

2018 Schedule OR-A

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Oregon Department of Revenue



Office use only

Oregon Itemized Deductions

Congress extended several tax provisions by passing Public Law 116-94. As a result, this form was updated on January 22, 2020.

Submit original form—do not submit photocopy.

Form with fields for First name and initial, Last name, Social Security number (SSN), Spouse's first name and initial, Spouse's last name, Spouse's SSN.

Read instructions carefully before completing this schedule.

Medical and dental expenses

Caution! Don't include expenses reimbursed or paid by others.

- 1. Medical and dental expenses, (see instructions) 1. .00
2. Federal adjusted gross income (AGI). Enter the amount from Form OR-40, line 7 or Form OR-40-N or OR-40-P, line 29F 2. .00
3. AGI threshold. Multiply line 2 by 7.5% (0.075) 3. .00
4. Medical and dental expense deduction. Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- 4. .00

Taxes you paid

- 5. State and local income taxes. Don't include Oregon income tax! 5. .00
6. Real estate taxes, (see instructions) 6. .00
7. Personal property taxes 7. .00
8. Reserved 8.
9. Total income and property taxes. Add lines 5 through 8. Don't enter more than \$10,000 (\$5,000 if married filing separately) 9. .00
10. Other taxes. List type and amount: 10. .00
11. Taxes paid deduction. Add lines 9 and 10 11. .00

Interest you paid

- 12. Mortgage interest and points reported to you on federal Form 1098 12. .00
13. Mortgage interest not reported to you on federal Form 1098 13. .00
14. Points not reported to you on federal Form 1098 14. .00
15. Mortgage insurance premiums (see instructions) 15. .00
16. Investment interest, (see instructions) 16. .00
17. Interest paid deduction. Add lines 12 through 16 17. .00

Gifts to charity

- 18. Gifts by cash or check, (see instructions) 18. .00
19. Gifts other than by cash or check, (see instructions) 19. .00
20. Carryover from prior year 20. .00
21. Total gifts to charity. Add lines 18 through 20 21. .00

Other miscellaneous deductions

- 22. List type and amount. Important! Don't include employee business expenses, tax preparation fees, or other deductions subject to the 2 percent of AGI limitation, (see instructions). 22. .00

Oregon itemized deductions

- 23. Add lines 4, 11, 17, 21, and 22 23. .00

Enter the amount from line 23 on Form OR-40, line 16 or Form OR-40-N or OR-40-P, line 37.

— You must include this schedule with your Oregon income tax return —

Instructions for 2018 Schedule OR-A Oregon Itemized Deductions

2018

**Congress extended several tax provisions by passing Public Law 116-94.
As a result, this form was updated on January 22, 2020.**

New information

These instructions were updated in December 2019 after Congress extended the deduction for mortgage interest premiums for tax year 2018.

Use Schedule OR-A to figure your Oregon itemized deductions using federal definitions and limitations, with the modifications noted in these instructions. Generally, for Oregon, you're allowed the larger of your itemized deductions or your standard deduction.

Note: Your Oregon standard deduction will be zero if you are married filing a separate return and your spouse itemizes, or if you are a nonresident alien.

If you itemize, you can deduct a part of your medical and dental expenses, amounts you paid for certain taxes, interest, gifts to charity, and certain miscellaneous expenses. Don't include items that you deducted elsewhere on your federal or Oregon tax return forms or schedules, such as Schedule C, C-EZ, E, or F. See the Internal Revenue Service (IRS) publications referred to in these instructions for more information.

Medical and dental expenses

In general

You can deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount of your federal adjusted gross income on Form OR-40, line 7, or Form OR-40-N or OR-40-P, line 29F.

