ORS 315.113.
- Diesel Engine Repower or Retrofit Credit, note following ORS 315.356.
- Alternative Fuel Vehicle Stations Credit, ORS 317.115.
- Lender's Credit: Energy Conservation, ORS 317.112.
- Reforestation Credit, ORS 315.104.
- Workers' Compensation Assessments Credit (insurers), subsection (2) ORS 317.122.

Estimated tax payments

Requirements

Oregon estimated tax laws are not the same as federal estimated tax laws. You must make estimated tax payments if you expect to owe tax of $500 or more with your return. This includes Oregon's minimum tax. This requirement also applies if you are an S corporation paying tax on income from built-in gains or excess passive investment income.

If you don't make estimated payments as required, you may be subject to interest on underpayment of estimated tax (UND). If you have an underpayment, refer to Form 37, *Underpayment of Oregon Corporation Estimated Tax,* 150-102-037.

Payment due dates

Estimated tax payments are due quarterly, as follows:

- **Calendar year filers:** April 15, June 15, September 15, and December 15.
- If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

Payment options

Estimated payments may be made by electronic funds transfer (EFT) or by mail. EFT reduces expenses and ensures accuracy. See www.oregon.gov/dor/e-filing.

EFT payments for corporation estimated taxes must be made using our EFT program. This program allows payments to be initiated by touch-tone telephone, a secure internet site, or through your financial organization. If you pay by EFT, **do not** send Form 20-V payment voucher.

You must make your Oregon estimated payments by EFT if you are required to make your federal estimated payments by EFT. The department may grant a waiver from participation in the EFT program if you would be disadvantaged by the requirement. (OAR 150-314.518)

If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate on a voluntary basis.

A business is required to have an authorization agreement filed with the department before it can start initiating EFT payments. The EFT help/message phone number is 503-947-2017.

Mail. If paying by mail, send each payment with a Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions,* 150-102-172.

Worksheet to calculate Oregon estimated tax

(Keep for your records—do not file with payment.)

1. Oregon net income expected in upcoming tax year.	1. ______________
2. Tax on Oregon net income (see tax rate tables on page 8 for corporation tax rate and minimum tax).	2. ______________
3. Subtract tax credits allowable in upcoming tax year. Tax credits cannot be used to reduce minimum excise tax.	3. ______________
4. Net tax (line 2 minus line 3).	4. ______________
If the amount on line 4 is less than $500, **stop.** You don't have to make estimated tax payments. **Caution: If your final tax liability when you file your return is $500 or more, you may be subject to interest on UND.**	
5. Amount of each payment. (Divide line 4 by the number of payments you need to make. This is usually 4.)	5. ______________

If your expected net tax changes during the year, divide the amended net tax amount by the number of required payments (usually four) to determine the correct amount of each required installment.

To avoid additional charges for interest on the underpayment of estimated tax (UND), you must pay the amount of any prior underpayment plus the amount of the current required installment. [OAR 150-314.515(2)]

Example: During the year, Corporation A's expected net tax increased from $2,000 to $6,000. Corporation A made timely first and second quarter estimated payments of $500 before its expected net tax increased.

Corporation A's correct amount of each required installment is $1,500. Because of its increased net tax, Corporation A will be subject to UND charges for the first and second quarters. To avoid UND charges for the third and fourth quarters, Corporation A must make a timely third-quarter estimated payment of $3,500* and a timely fourth quarter payment of $1,500.

*$1,000 for the first-quarter underpayment, plus $1,000 for the second-quarter underpayment, plus $1,500 for the required third-quarter installment equals $3,500.

For more information, see Oregon statutes (ORS) and rules (OAR) concerning underpayment of estimated tax, Chapter 314 [ORS 314.525, OAR 150-314.525(1)-(A), 150-314.525(1)-(B), 150-314.525(1)(c)-(A), 150-314.525(1)(d), 150-314.525(2)-(A), and 150-314.525(2)-(B)].

Filing information

Who must file with Oregon?

Foreign and domestic insurance companies, including home warranty companies (but not title insurers), that are doing business in Oregon, or with income from an Oregon source, are required to file.

Provisions regarding this tax can be found in ORS Chapter 317 in 317.010(11), 317.122, and 317.650–317.665.

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

What form do I use?

Foreign and domestic insurance companies, including home warranty companies, are required to file Form 20-INS. Title insurers are not required to file a Form 20-INS. They file Form 20.

