

### New information

**New federal deductions.** You may be able to claim the same deductions for tip income, overtime wages, and passenger vehicle loan interest that you're claiming on your federal return.

**Form OR-40 filers:** Claim the amount of your federal deductions as subtractions on Schedule OR-ASC.

**Form OR-40-N and Form OR-40-P filers:** Claim the deductions as modifications on Schedule OR-ASC-NP, with these limitations for **Form OR-40-N filers only:**

- Limit the deduction for tip income to tips received while physically working in Oregon or from a business owned and operated within Oregon. This deduction isn't multiplied by your Oregon percentage.
- Limit the deduction for the overtime portion of wages to overtime wages you earned while physically working within Oregon. This deduction isn't multiplied by your Oregon percentage.

The deduction for interest you paid on a qualifying passenger vehicle loan is a modification that is prorated by your Oregon percentage.

**New section.** A new section has been added to this schedule. Section E, "Modifications not multiplied by Oregon percentage," is for nonresidents who are claiming a federal deduction for tip income or overtime wages. The new section is also used by nonresidents who are claiming the deduction for charitable art object donations.

**Paid Leave Oregon benefits.** Based on IRS guidance regarding paid family and medical leave programs, the subtraction for certain Paid Leave Oregon benefits is no longer available.

**First-time home buyer savings account (FTHBSA) subtraction.** Beginning January 1, 2025, FTHBSAs can be opened to save for a designated beneficiary. Account holders must also complete Form OR-HOME when opening a new FTHBSA. For subtraction limits and eligibility requirements, see 2025 Form OR-HOME Instructions.

### General instructions

Use the schedule that matches the return form you're filing to identify adjustments, additions, subtractions, modifications, and credits.

- Form OR-40 filers: Use Schedule OR-ASC.
- Form OR-40-N and Form OR-40-P filers: Use Schedule OR-ASC-NP.

Include the schedule when you file your return.

If your schedule has more than one page, be sure that you have included all pages and that they are all from the same tax year. For example, if you are filing Schedule OR-ASC, in the top left corner of the form it will say "2025 Schedule OR-ASC" and how many pages are in that form. Double check that you have included all pages and that all pages are for the tax year you are filing.

**Note for Schedule OR-ASC-NP filers:** Just as it is on your nonresident or part-year resident return, the federal column is where you enter amounts that would be reported on your Oregon return if you were a full-year resident. The Oregon column is for reporting amounts for the part of the year you were a resident or had income from Oregon sources when you were a nonresident.

**Not enough room?** Use extra copies of the schedule if you need more space, and enter only the total(s) of the schedule(s) on your return. **Include any extra copies of the schedule when you file your return.**

Round all cents to the nearest dollar. For example, \$99.49 becomes \$99, and \$99.50 becomes \$100.

**Codes.** Every item entered on the schedule must be identified with a numerical code. A list of these can be found in Publication OR-CODES, which you can download from our website or contact us to order. If you're using the same code for several amounts (other than code 802 or 815, for income taxes paid to other states), total the amounts and enter the **code only once.**

### Section instructions

Follow the instructions below for completing each section of the schedule. Explanations are provided for some items that are commonly claimed by many taxpayers. For more details about these or other items, refer to Publication OR-17.

**Note: The Adjustments and Modifications sections don't apply to Schedule OR-ASC, they only apply to Schedule OR-ASC-NP.**

### Adjustments (codes 001–099)

#### Schedule OR-ASC-NP filers only: Section A

Adjustments claimed on your federal return reduce your federal taxable income. For detailed information, see "Adjustments" in Publication OR-17.

- Step 1: Enter adjustments you claimed on your federal return that aren't listed on Form OR-40-N or Form OR-40-P. Enter the code, the federal amount, and the Oregon amount for each adjustment. Use each code only once.

Step 2: Enter the totals for the federal and Oregon columns on Form OR-40-N or Form OR-40-P, lines 27F and 27S.

## Additions (codes 100–199)

### Schedule OR-ASC: Section A

### Schedule OR-ASC-NP: Section B

Additions are items the federal government doesn't tax but Oregon does. For detailed information, see "Additions" in Publication OR-17.

Step 1: **Schedule OR-ASC:** Enter the code and the amount of each addition in Section A.

**Schedule OR-ASC-NP:** Enter the code, the federal amount, and the Oregon amount for each addition in Section B. The federal and Oregon amounts may be different.

