



2021 Oregon New Law Update Personal Income Tax

Narrated by Robert Oakes, Policy Analyst



Personal Income Tax 2021

What's new for Oregon

- Omnibus and other bills affecting personal income taxpayers.
- Federal reconnect date: April 1, 2021



Kicker credit

17.341 percent of 2020 tax before credits (other than taxes paid to another state).

“What’s My Kicker” calculator available on Revenue Online.

Worksheet in instruction booklets.

Irrevocable election to donate to State School Fund.



Indexed figures

Standard deduction

- \$4,700 MFJ/QW
- \$3,780 HH
- \$2,350 S/MFS

Exemption credit

- \$213

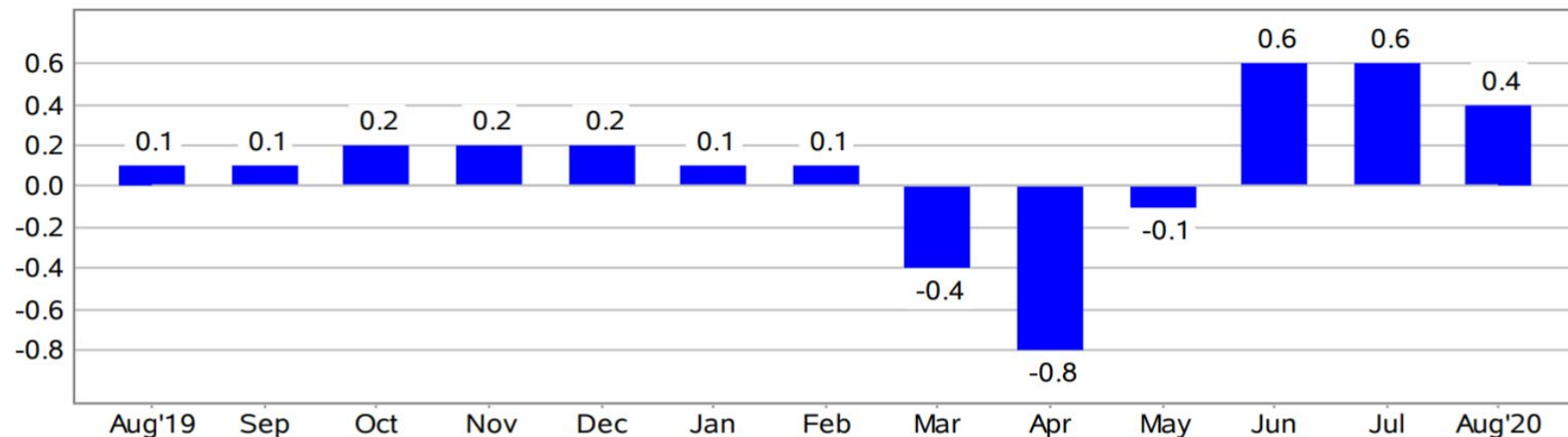
Federal tax subtraction

- \$7,050 (\$3,525 MFS)