Insurance companies must file a Form 20-INS if they are doing business in Oregon. Insurance companies with agents in this state whose only activity is solicitation are also subject to the excise tax. Companies having income from an Oregon source, such as premiums from existing policy holders, are doing business in Oregon and must file Form 20-INS. Form 20-INS filers are subject to the minimum tax.

Companies registered with the Insurance Division to do business in Oregon, but don't actually do business in the state during the tax year, and don't have Oregon source income, are not required to file Oregon Form 20-INS and are not subject to the minimum tax.

Filing requirements

Annual statement. Form 20-INS is not based on the federal return. This form begins with "Net income from the annual statement to the insurance commissioner."

Tax year. All insurance companies required to file an *Oregon Insurance Excise Tax Return* must file on a calendar year basis and are subject to the minimum tax.

Consolidated and separate returns. Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a separate basis. Unitary domestic insurance companies (incorporated in Oregon) not controlled by foreign insurers incorporated outside of Oregon must file consolidated returns if they were included in consolidated federal returns. An inter-insurance and reciprocal exchange and its attorney-in-fact may file consolidated returns.

Exempt

Surplus lines insurance companies and fraternal benefit societies are not subject to the excise tax if exempt under IRC 501(c)(8).

E-file

If you're required to e-file with the IRS, you're also required to e-file for Oregon. We accept calendar year, fiscal year, short year, and amended electronic corporation tax returns utilizing the IRS Modernized e-file platform (MeF). Beginning January 2012, we'll accept e-filed returns for tax year 2011, and will continue accepting returns for 2010 and 2009.

For more information, visit
www.oregon.gov/dor/eserv/Corp_handbook.shtml.

Federal and Insurance Division audit changes

You must notify us if the IRS changes your federal return or the Insurance Division changes your Fire Marshal tax, or retaliatory tax for any tax year and the change affects your computation of Oregon excise tax. If so, you must file a 20-INS checking the "Amended" box and attach a copy of the federal or Insurance Division audit report. Mail this separately from your current year's return to:

Oregon Department of Revenue
PO Box 14777
Salem OR 97309-0960

If you do not amend or send a copy of the federal or other state audit report, we have two years from the date we are notified of the change by the IRS to issue a deficiency notice. You **must** file within two years after the date of the federal or other state audit report to receive a refund.

Amended returns and protective claims

If you change taxable income by amending your federal return or your annual statement, you must file an amended Oregon return within **90 days.**

Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Oregon doesn't have a different amended return form. Use the form for the tax year you are amending and check the **"Amended"** box.

Due to processing constraints, please do not make payments for amended returns with EFT (Electronic Funds

Transfer). We can accept check or money order attached to your amended return. Make sure to write "Amended" on the payment itself. You must also include a completed Form 20-V with the "Amended" box checked.

If check or money order is not clearly marked as "Amended payment" our system will apply the payment to your account before the return is processed causing an automatic refund that could result in additional penalty and interest.

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

On the **estimated tax payments** line on your Form 20-INS amended, enter the net excise tax per the original return or as previously adjusted. Do not include any penalty or interest portions of payments already made.

Pay all tax and interest due when you file an amended return or within 30 days after receiving a billing notice from the department to avoid being charged a 5 percent late payment penalty.

If paying additional tax with your amended return, you must include interest with your payment. Interest is figured from the day after the due date of your original return up to the day your full payment is received by the department. See interest rates on page 10.

An amended return may be filed as a protective claim to extend the statute of limitations for a refund request for a tax year while an issue is being litigated. Check the **"Amended"** box and write the words **"Protective claim for refund"** at the top. We'll also accept a written letter in place of an amended return. Include the same information in the letter as is required on an amended return. We'll hold your protective claim until you notify us the litigation has been completed.

Note: If a deficiency is assessed against any taxpayer, because of a retroactive adoption of federal law changes, we will cancel any penalty or interest pertaining to the changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, we will not pay interest.

Incorporated in Oregon

Unitary domestic insurance companies (incorporated in Oregon), not controlled by foreign insurers incorporated outside of Oregon, must file **consolidated** returns if they were included in consolidated federal returns. An interinsurance and reciprocal exchange and its attorney-in-fact may file consolidated returns. Foreign insurers and domestic insurers controlled by foreign insurers are required to file insurance excise tax returns on a **separate** basis.

Due date of return

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

Extensions

See the instructions for the extension checkbox below.

Important information to correctly process your return

- **Payments.** Please write the following information on your payments:

  — FEIN.
  — BIN.
  — Tax year 2011.
  — Daytime telephone number.