**Use each code only once.**

Step 2: Enter these total(s) on Form OR-40, line 8; Form OR-40-N or Form OR-40-P, lines 30F and 30S.

## Subtractions (codes 300–399)

### Schedule OR-ASC: Section B

### Schedule OR-ASC-NP: Section C

Subtractions are items the federal government taxes but Oregon doesn't. Some commonly claimed subtractions are explained below. **Note:** You can only subtract amounts that are included in your Oregon income. Amounts that aren't included in your Oregon income can't be subtracted. For detailed information, see "Subtractions" in Publication OR-17.

Step 1: **Schedule OR-ASC:** Enter the code and the amount of each subtraction in Section B.

**Schedule OR-ASC-NP:** Enter the code, the federal amount, and the Oregon amount for each subtraction that isn't listed on the return in Section C. The federal and Oregon amounts may be different, but the amount in the Oregon column can't be more than the amount in the federal column.

**Use each code only once.**

Step 2: Enter the total(s) on Form OR-40, line 13; Form OR-40-N or Form OR-40-P, lines 33F and 33S.

### Interest and dividends on U.S. bonds and notes [code 315].

Subtract interest and dividends from qualifying U.S. bonds reported on your federal return, such as interest from U.S. Series EE and I Bonds. See this topic under "Subtractions" in Publication OR-17 for a complete list of qualifying bonds and notes.

### Schedule OR-ASC-NP filers:

*Federal column.* Enter qualifying interest or dividends that you reported on line 8F or 9F of the federal column on your return.

*Oregon column.* Enter qualifying interest or dividends that you reported on line 8S or 9S of the Oregon column of your return.

**Oregon income tax refund [code 325 , Schedule OR-ASC-NP filers only].** This subtraction is for Oregon state income tax refunds only. Do not include local, county, or other states' tax refunds.

**Schedule OR-ASC filers:** This subtraction is reported on line 12 of Form OR-40, not on this schedule.

### Schedule OR-ASC-NP filers:

*Federal column.* Enter your Oregon state income tax refund only if you included it on line 10F of the federal column on your return.

*Oregon column.* Enter your Oregon state income tax refund only if you included it on line 10S of the Oregon column on your return.

**Special Oregon medical subtraction [code 351].** You may qualify for the special Oregon medical subtraction if:

- You or your spouse turned age 66 by the end of the tax year;
- Your federal AGI isn't more than \$200,000 (\$100,000 if your filing status is single or married filing separately); and
- You or your spouse have qualifying medical or dental expenses.

Medical or dental expenses qualify if they can be included in itemized deductions. Refer to IRS Publication 502 to see which expenses qualify.

You can't subtract expenses:

- For anyone under age 66;
- For dependents, regardless of their age; or
- That are deducted elsewhere on your return.

If you qualify, use the **Special Oregon medical subtraction worksheet** and the limits in Table 1 to determine the amount of your subtraction.

**Shared expenses.** Did you have medical expenses or dental expenses for more than one person? If so, you must determine which expenses belong to each qualifying taxpayer. Start by totaling all expenses for each qualifying taxpayer. If you have expenses that are for more than one person, such as insurance premiums, split the expense by the most reasonable method. For example, two qualifying taxpayers filing jointly who paid \$4,000 in insurance premiums during the year could split the expenses in half, or \$2,000 each. For more information and examples, see "Special Oregon medical" under "Subtractions" in Publication OR-17.

### Special Oregon medical subtraction worksheet instructions

For worksheet lines 1 through 7, complete column (A) for yourself first, then complete column (B) for your spouse.

**Line 1: Medical and dental expenses for each taxpayer—** Enter each person's qualifying medical and dental expenses that you're claiming as itemized deductions on Schedule OR-A. Enter your expenses in column (A) and your spouse's expenses in column (B). If you're not including medical expenses in your Oregon itemized deductions or you're

claiming the standard deduction on your Oregon return, skip lines 2–4, enter the amount from line 1 on line 5, and go to line 6.

**Line 2: Total medical and dental expenses**—Enter the total medical and dental expenses you’re claiming as an itemized deduction (Schedule OR-A, line 1).

**Line 3:** Line 1 divided by line 2. Round to three decimal places. For example, 0.7308 is rounded to 0.731.

**Line 4:** Enter the lesser of the amount on line 2, above, or the amount on line 3 of your Schedule OR-A.

**Line 5:** Multiply line 3 times line 4 and round to whole dollars. (For example: \$101.49 is rounded to \$101.)

**Line 6:** Enter the maximum allowable medical subtraction for your filing status and federal AGI from Table 1. Don’t enter more than \$1,800 in each column.