Examples of medical and dental payments you can deduct

To the extent you weren't reimbursed, and with certain limitations, you can generally deduct what you paid for:

- Insurance premiums for medical and dental care, including Medicare Parts B and D.
- Prescription medicines and insulin.
- Healthcare professionals, including medical doctors, dentists, physical therapists, and psychologists.
- Medical examinations, X-rays, laboratory fees, diagnostic tests, and other services.
- Hospital care and nursing help.
- Ambulance service and other travel costs.
- Nicotine cessation, medical weight-loss, and addiction treatment.
- Hearing aids, eyeglasses, wheelchairs, guide dogs, and other medical aids.

- Lodging costs and travel for treatment away from home.
- Lactation supplies.

Examples of expenses you can't deduct

- Elective cosmetic surgery.
- Over-the-counter medications.
- Drugs that are illegal under federal law.
- Funeral, burial, or cremation costs.

The above lists are not exhaustive. IRS Publication 502, *Medical and Dental Expenses*, describes the types of expenses you can and can't deduct in greater detail. It also explains when you can deduct capital expenses and special care expenses for disabled persons.

Whose medical and dental expenses can be included?

You can include medical and dental bills you paid in 2018 for anyone who was one of the following, either when the services were provided or when you paid for them:

- Yourself and your spouse.
- All dependents you are claiming on your Oregon return, and any child you can't claim as a dependent because of the rules for children of divorced or separated parents.
- Any person you could have claimed as a dependent on your Oregon return except that their gross income for 2018 was \$4,150 or more or they filed a joint return.
- Any person you could have claimed as a dependent except that you or your spouse (if filing a joint Oregon return) can be claimed as a dependent on someone else's 2018 return.

Deceased taxpayer. Certain medical expenses paid out of a deceased taxpayer's estate can be claimed on the deceased taxpayer's final return. See IRS Publication 502 for details.

Coordination with the Working Family Household and Dependent Care (WFHDC) credit

Some medical expenses for the care of qualifying persons may also qualify as expenses for purposes of claiming the WFHDC credit. These expenses can be included in your itemized deductions or the WFHDC credit, but they can't be used for both.

Lines 1 through 4

Line 1. Medical and dental expenses. Enter the total of your medical and dental expenses, reduced by any payments you received from insurance or other sources.

Don't include:

- Payments that your insurance company paid directly to the provider.
- Amounts that were paid through an employer-sponsored (cafeteria) plan, unless those amounts were included in box 1 of Form W-2.
- Expenses that you're using for purposes of claiming the WFHDC credit.

Line 2. AGI. Enter the amount from Form OR-40, line 7, or Form OR-40-N or OR-40-P, line 29F.

Line 3. AGI threshold. Multiply line 2 by 7.5% (0.075).

Line 4. Medical and dental expense deduction. Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-.

Coordination with the special medical subtraction

If you or your spouse were age 65 or older on December 31, 2018, and your federal AGI wasn't more than \$200,000 (\$100,000 if your filing status is single or married filing separately), you may qualify for the special Oregon medical subtraction. You'll need the information from Schedule OR-A, lines 1 and 4, when you figure your subtraction amount. See "Special Oregon medical subtraction" in Publication OR-17 for more information.

Taxes you paid

In general

You may deduct certain state or local income taxes or foreign income taxes you paid during the tax year, such as income taxes paid to a state **other than Oregon**, mandatory contributions to certain employment-related programs in other states, and taxes on real or personal property located in the United States that are based on the property's value (known as ad valorem tax).

Limitation on income and property tax

The total amount of income and property taxes you can deduct can't be more than \$10,000 (\$5,000 if married filing separately).

Examples of taxes you can't deduct

- Oregon income tax.
- Federal income tax.
- Sales tax.
- Tax on real property paid to a foreign country.
- Social Security, Medicare, unemployment, or railroad retirement tax.
- Gift tax.
- Estate tax, other than federal estate tax on income in respect of a decedent (see below).
- Customs duties.
- Gasoline tax.
- License fees.

- Assessments for property improvements.
- Taxes you paid for someone else.

Federal income tax. You can't claim an itemized deduction for federal income tax paid during the tax year. However, see "Federal tax liability subtraction" in Publication OR-17 for more information.