Oregon 529/ABLE subtraction carryforward limits

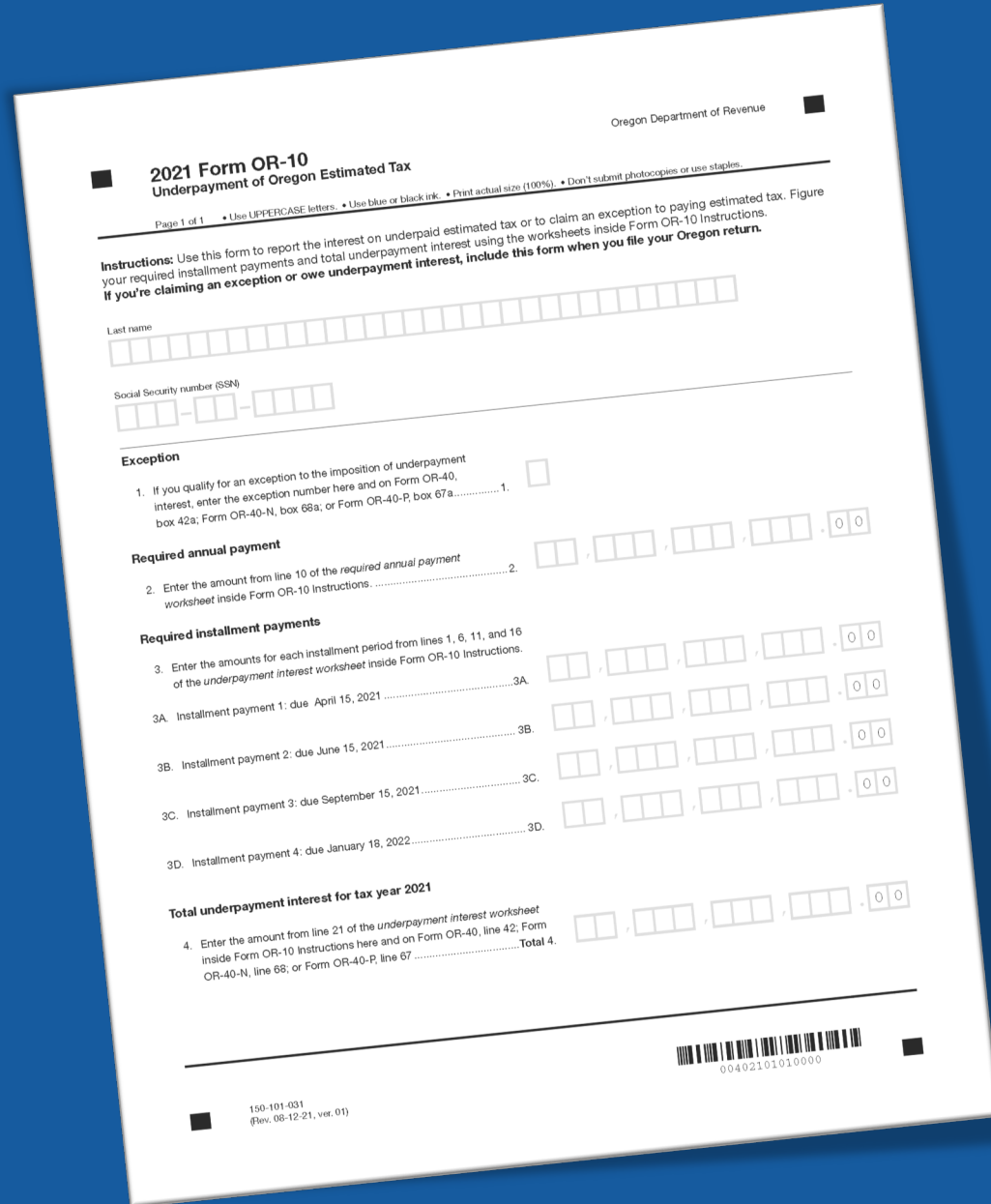
- \$5,030 MFJ
- \$2,515 all others

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Aug. 2019 - Aug. 2020
Percent change



Changes to forms and instructions

- New format for returns, supporting schedules.
- Most forms have more pages.
- Form OR-10 has changed the most.
- Forms separate from instructions.
- Mailing addresses on all vouchers.



Oregon Department of Revenue

2021 Form OR-10
Underpayment of Oregon Estimated Tax

Page 1 of 1 • Use UPPERCASE letters. • Use blue or black ink. • Print actual size (100%). • Don't submit photocopies or use staples.

Instructions: Use this form to report the interest on underpaid estimated tax or to claim an exception to paying estimated tax. Figure your required installment payments and total underpayment interest using the worksheets inside Form OR-10 Instructions. If you're claiming an exception or owe underpayment interest, include this form when you file your Oregon return.