**Line 7:** Enter the smaller of line 5 or line 6.

**Line 8:** Combine the amounts from line 7, columns (A) and (B). This is your special Oregon medical subtraction. Enter this amount in Section B of Schedule OR-ASC or in both the federal and Oregon columns on Schedule OR-ASC-NP, Section C.

**Special Oregon medical subtraction worksheet**

|   | Column (A)<br>You | Column (B)<br>Spouse |
|---|-------------------|----------------------|
| 1. Medical and dental expenses for each qualifying taxpayer.  | 1. _____          | 1. _____             |
| 2. Total medical and dental expenses claimed (Schedule OR-A, line 1).                                     | 2. _____          | 2. _____             |
| 3. Line 1 divided by line 2. Round to three decimal places.   | 3. _____          | 3. _____             |
| 4. Enter the smaller of line 2, above, or Schedule OR-A, line 3.  | 4. _____          | 4. _____             |
| 5. Line 3 times line 4. Round to the nearest dollar.  | 5. _____          | 5. _____             |
| 6. Maximum allowable medical subtraction from Table 1.  | 6. _____          | 6. _____             |
| 7. Enter the smaller of line 5 or line 6.   | 7. _____          | 7. _____             |
| 8. Combine the amounts from line 7, columns (A) and (B). This is your special Oregon medical subtraction. | 8. _____          |                      |

**Table 1. Special Oregon medical subtraction—maximum amount**

| If your filing status is:  | And your federal adjusted gross income from Form OR-40, line 7 or Form OR-40-N or OR-40-P, line 29F is: |                | Then your maximum allowable medical subtraction per qualifying taxpayer is: |
|--|---|----------------|---|
|  | At least—   | But less than— |   |
| Married filing jointly; or Head of household; or Qualifying surviving spouse | 0   | \$50,000       | \$1,800   |
|  | \$50,000  | \$100,000      | \$1,400   |
|  | \$100,000   | \$200,001      | \$1,000   |
|  | \$200,001 or more   |                | 0   |
| Single; or Married filing separately   | 0   | \$25,000       | \$1,800   |
|  | \$25,000  | \$50,000       | \$1,400   |
|  | \$50,000  | \$100,001      | \$1,000   |
|  | \$100,001 or more   |                | 0   |

**Example 1.** Jerry and Claudia were ages 67 and 66 on December 31, 2025. They are filing a joint nonresident return with a federal AGI of \$55,000 and Oregon source income of \$40,000. They are itemizing deductions for Oregon. In 2025, they paid \$5,700 in medical expenses that they claimed on Schedule OR-A. Of that, \$3,500 was for Jerry’s expenses, \$1,000 was for Claudia’s expenses, and \$1,200 was for Claudia’s mother, whom they claim as a dependent. Both Jerry’s and Claudia’s expenses qualify for the special Oregon medical subtraction. Since Claudia’s mother is a dependent, her expenses don’t qualify for the subtraction. Jerry and Claudia determine their subtraction as follows.

**Special Oregon medical subtraction worksheet**

|   | Column (A)<br>Jerry | Column (B)<br>Claudia |
|---|---------------------|-----------------------|
| 1. Medical and dental expenses for each qualifying taxpayer.          | 1. <u>\$3,500</u>   | 1. <u>\$1,000</u>     |
| 2. Total medical and dental expenses claimed (Schedule OR-A, line 1). | 2. <u>\$5,700</u>   | 2. <u>\$5,700</u>     |
| 3. Line 1 divided by line 2. Round to three decimal places.           | 3. <u>0.614</u>     | 3. <u>0.175</u>       |
| 4. Enter the smaller of line 2, above, or Schedule OR-A, line 3.      | 4. <u>\$4,125</u>   | 4. <u>\$4,125</u>     |
| 5. Line 3 times line 4. Round to the nearest dollar.                  | 5. <u>\$2,533</u>   | 5. <u>\$722</u>       |

- |   |                   |                   |
|---|-------------------|-------------------|
| 6. Maximum allowable medical subtraction from Table 1.  | 6. <u>\$1,400</u> | 6. <u>\$1,400</u> |
| 7. Enter the smaller of line 5 or line 6.   | 7. <u>\$1,400</u> | 7. <u>\$722</u>   |
| 8. Combine the amounts from line 7, columns (A) and (B). This is your special Oregon medical subtraction. | 8. <u>\$2,122</u> |                   |

## Modifications (codes 600–679)

### Schedule OR-ASC-NP filers only: Section D

Modifications are items that further adjust your Oregon taxable income. For detailed information, see “Additions,” “Subtractions,” or “Other items” in Publication OR-17.