Income taxes paid to another state. If you're claiming a credit on your Oregon return for income taxes paid to another state, or you claimed a credit on an Oregon return in a prior year for taxes you paid during this tax year, you can't claim those same taxes as an itemized deduction. Include them on Schedule OR-A, subject to the \$10,000 limit, and you will also have an addition on Schedule OR-ASC or OR-ASC-NP if the credit is claimed on your Oregon return. You won't have an addition if the credit is (or was) claimed on the other state's return. See "Income taxes paid to another state" in Publication OR-17 for details about the credit and the addition.

Sales tax. Oregon doesn't allow a deduction for sales tax paid. Important: If you made the election on your federal Schedule A to deduct sales tax paid instead of income tax paid, you can't deduct income tax paid on your Schedule OR-A. (ORS 316.821)

Lines 5 through 11

Line 5. State and local income taxes. Enter the total of the state and local income taxes you paid to a local government or to a state other than Oregon. Remember: If you paid tax to another state on income that is also taxed by Oregon, and you're claiming a credit for that tax on your Oregon return (or you claimed a credit based on that tax on a prior Oregon return), you'll have an addition on your Oregon return.

Note: If you deducted sales tax paid instead of income tax paid on your federal Schedule A, you must enter -0- on line 5.

Line 6. Real estate taxes. Enter the state or local taxes you paid on real estate you own that wasn't used for business, but only if the taxes are assessed uniformly at a like rate on all real property throughout the community, and the proceeds are used for general community or governmental purposes. See IRS Publication 530, *Tax Information for Homeowners*, for more information.

Don't include the following:

- Taxes on real property located outside the United States or its possessions.
- Itemized charges for services to specific property or persons (for example, a flat fee charged by the county for mowing a lawn that has grown beyond the permitted height).
- Charges for improvements that tend to increase the value of your property, such as sidewalk assessments.

Line 7. Personal property taxes. Enter the state or local personal property taxes you paid that were:

- Based only on the property's value (ad valorem), and
- Imposed on a yearly basis.

Line 8. Reserved.

Line 9. Total income and property taxes. Enter the total of lines 5, 6, and 7. Don't enter more than \$10,000 (\$5,000 if married filing separately).

Line 10. Other taxes. List the type and amount of other deductible taxes that aren't already included on lines 5, 6, or 7.

Interest you paid

You may deduct the following interest on Schedule OR-A:

- **Home mortgage interest.** Interest paid on a home mortgage that is secured by your main home or second home, including first and second mortgages and refinanced mortgages, including mortgage points. Don't include interest paid on home equity loans. See IRS Publication 936, *Home Mortgage Interest Deduction*, for debt and income limits and other information.
- **Mortgage insurance premiums.** **UPDATE—As of December 20, 2019,** mortgage insurance premiums are deductible as a form of interest for tax year 2018. You may deduct premiums paid or accrued for mortgage insurance on your main home or second home if the amount on Form OR-40, line 7, or Form OR-40-N or OR-40-P, line 29F isn't more than \$109,000 (\$54,500 if married filing separately). If the amount on Form OR-40, line 7, or Form OR-40-N or OR-40-P, line 29F is more than \$100,000 (\$50,000 if married filing separately), use the "Mortgage Insurance Premiums Deduction Worksheet" in the instructions for federal Schedule A to calculate your mortgage insurance premium deduction. See IRS Publication 936 for limits and other details.
- **Investment interest.** This is interest paid on money you borrowed to buy property held for investment. If the interest is allocable to passive activities or securities that produce income that is exempt from Oregon tax, you'll have an addition on your Oregon return. Unless an exception applies, if you are deducting investment interest, you must complete federal Form 4952, *Investment Interest Expense Deduction*. Keep a copy of this form with your tax records; don't include it with your Oregon return. Your investment interest deduction is generally limited to the income (after other expenses) from the investments. Investment interest expense that exceeds the investment income may be carried forward to next year. For more information, limitations, and additional requirements, see IRS Publication 550, *Investment Income and Expenses*, and the instructions for Form 4952. See "Interest and dividends on government bonds of other states" in Publication OR-17 for more information.