- Enclose your payment and payment voucher, Form 20-V with your Oregon return. Do not staple your payment or your voucher to the tax return.

Estimated payments. Please identify all estimated payments claimed by completing Schedule ES on your return.

Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

BIN. Oregon identifies each corporation using a BIN assigned by the department.

You have a BIN if you have made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for excise, or income tax payments. **If you do not have a BIN, one will be assigned when your return is received.**

Assembling and submitting returns

Submit your Oregon tax return forms in the following order:

1. Form 20-INS;
2. Schedule AP, *Apportionment of Income for Corporations and Partnerships;*
3. Schedule AF, *Schedule of Affiliates;*
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax;*
5. Other Oregon statements;
6. Oregon credit forms including notice of credit transfers;
7. Form 7004, Federal extension.

Tax-due returns, mail to:

Oregon Department of Revenue
PO Box 14790
Salem OR 97309-0470

Refunds or no tax-due returns, mail to:

Oregon Department of Revenue
PO Box 14777
Salem OR 97309-0960

Form instructions

Name

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation is not doing business in Oregon, file the return in the name of the member of the group having the greatest presence in Oregon. "Having the greatest presence" means the member that has the largest Oregon property value as determined under ORS 314.655 (see Schedule AP-1).

Enter the **FEIN** and **BIN** of the corporation named as the filer on the consolidated Oregon return.

Extension checkbox

Oregon honors extensions for filing your federal return

Note: It's very important to mark the extension box at the top of your Oregon return.

If you have a federal extension, the Oregon due date becomes the 15th day of the month following the federal extension's due date. You don't need to send the federal extension to Oregon until you file your Oregon return. Check the "Extension" box on your Oregon return and include your federal extension when you file.

If you need an extension for Oregon only, answer question 1 on federal Form 7004, write "For Oregon only" at the top, check the "Extension" box on your Oregon return and attach the federal form when you file.

To avoid penalty and interest, mail any tax due with Form 20-V on or before the original due date of your return. More time to file doesn't mean more time to pay your tax.

Form 37 checkbox

If you have an underpayment, you must include a completed Form 37 and check the "Form 37" box in the header of your return.

Use Form 37 to:

- Calculate the amount of underpayment of estimated tax;
- Compute the amount of interest you owe on the underpayment; or
- Show you meet an exception to the payment of interest.

Amended checkbox

Check the "Amended" box if this is an amended return.

Questions

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

Foreign insurers and domestic insurers controlled by foreign insurers are not allowed to file consolidated returns and should omit questions E and F.

Question E(1). If you checked the box, attach a list of the corporations included in your consolidated federal return.

Question E(2). If you checked the box, complete Schedule AF, *Schedule of Affiliates* (found with forms 20, 20-I, and 20-INS), by listing the corporations included in your consolidated Oregon return that:

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

Question E(3). If you checked the box, attach a list of corporations included in your consolidated federal return that are not included in this Oregon return. List each corporation's name, Oregon BIN (if any), and FEIN.

Question F. A "low-income taxpayer" is one that did not have federal taxable income, before net operating loss and capital loss carryovers and carrybacks of $1 million or more in any one of the last three tax years, not including the current year.

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

Question L. If you are subject to apportionment, Oregon sales is the amount of Oregon total insurance sales entered on Schedule AP-1, line 21, column (A). If you are not subject to apportionment, compute your Oregon sales as if you were subject to apportionment, using Schedule AP-1, lines 18 through 20, column (A). See the instructions for the insurance sales factor.

Line instructions

Line 2. Income, expenses, and other items attributable to separate accounts. Enter amount from "Summary of Operations," page 4, lines 5 and 8.1 of the annual statement for life insurance companies.

Line 5. Underwriting profit derived from wet marine and transportation insurance. Enter amount from "Part II Allocation to Lines of Business Net of Reinsurance," page Supp 6, lines 8 and 9, column 41, of the P&C annual statement.

Additions

Line 8. Federal income taxes. Add the amount of federal income taxes deducted in computing net income from operations. If a net refund of federal tax is shown on the annual statement (due to an excess of refund for a prior year over current year net tax), enter a negative figure.

- Life companies: Annual statement, amount included in "Summary of Operations," page 4, line 32, plus the tax on capital gain that was netted out of the amount from the annual statement, included in "Summary of Operations," page 4, line 34.
- P&C companies: Use tax on ordinary income from the annual statement, included in "Statement of Income," page 4, line 19.