Last name

Social Security number (SSN)

Exception

1. If you qualify for an exception to the imposition of underpayment interest, enter the exception number here and on Form OR-40, box 42a; Form OR-40-N, box 68a; or Form OR-40-P, box 67a.....1.

Required annual payment

2. Enter the amount from line 10 of the required annual payment worksheet inside Form OR-10 Instructions.2.

Required installment payments

3. Enter the amounts for each installment period from lines 1, 6, 11, and 16 of the underpayment interest worksheet inside Form OR-10 Instructions.

3A. Installment payment 1: due April 15, 20213A.

3B. Installment payment 2: due June 15, 20213B.

3C. Installment payment 3: due September 15, 20213C.

3D. Installment payment 4: due January 18, 20223D.

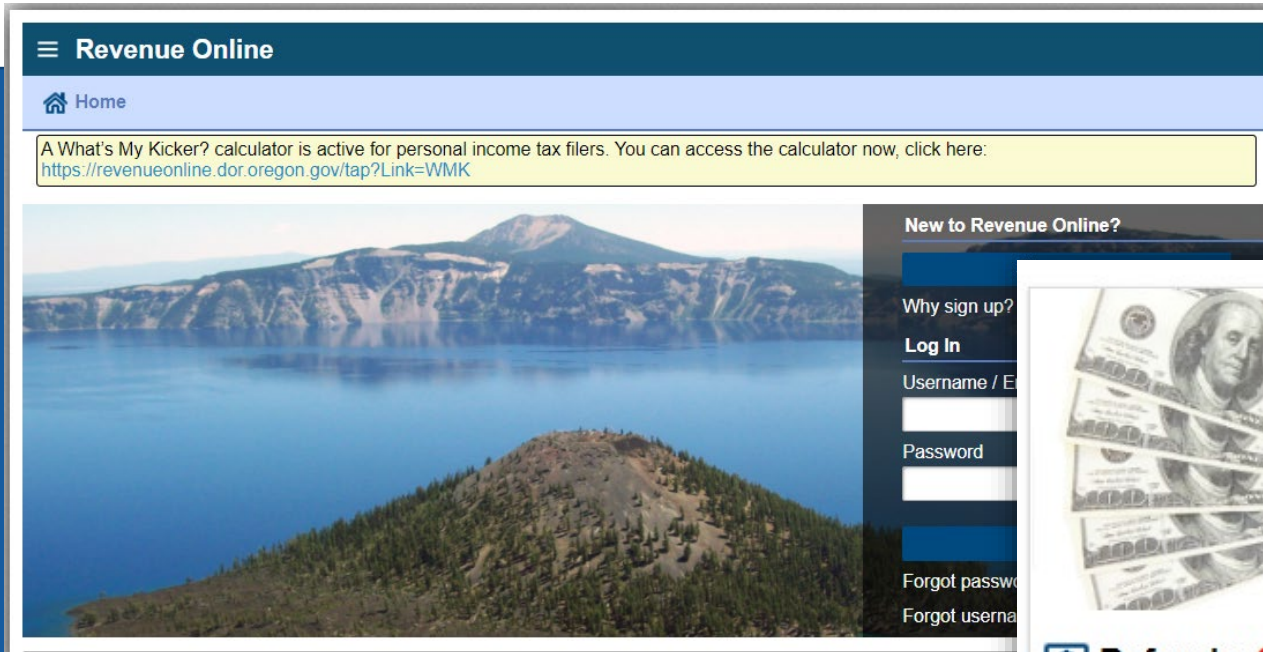
Total underpayment interest for tax year 2021

4. Enter the amount from line 21 of the underpayment interest worksheet inside Form OR-10 Instructions here and on Form OR-40, line 42; Form OR-40-N, line 68; or Form OR-40-P, line 67Total 4.


150-101-031
(Rev. 08-12-21, ver. 01)

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New 1099-G Portal



- Coming to Revenue Online in January.
- Don't have to log in.
- Can't be a robot.