Lines 12 through 17

Line 12. Mortgage interest and points reported on Form 1098. Enter the home mortgage interest and points reported to you on federal Form 1098, *Mortgage Interest Statement*.

Line 13. Mortgage interest not reported on Form 1098. Enter the home mortgage interest you paid to a recipient

who didn't provide you with a Form 1098. If the recipient was the person from whom you bought the home, write the person's name, address, and Social Security number (SSN) (if an individual) or employer identification number (EIN) on the dotted line next to line 13.

Line 14. Points not reported on Form 1098. Points are shown on your settlement statement. You may deduct points paid to borrow money but not for other purposes. Points paid to refinance a mortgage must be deducted over the life of the loan. See IRS Publication 936 for more information.

Line 15. Enter the premiums you paid for mortgage insurance provided by the federal Department of Veterans Affairs, the Federal Housing Administration, the federal Rural Housing Service, or private mortgage insurance. **Note:** If the amount from Form OR-40, line 7, or Form OR-40-N or OR-40-P, line 29F is more than \$100,000 (\$50,000 if married filing separately), refer to the instructions for mortgage insurance premiums, above.

Line 16. Investment interest. Enter the interest you paid on money you borrowed to buy property held for investment. Use the amount you calculated using federal Form 4952, if applicable, with the following modifications:

- Don't include interest paid on money you borrowed to buy U.S. bonds, notes, and other obligations if you're subtracting the income from such obligations on your Oregon return. You can't deduct this interest because the income isn't taxable by Oregon.
- Don't include interest paid on money you borrowed to buy bonds issued by the Commonwealth of Puerto Rico or the territories of Puerto Rico, Guam, Samoa, or the Virgin Islands. Income from these bonds isn't taxable by Oregon.
- Do include interest paid on money you borrowed to buy bonds and notes issued by another state, or political subdivision of another state, that you didn't include on your federal return. The income from these bonds and notes isn't subject to federal tax, but it is taxable by Oregon. You'll have an addition for this income on your Oregon return. See "Interest on state and local government bonds outside of Oregon" in Publication OR-17 for more information.

Gifts to charity

You can deduct contributions or gifts you gave to organizations that are religious, charitable, educational, scientific, or literary in purpose, including organizations that work to prevent cruelty to children or animals. If the organization doesn't spend at least 30 percent of its annual functional expenses for program services, you'll have an addition on Schedule OR-ASC or OR-ASC-NP. See IRS Publication 526, *Charitable Contributions*, for limitations and other details, and the Oregon Department of Justice website, www.doj.state.or.us for a list of organizations that don't meet Oregon's spending requirement. See "Disqualified charitable donations" in Publication OR-17 for information about the addition.

Amounts you can deduct

Contributions can be in cash, property, or certain out-of-pocket expenses you paid to do volunteer work for a charitable organization. Single gifts of \$250 or more require a written statement showing the amount of cash contributed, description of any property you donated, and a description and estimated value of any goods or services you received in return. Be sure to keep records of all your contributions, including pay statements if you made cash contributions through payroll deduction, receipts, written statements from organizations, and any appraisals or other required documentation. Unless directed otherwise, keep all statements and other documentation with your tax records; we may ask to see them later. See IRS Publication 526 for AGI limits and other restrictions, treatment of gifts for which you received a benefit, and additional information.

Amounts you can't deduct

You can't deduct such things as political contributions, dues paid to fraternal orders or similar groups, or the value of services you performed or benefits you received in connection with your contribution. For additional items that can't be deducted, see IRS Publication 526.

Contributions for disaster relief

Certain contributions made for relief efforts following a presidentially-declared disaster are subject to special treatment. See IRS Publication 976, *Disaster Relief*, for more information.