Line 9. State income taxes (all jurisdictions). Include only the amount of state income taxes included in the following amounts on the annual statement.

- Life companies: Annual statement, included in "General Expenses," page 11, exhibit 3, lines 4 and 6, column 5.
- P&C companies: Annual statement, included in "underwriting and Investment Exhibit," page 11, lines 20.1 and 20.4.

Line 10. Penalty interest on prepayment of loans. Add any amounts not already included in the computation of net income on the annual statement.

Line 11. Realized gains and losses. Add realized gains and losses on sales or exchanges of assets, including non-admitted assets, that were not included in net income from operations. Enter net realized losses as a negative amount.

Line 12. Decreases in certain reserves. These are changes that have not been included in the computation of net income from operations. Add **decreases in mandatory reserves** that the insurer is required to maintain by law or by rules or directives of the director of the Department of Consumer and Business Services, **other than** decreases that (a) are deducted in arriving at the insurer's net gain from operations, or (b) result from net gains or losses, realized or unrealized, in the value of the insurer's property and investments.

- Life companies: Annual statement, "Summary of Operations," page 4, line 44.
  - — Also add **decreases in reserves for policies and obligations outstanding** before the beginning of the taxable year resulting from changes in the basis and methods of computing such reserves that are justified by accounting and actuarial practices applicable to or accepted by the insurance industry. Such practices are commonly known as "reserve strengthening" or "reserve weakening."
- Life companies: Annual statement, "Summary of Operations," page 4, line 43.
- P&C companies: Annual statement, "Statement of Income," page 4, line 37.

Subtractions

Line 15. Amortization of past service credits. Subtract the amortized portion of contribution for past service credits made to qualified plans and exempt employee trusts. The subtraction is for amounts not deducted in the computation of net gain from operations in the annual statement. There is no explicit item in the annual statement.

- P&C and life companies: See note(s) in the NAIC annual statement about retirement plans.

Line 16. Increases in certain reserves. Subtract increases in reserves described in the instructions for additions.

Line 17. Depreciation. Subtract, if you choose for Oregon excise tax purposes, additional or accelerated depreciation on real and personal property that is in excess of the depreciation used in computing net gain from operations. You may elect to use any accelerated depreciation method allowable for federal corporation income tax purposes.

Line 20. Net loss deductions

Net loss deduction

- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- Enter the deduction on **line 20 if taxable only by Oregon.**
- Enter the deduction on Schedule AP-2, **line 10a if taxable both in Oregon and another state.**
- Domestic Oregon insurers may carry net losses occurring in tax years starting on or after January 1, 1987 forward, up to 15 years.
- Foreign insurers may carry net losses occurring in tax years starting on or after January 1, 1997 forward, up to 15 years.
- Oregon does **not** allow net losses to be carried back.
- The total net loss deduction on a consolidated Oregon return is the sum of the net losses available to each of the corporations subject to the limitations in OAR 150-317.476(4). (ORS 317.665)

Tax calculation

Line 22. Excise tax calculation. Don't enter minimum tax on this line.

Determine your calculated tax as follows:

Is Oregon taxable income $250,000 or less? If so, multiply Oregon taxable income by 6.6% and enter the result. Enter -0- if the result is negative or zero.

Is Oregon taxable income greater than $250,000? If so, multiply the amount that is greater than $250,000 by 7.6% and add $16,500. Enter the result.

Line 23. Tax adjustment for interest on certain installment sales. If you owe interest on deferred tax liabilities with respect to an installment obligation under ORS

314.302, indicate the amount on this line. Attach a schedule showing how you figured the interest.

Credits and offsets

Taxpayers must take the full amount of a credit allowed per year (ORS 314.078). Credits can't be used to offset minimum excise tax.

Credits against the excise tax **must** be claimed in the following order: other credits, workers' compensation credit, and fire insurance premiums tax credit. These credits are subtracted from the excise tax. The remaining tax is then reduced by the Oregon Life and Health Insurance Guaranty Association (OLHIGA) offset.

For more information about credits, including links to certifying agencies and forms, visit www.oregon.gov/dor/business/corp-tax-credits-2011.shtml.

Line 25. Other credits.