\$ Refunds and 1099-Gs

Where's my refund?

What's my kicker?

View my 1099-G

View my 1099-G

Select your taxpayer ID type

Social Security Number

Enter your Social Security Number (SSN)

Required

Enter your last name

Required

Is the address outside of the United States?

No Yes

Enter your ZIP Code

Required

Search last 5 years

Tax Year

2021	2020	2019	2018	2017
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I'm not a robot

reCAPTCHA

Privacy - Terms

House Bill 2433

Credit sunset
extensions



Additional exemption for disabled child.



Additional exemption for severely
disabled taxpayer, spouse.



University Venture Development Fund
contributions.



Oregon Veterans' Home physicians.

House Bill 2433

Sunset
extensions
and other
changes

Oregon IDA Initiative Fund donations

- Extended through 2027.
- Donations made by April 15, starting with tax year 2022.

WFHDC

- Extended through 2027.
- New calculation for students starting 2022.

Rural health practitioners

- Extended through 2027.
- No AGI limit for “frontier” ER doctors starting 2022.

House Bill 2433

Credits with other changes

Oregon Production Investment Fund

- Extended through 2029.
- Total credits increased from \$14 million to \$20 million.

Earned Income Credit

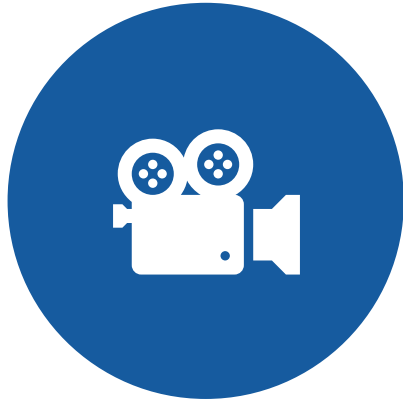
- Starting in 2022:
- Available for filers using ITINs.
 - New form filed with return.

Ag Workforce Housing

- Increased limit.
- Limit applies to biennium, not per year.

House Bill 2456

A few corrections



Auction credit timing



Manufactured dwelling
park capital gain exclusion



Short line railroad credit
transfers



House Bill 2433

New subtraction for AmeriCorps educational awards

- Total education award for the year.
- Allowed for two years.
- Subtraction code 362.
- www.americorps.gov



House Bill 2130

Due date for first estimated tax payment

Previously, was April 15

Now, is April 18 or the due date for the prior year's tax return, whichever is earlier.

Senate Bill 139

Changes to the qualified business income reduced tax rate (1 of 3)

Number of employees varies by number of owners and income level.

Employee requirements.



Alternative to meeting employee requirements.

Business income distribution.



Lowest rate applies to higher income, other rate change.

Rate changes.



Applies to partnerships and S corporations.

Income limitation.



Senate Bill 139

Changes to the qualified business income reduced tax rate (2 of 3)

Ordinary business income is at least	But not more than	Employees required	Aggregate hours worked by employees
\$0	\$250,000	One	1,200
\$250,001	\$500,000	One per owner	1,200
\$500,001	\$1,000,000	Two per owner	2,400
\$1,000,001	\$2,500,000	Four per owner	4,800
\$2,500,001	\$5,000,000	Ten per owner	12,000

Employee-to-owner ratio and required work hours

- Ratios apply to partnerships and S corps.
- 30 hours per week minimum.
- No more than 1,200 hours per employee (if more than 1,200 hours required).

Alternative to employee-to-owner ratio requirement

- If employee ratio not met *and* ordinary business income over \$250,000:
 - Still qualify if income distributions aren't more than 25 percent of ordinary business income.