Coordination with Oregon tax credits

In general, if you're claiming an Oregon tax credit that is based on contributions you made to a charitable organization or fund, you can't include those contributions as an Oregon itemized deduction. If you're deducting contributions made to the following funds and claiming a credit for those contributions on your Oregon return, you'll have an addition on Schedule OR-ASC or Schedule OR-ASC-NP:

- **Oregon Production Investment Fund** (Oregon Film & Video Office, auction).
- **Renewable Energy Development Fund** (Oregon Department of Energy, auction).
- **University Venture Development Fund** (various Oregon universities).
- **Child Care Fund.**
- **Oregon IDA Initiative Fund.**

See the Credits section in Publication OR-17 for more information.

Lines 18 through 21

Line 18. Gifts by cash or check. Enter the total value of the gifts you made in cash or by check, including unreimbursed out-of-pocket expenses.

Line 19. Gifts other than by cash or check. Enter the total value of your contributions of property other than by cash or check. For used items, such as clothing or furniture, you

may deduct their fair market value at the time you donated them. (Fair market value is what a willing buyer would voluntarily pay a willing seller for the item.) If the amount of your deduction is more than \$500 (before applying any income limits), complete federal Form 8283, *Noncash Charitable Contributions*. Keep a copy of this form with your Oregon tax records; we may ask for it later. For additional requirements, see the instructions for Form 8283.

Line 20. Carryover from prior year. Enter contributions that you couldn't deduct in an earlier year because they exceeded that year's limits. Your total contributions for this year, including any carryover amount, can't exceed this year's limits.

Other miscellaneous deductions

You may deduct certain other items that aren't deducted elsewhere on the return or on other supporting schedules. These miscellaneous deductions include claim of right income repayments in excess of \$3,000, gambling losses, and federal estate tax on income in respect of a decedent. If you're deducting a casualty loss or theft related to a presidentially-declared disaster, include the amount here. **Don't include miscellaneous deductions that are subject to the 2 percent AGI limitation, such as employee business expenses or tax preparation fees.** For more information about these and other allowable deductions, along with a list of items that aren't deductible, see IRS Publication 529, *Miscellaneous Deductions*.

Claim of right income repayments. If you repaid more than \$3,000 in income that you'd included in a prior year's taxable income under a claim of right to that income, and you're not deducting the repayment on another federal schedule, such as Schedules C, C-EZ, E, or F, you may deduct the repaid income on Schedule OR-A. Note: Oregon also allows a credit for repayments over \$3,000 if the income was previously taxed by Oregon. If you claim the Oregon credit, you must add back some or all of your itemized deduction on Schedule OR-ASC or OR-ASC-NP. See the instructions for Schedule OR-CRC, *Oregon Claim of Right Income Repayment Credit*, for information about the credit and addition, and to determine the option that gives you the best result.

Gambling losses. Generally, you may deduct gambling losses up to the amount of your taxable winnings. However, Oregon doesn't tax winnings of \$600 or less from a single play or ticket from the Oregon Lottery. You'll have an addition for the amount of Oregon Lottery winnings that aren't taxed by Oregon. See IRS Publication 529 for more information about gambling losses, including recordkeeping requirements. See Publication "Gambling losses claimed as an itemized deduction" in OR-17 for more information.

Federal estate tax on income in respect of a decedent (IRD). You may deduct federal estate tax that you paid on IRD if that income is taxed by Oregon. If only a portion of the federal estate tax is on income taxed by Oregon, you'll have an addition on your Oregon return. See Publication "Federal estate tax" in OR-17 for more information.

Line 22. Other miscellaneous deductions. List the type and amount of your miscellaneous itemized deductions, and enter the total on line 22.

Oregon itemized deductions

Line 23. Add lines 4, 11, 17, 21, and 22. Enter the total on line 23 and on Form OR-40, line 16, or Form OR-40-N or OR-40-P, line 37.

Be sure to include Schedule OR-A when you file your Oregon return. Failure to include the schedule may delay the processing of your return.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.