- Business energy.
- Child Care Division and community agency contributions.
- Claim of right.
- Contribution of computers or scientific equipment for research.
- Diesel engine replacement.
- Diesel engine repower or retrofit.
- Electronic commerce in designated enterprise zone or city.
- Employee and dependent scholarship program payments.
- Energy conservation project.
- Energy transportation project.
- Energy manufacturing facility.
- Film production development contributions.
- First break program.
- Individual development accounts.
- Long-term care insurance.
- Mile-based or time-based motor vehicle insurance.
- OLHIGA (Oregon Life and Health Insurance Guaranty Association) offset.
- Renewable energy contribution.
- Reservation enterprise zone.
- Trust for cultural development account contributions.

Line 26. Workers' compensation tax. Lesser of the premium assessment to fund operations of the Oregon Insurance Division or the excise tax on the profit attributable to the workers' compensation line of business.

Excise tax: Calculated or minimum

Line 30. Excise tax after credits and offsets. Oregon excise tax is the greater of computed tax from Calculated Tax table or Minimum Tax table.

Note: Corporations and partnerships that are not doing business in Oregon are not subject to the minimum tax.

Tax rates for tax year 2011 and 2012

Calculated tax table

Oregon taxable income	*Tax rate*
$250,000 or less	6.6%
$250,001 or more	$16,500 plus 7.6% of the amount over $250,000

Minimum tax table

Oregon sales of filing group (see definitions below)	*Minimum tax*
under $500,000	$150
$500,000 to $999,999	500
$1,000,000 to $1,999,999	1,000
$2,000,000 to $2,999,999	1,500
$3,000,000 to $4,999,999	2,000
$5,000,000 to $6,999,999	4,000
$7,000,000 to $9,999,999	7,500
$10,000,000 to $24,999,999	15,000
$25,000,000 to $49,999,999	30,000
$50,000,000 to $74,999,999	50,000
$75,000,000 to $99,999,999	75,000
$100,000,000 and above	100,000

The minimum tax for C corporations doing business in Oregon is based on Oregon sales.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return.
- Consolidated filers: one minimum tax applies to the affiliated group filing the consolidated return, not to each individual affiliate included in the consolidated return doing business in Oregon.
- The minimum tax is not apportionable for a short tax year (except a change of accounting period).
- The minimum tax is payable in full for any part of the year during which a taxpayer is subject to tax.
- Oregon follows the federal entity classification regulations. If an entity is classified or taxed as a corporation for federal income tax purposes, it will be treated as a corporation for Oregon tax purposes.

Nonapportioned returns

Domestic insurance companies doing business only within Oregon can calculate Oregon sales by adding the following:

- Direct premiums;
- Annuity considerations;
- Finance and service charge.

Apportioned returns

C corporations and insurance companies doing business in more than one state that apportion business income for Oregon tax purposes, use the Oregon sales amount from Line 21(a) on Schedule AP.

Note: Computed tax may be reduced by certain tax credits, but not below the minimum tax as outlined above and in ORS 317.090. The minimum tax is the least tax to be paid by a corporation required to file an excise tax return.

Payments, penalty, interest, and UND

Line 31. Estimated tax and prepayments

Schedule ES—Estimated tax payments or other prepayments. Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form 20-V. Also include any refund applied from your previous year's tax return or an Oregon amended return on line 5. List name and FEIN of payer only if different from corporation filing this return. On line 6, enter payments made with your extension or other prepayments.

Claim of right credit. A claim of right exists when you are taxed on income and later find you have no right to that income and must repay it. Oregon allows a claim of right credit if your federal tax liability is computed under IRC 1341(a). See OAR 150-315.068 for more information on computing the credit.

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

Total. On line 8, enter the total of lines 1 through 7, then carry total to Form 20-INS, line 31.

Line 32. Withholding payments

If taxes were paid on the corporation's behalf, enter the amount on line 32.

Beginning with transactions occurring on or after January 1, 2008, there is a requirement to withhold tax from the proceeds of sales of Oregon real property by nonresidents. This applies to individual nonresidents as well as C corporations that are not doing business in Oregon. The amount to be withheld is the least of three amounts:

- 4 percent of the consideration (sales price);
- 4 percent of the net proceeds (amount dispersed to the seller); or
- 10 percent of the gain that is includible in Oregon taxable income for the year.

Withholding is not required if one of the following requirements is met:

- The consideration for the real property does not exceed $100,000;
- The property is acquired through foreclosure;
- The transferor (owner) is a resident of Oregon—or if a C corporation—has a permanent place of business in this state; or
- The transferor receives professional advice that the transfer will not result in Oregon taxable income.

See instructions for Oregon Form OR-18, *Withholding on Real Property Conveyances,* 150-101-183, or OAR 150-314.258 for more information.