Senate Bill 139

Changes to the qualified business income reduced tax rate (3 of 3)

Rate changes

More than	Not more than	Rate	Change
\$0	\$250,000	7%	--
\$250,000	\$500,000	7%	Minus 0.2%
\$500,000	\$1,000,000	7.5%	Minus 0.1%
\$1,000,000	\$2,500,000	8%	--
\$2,500,000	\$5,000,000	9%	--

Limit for partnerships and S corps

- Ordinary business income cannot exceed \$5 million.

HB 2164 (2019)

Oregon 529 College Savings & ABLE account credit recapture

Recapture reporting

- Nonqualified withdrawals from accounts where credit was claimed.
- Must have received tax benefit from credit.
- Guidelines in OAR 150-315-0065.
- Codes 950 and 951.

New sections

- Credit recapture section on Schedule OR-ASC, Schedule OR-ASC-NP.
- Credit recaptures reported on return after nonrefundable credits.
- New “Oregon tax” section in Publication OR-17.

Section E: Credit recaptures
(codes 950-999)

	Code	Amount
E1.	<input type="text"/>	<input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0
E3.	<input type="text"/>	<input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0
E2.	<input type="text"/>	<input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0
E4.	<input type="text"/>	<input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0
E5. Total Credit recaptures. Add lines E2 and E4. Enter on Form OR-40, line 30	Total Credit recaptures	<input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0

Federal tax law changes (1 of 3)

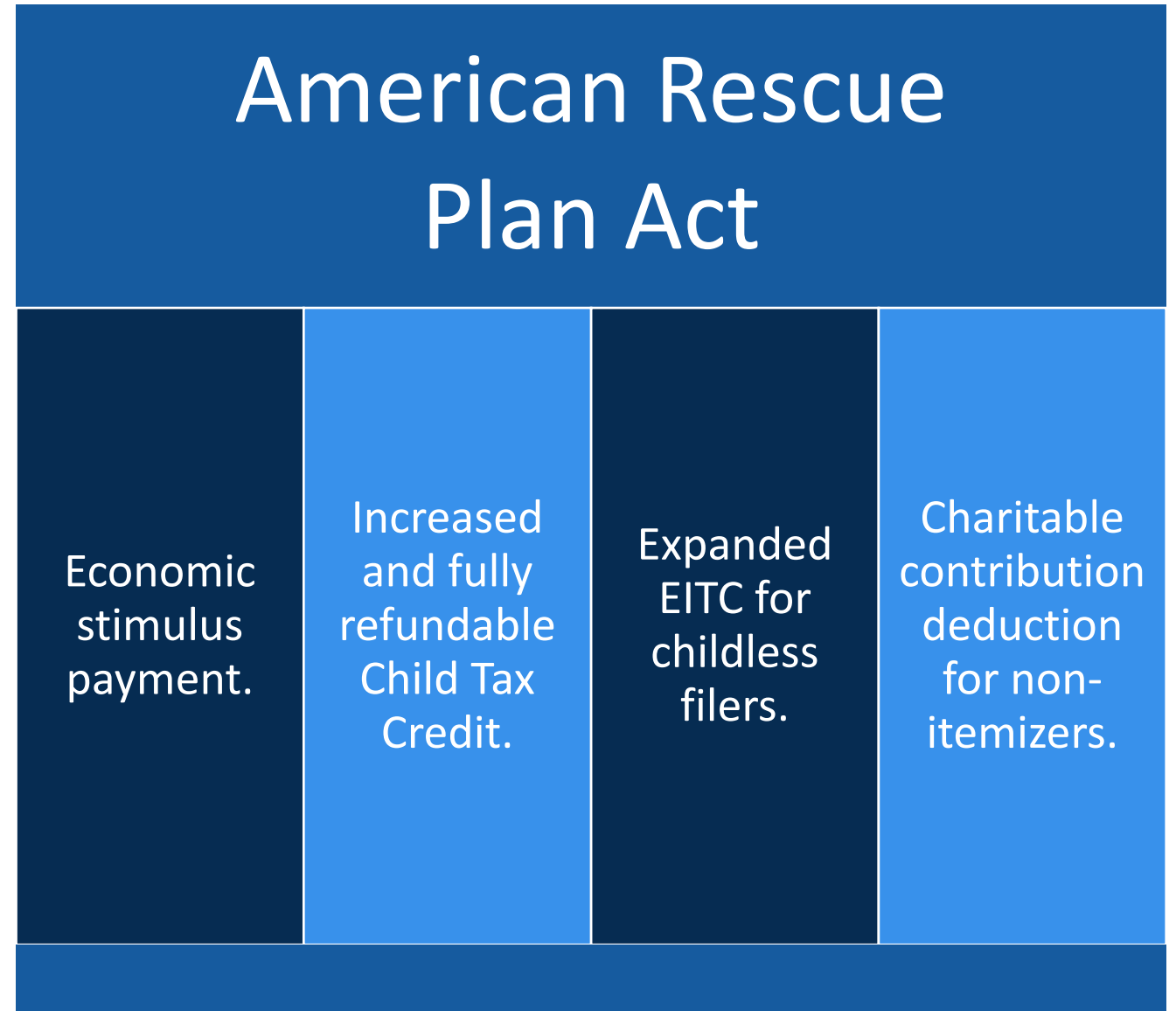
Taxpayer Certainty and Disaster Tax Relief Act of 2020