Step 1: Enter the code and the amount of any modifications that aren’t listed on the return. **Use each code only once.** Use a minus sign if the modification is negative.

Step 2: Enter the total on Form OR-40-N or Form OR-40-P, line 41.

### Modifications not multiplied by Oregon percentage (codes 680–699)

#### Schedule OR-ASC-NP: Section E (Form OR-40-N filers only)

These modifications are for nonresidents only. For information about modifications that are not multiplied by the Oregon percentage, see “Other items” in Publication OR-17.

Step 1: For modifications with a code between 680 and 699, enter the code and the amount you’re deducting. Use each code only once.

Step 2: Add up all modifications that are not multiplied by your Oregon percentage. Enter the total on Form OR-40-N, line 43.

## Tax recaptures (codes 950–999)

### Schedule OR-ASC: Section C

#### Schedule OR-ASC-NP: Section F

Tax recaptures increase your tax for the year when you must forfeit a prior credit. For information about forfeiting a credit, see “Additions to tax” in Publication OR-17.

Step 1: For recaptures with a code between 950 and 999, enter the code and the amount of tax you’re adding. **Use each code only once.**

Step 2: Add up all the tax recaptures reported on the schedule. Enter the total on Form OR-40, line 22; Form OR-40-N, line 48; or Form OR-40-P, line 47.

## Standard credits (codes 800–834)

### Schedule OR-ASC: Section D

#### Schedule OR-ASC-NP: Section G

Standard credits are nonrefundable credits that can only be claimed on the current year’s tax return. Credit amounts that aren’t used in the current tax year are lost. If you’re also claiming carryforward or refundable credits, use your standard credits first. For detailed information, see “Standard credits” in Publication OR-17.

**Schedule OR-ASC-NP filers: Some Oregon credits must be multiplied by your Oregon percentage.** These prorated credits are indicated by “PR” in Publication OR-CODES. To prorate a credit, multiply the credit amount by your Oregon percentage on line 35 of Form OR-40-N or Form OR-40-P before you enter it on Schedule OR-ASC-NP.

Step 1: Enter the code and the amount for each credit you’re claiming with a code from 802 through 834. If you’re using code 802 or 815 to claim credits for taxes paid to more than one other state on income that was also taxed by Oregon, enter each credit on a separate line. **Note:** The credit for taxes paid to another state on mutually-taxed income (codes 802 and 815) is for taxpayers who have mutually taxed income in more than one state. **Except for codes 802 and 815, use each code only once.**

Step 2: If you’re claiming a credit for income taxes paid to another state on mutually-taxed income, enter that state’s two-letter postal abbreviation in the corresponding box. If you aren’t claiming this credit, leave the box blank.

Step 3: Enter the total standard credit amount on Form OR-40, line 27; Form OR-40-N, line 52; or Form OR-40-P, line 51.

## Carryforward credits (codes 835–889)

### Schedule OR-ASC: Section E

#### Schedule OR-ASC-NP: Section H

Carryforward credits are nonrefundable credits for which any unused portion in the current tax year may be carried forward to the next tax year. The number of years that a credit may be carried forward varies according to the carryforward rules of that credit.

When we process your return, we’ll apply your credits against your tax in the order in which they’re listed on the schedule. If you’re claiming more than one type of carryforward credit and the total you can use is more than your tax liability for the year, enter your credits in the order in which they expire. Start with credits that expire earlier, followed by credits that expire later. **List all credits you have available even if you can’t use them this year. See Example 2.**

For detailed information about each credit, see “Carryforward credits” in Publication OR-17.

For each credit with a code between 835 and 889, follow these steps:

**Step 1:** Enter the carryforward codes in the order in which they expire. If two or more expire in the same year, enter those codes in the order that you would like to claim each credit. Combine amounts if you're claiming more than one amount per credit code. **Use each code only once.**

**Step 2: Amount from prior year:** This is the amount, if any, that was available in a prior year but wasn't used because it was more than your tax liability. In the "Amount from prior year" column, enter the total amount of the credit that was available but couldn't be used in a prior year and was carried forward to tax year 2025. If no amount of the credit was carried forward to 2025, enter 0. Don't enter amounts used in 2024; only enter unused amounts.