Pass-through entity withholding requirement. A pass-through entity (S corporation, partnership, or LLC treated as a partnership) with one or more nonresident owners that have no other Oregon-source income are required to withhold tax on the nonresident owner's distributive share of income.

The requirement is waived if the nonresident owner makes an election to join in the filing of a composite return, sends the department a signed *Oregon Affidavit for a Nonresident Owner in a Pass-through Entity,* or meets another exception listed in OAR 150-314.775. See instructions for Oregon Form OR-19, *Pass-Through Entity Withholding, 150-101-182,* for more information.

Line 35. Penalties. To avoid penalty and interest, you must mail any tax payment owed and your tax return or extension request by the original due date of the tax return.

Use Form 20-V, 150-102-172, to mail tax, penalties, and interest payments, if you mail it separately from your tax return.

5 percent failure-to-pay penalty

Include a penalty payment of 5 percent of your unpaid tax if you don't pay by the original due date, even if you have an extension of time to file.

Exception: You will not be charged the 5 percent failure-to-pay penalty if you meet all of the following requirements:

- You have a valid federal or Oregon extension, and
- You pay at least 90 percent of your tax after credits by the original due date of the return, and
- You file your return within the extension period, and
- You pay the balance of tax due when you file your return, and
- You pay the interest on the balance of tax due when you file your return or within 30 days of the date of the bill you receive from us.

If you file with a valid extension but did not pay 90 percent of your tax by the original due date, you will be charged the 5 percent failure-to-pay penalty.

20 percent failure-to-file penalty

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

100 percent late pay and late filing penalty

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

Line 36. Interest

- You must pay interest on unpaid taxes if you don't pay the tax balance by the original filing due date.
- An interest period is each full month, starting with the day after the due date of the original return. For example, April 16 through May 15 is one full interest period.
- Interest is figured daily for a fraction of a month, based on a 365-day year.
- Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment.
- Even if you get an extension to file, you still owe interest if you pay after the return's original due date.
- If you file an amended return and have tax to pay, we will charge interest starting the day after the due date of the original return until the date you pay in full.
- If your taxable income is changed because of a federal or state audit and you owe more tax, we will charge interest from the due date of the original return to the date you pay in full.

To calculate interest:

Tax × Annual interest rate × Number of full years.
Tax × Monthly interest rate × Number of full months.
Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annually	Monthly	Daily
January 1, 2012	5%	0.4167%	0.0137%
January 1, 2011	5%	0.4167%	0.0137%
January 1, 2010	5%	0.4167%	0.0137%

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

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

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

Line 37. Interest on underpayment of Oregon corporate estimated taxes (UND)

You must make quarterly estimated tax payments if you expect to owe $500 or more with your return. This includes Oregon's minimum tax. Oregon charges UND if:

- The quarterly payment is less than the amount due for that quarter; or
- We receive the quarterly payment after that quarter's due date; or
- No quarterly payments are made during the year and the final tax debt is $500 or more.

Use Form 37, *Underpayment of Oregon Corporation Estimated Tax*, 150-102-037, to:

- Calculate the amount of underpayment of estimated tax;
- Compute the interest you owe on the underpayment; or
- Show you meet an exception to the payment of interest.

If you have an underpayment, attach Form 37—with the "Form 37" box checked—to your tax return, and file them before the due date of the return.

If your current year corporation tax liability, including the minimum tax, is less than $500, you don't need to make estimated payments. Don't complete this form. However, this provision does not apply to a high-income taxpayer. A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of $1 million or more in any one of the last three years, not including the current year.

Line 39. Total due

Make your check or money order payable to: Oregon Department of Revenue. Please write on your check:

- FEIN.
- BIN.
- 2011 tax.
- Daytime telephone number.

Mail your check or money order to:

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

Note:

- Don't send cash or postdated checks.
- Don't use red or purple ink, or gel pens of any color.
- If you're making an extension payment, estimated payment, or amended payment, you must include a completed Form 20-V with your payment.

Special instructions

- If you owe penalty or interest and have an overpayment on line 34, and your overpayment is less than total penalty and interest, then
- Fill in the result of line 38 minus line 34, on line 39.

Schedule AF instructions

If you file a consolidated Oregon return and have more than one affiliate doing business in Oregon or with Oregon-source income, you **must** complete Schedule AF and submit it with your Oregon return.

List on Schedule AF **only** those affiliates doing business in Oregon, or with Oregon-source income, that are included in the Oregon consolidated return.

Please report the following on Schedule AF:

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

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