Permanent
7.5 percent
AGI floor
for medical
expense
deduction.

Repeal of
tuition
and fees
deduction.

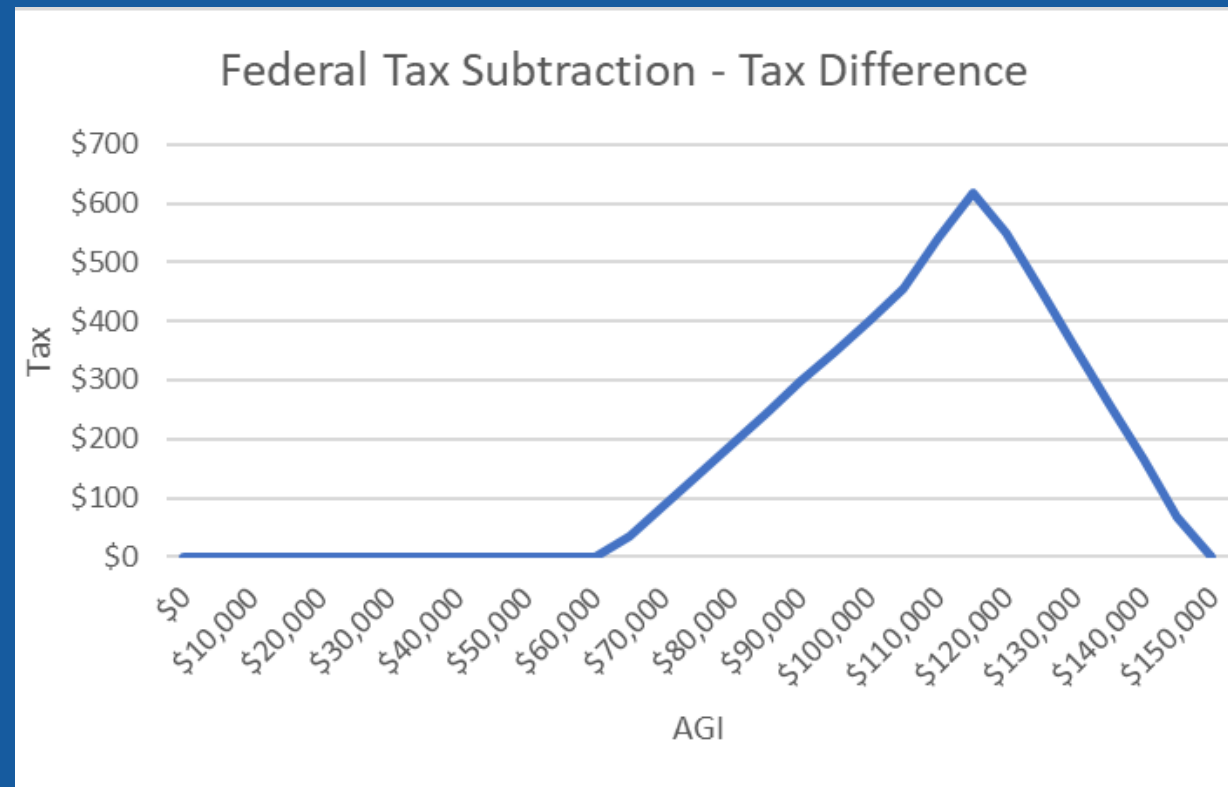
Mortgage
insurance
premium
deduction
extension.