**Step 3: Amount awarded this year:** In the "Amount awarded this year" column, enter the credit amount that is available for you to use for the first time in 2025.

**Note for Schedule OR-ASC-NP filers: Some credits must be prorated using your Oregon percentage.** Prorated credits are indicated by "PR" in Publication OR-CODES. To prorate a credit, multiply your Oregon percentage (line 35 of Form OR-40-N or Form OR-40-P) by the amount of the credit you were awarded. Enter the result on Schedule OR-ASC-NP as the amount awarded this year.

**Step 4: Total used this year:** On the "Total used this year" line, enter the credit amount you're using this year. This amount cannot be more than the combined total of the "Amount from prior year" and the "Amount awarded this year" for that credit. If 2025 isn't the last year for a carryforward to be claimed, any excess credit not used this year may be carried forward to tax year 2026.

**Step 5:** Add up the carryforward credits you're using this year. Enter the total on Form OR-40, line 30; Form OR-40-N, line 55; or Form OR-40-P, line 54. The total of all carryforward credits can't be more than your tax on Form OR-40, line 29; Form OR-40-N, line 54; or Form OR-40-P, line 53. If your carryforward credits total more than your tax, reduce one or more of the carryforward credits you're using this year.

**Example 2.** Valerie and Tony received a \$6,000 credit for contributing to a university venture development fund after moving to Oregon in 2025. This credit must be prorated using their Oregon percentage. Their 2025 Oregon percentage reported on Form OR-40-P, line 35 is 70 percent, so their amount awarded this year is \$4,200 (\$6,000 x 0.70). Their 2025 tax on Form OR-40-P, line 53 is \$0. Here's how they enter their credit information:

| Code | Amount from prior year   | \$0.00     |
|------|--------------------------|------------|
| 864  | Amount awarded this year | \$4,200.00 |
|      | Total used this year     | \$0.00     |

They enter the credit information even though they can't use it this year, and carry \$4,200 forward to tax year 2026.

**Example 3.** Senait qualified for a \$5,000 Oregon Production Investment Fund credit in 2024. She was able to use \$500 of \$5,000 credit awarded that year. She carried forward a total of \$4,500 from her 2024 credit.

In 2025, Senait qualified for a \$10,000 employer scholarship credit.

On Form OR-40 for tax year 2025, Senait's calculated tax on line 29 is \$7,500. She cannot claim more than \$7,500 of non-refundable credits.

Here is how she will enter her information on Schedule OR-ASC:

|     |                          |             |
|-----|--------------------------|-------------|
| 856 | Amount from prior year   | \$4,500.00  |
|     | Amount awarded this year | \$0.00      |
|     | Total used this year     | \$4,500.00  |
| 847 | Amount from prior year   | \$0.00      |
|     | Amount awarded this year | \$10,000.00 |
|     | Total used this year     | \$3,000.00  |

Senait will use all \$4,500 of her Oregon Production Investment Fund credit, as it expires the soonest. She will also use \$3,000 of her employer scholarship credit. She will carry the remaining \$7,000 forward to be used no later than 2030.

## Refundable credits (codes 890–949)

### Schedule OR-ASC: Section F

#### Schedule OR-ASC-NP: Section I

Like standard credits, refundable credits can be claimed only on the current year's tax return, but any amount that is more than your tax will be refunded to you. For detailed information about other refundable credits, see "Refundable credits" in Publication OR-17.

**Note for Schedule OR-ASC-NP filers: Some Oregon credits must be multiplied by your Oregon percentage.** Prorated credits are indicated by "PR" in Publication OR-CODES. To prorate your credit, multiply the credit amount by your Oregon percentage. This is the amount you can claim on your Oregon return.

**Step 1:** For credits with a code between 890 and 949, enter the code and the amount you're claiming. **Use each code only once.** **Note for Schedule OR-ASC-NP filers:** For prorated credits, first multiply the credit amount by your Oregon percentage (Form OR-40-N or Form OR-40-P, line 35), then enter the prorated amount on Schedule OR-ASC-NP, Section I.

Step 2: Add up all of the refundable credits reported on the schedule. Enter the total on Form OR-40, line 39; Form OR-40-N, line 64; or Form OR-40-P, line 63.

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

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

Contact us for ADA accommodations or assistance in other languages.