Federal tax law changes (2 of 3)



Effect of ARPA Provisions on Federal Income Tax Liability Subtraction

- Married filing joint return.
- Two qualifying dependents.
- Federal standard deduction.
- \$6,000 CTC.
- \$5,600 economic stimulus.





Senate Bill 119 and House Bill 2129

- No longer need to attach art object appraisal to return when claiming artist's charitable subtraction.
- Administrative changes for charitable checkoff program.



Taxpayer Advocate



Representation



Assistance



Problem resolution



Corrective action

House Bill 2128

Data breach reporting

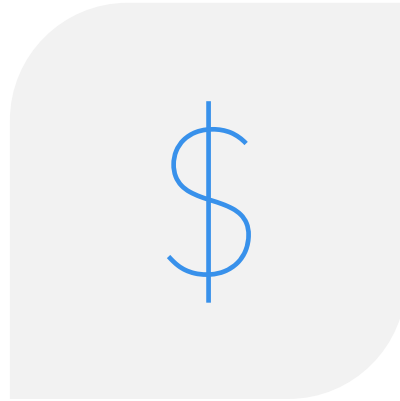
- Tax professionals must report data breach to DOR.
- Report within five days, or timeframe in rule if all information isn't immediately available.
- Rulemaking in progress.



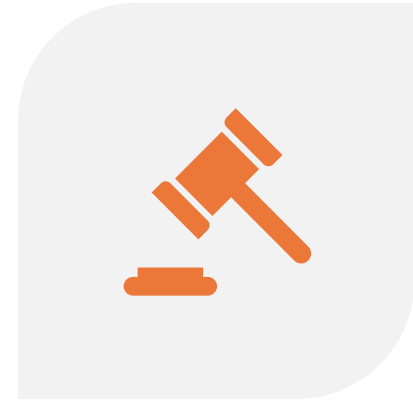
Tax Court Matters



Timeframe adjustments
during emergencies



Reduced filing fees for
Magistrate Division



Attorney fees awarded by
Magistrate Division

Senate Bill 727

On the horizon

- Business alternative income tax.
- Allows state income tax to be paid at pass-through entity level.
- Avoids \$10,000 cap on state and local tax deduction, but law will be repealed if federal cap is repealed.
- For tax years 2022 and 2023 only.
- Owners claim credit on personal income tax return.
- Rulemaking underway.
- More info to come.

Contact Us

- Personal and partnership income tax: prac.revenue@dor.oregon.gov.
- Corporate income or excise tax: corp.help.dor@dor.oregon.gov.
- Payroll and business tax: payroll.help.dor@dor.oregon.gov.
- Fiduciary/estate/inheritance tax: estate.help.dor@dor.oregon.gov.
- Special programs: spa.help@dor.oregon.gov.
- Marijuana tax: marijuanatax.dor@dor.oregon.gov.
- Corporate Activity Tax: cattax.questions@dor.oregon.gov.
- PTE-E Tax: BusinessAlternative.IncomeTax@DOR.oregon.gov.



Do you have questions or need help?

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Contact us for ADA accommodations or assistance in other languages.