

Form
SPS

Severance Pay Subtraction

Note: Only available for tax years beginning on or after
January 1, 2010 and before January 1, 2014.

Tax year

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You must complete this form for each business you invest in and include it with your tax return for the year you claim the subtraction. See instructions.

Last name		First name and initial	Social Security number (SSN) - -
Street address			
City		State	ZIP code
Phone		Email address	

PART A – Severance pay received information

Amount of severance pay received	Date received	Date of termination	
Name of employer		Phone	
Employer's street address			
City		State	ZIP code
Type of business	Number of employees	Position/title at termination	

PART B – Small business investment information

Name of business	Business identification number (BIN) or federal employer identification number (FEIN)		
Street address			
City		State	ZIP code
Type of business	Year business started	Phone	
Type of entity <input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> LLC <input type="checkbox"/> LP <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Other _____			
Principal activity code		Check if business is: <input type="checkbox"/> Independently owned/operated <input type="checkbox"/> Operated for profit	
Your position/title		Number of hours you worked in this business during the tax year	
Describe your role/duties			

How has your severance pay investment impacted the small business?

How was/is your investment intended to be used? (Buy equipment, expansion, new hires, etc.)

Small business sales and employee information

	Previous year	Year of investment (actual or estimated)	One year following investment (estimated)	Two years following investment (estimated)
Number of employees				
Yearly gross sales (in dollars)	\$	\$	\$	\$

PART C—Severance pay subtraction calculation worksheet

1. Enter the amount of severance pay actually invested in a qualifying small business	1	<input type="text"/>	<input type="text" value="00"/>
2. Enter \$500,000	2	<input type="text" value="\$500,000"/>	<input type="text" value="00"/>
3. Enter the lesser of line 1 or 2	3	<input type="text"/>	<input type="text" value="00"/>
4. Multiply by Oregon sales factor, if applicable	4	<input type="text" value="___ . ___%"/>	
5. Subtraction amount (line 3 times line 4 or enter line 3 if no sales factor)	5	<input type="text"/>	<input type="text" value="00"/>

Enter the subtraction amount from line 5 on the “other subtractions” line on your Oregon tax return or Schedule OR-ASC.
Use subtraction code 349.

I have read and understand the requirements of this subtraction as outline in this form. The information provided is correct and accurate according to my best information and belief.

Signed

Taxpayer's signature X	Date
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Keep a copy of this form for your records. Include this form with your return in the year for which you are claiming the subtraction. If filing electronically, fax this notice to 503-345-2354, labeled “Attn: Suspense,” or mail it to:

Oregon Department of Revenue
 Attn: Suspense
 PO Box 14999
 Salem OR 97309-0990

Instructions for Form SPS

Oregon Severance Pay Subtraction

You may subtract severance pay when invested in certain small businesses. You must claim the subtraction in the same year you receive the severance pay.

General qualifications required to claim the severance pay subtraction

Your severance pay investment:

- Cannot be invested in the same business that paid your severance pay.
- Must occur before the due date of your tax return (including extensions).
- Cannot be a loan to a qualifying small business. (You must receive an ownership interest.)
- Must stay invested in the business for 24 consecutive months. (If you withdraw any portion during the 24-month period, you must amend your tax return to correct the subtraction amount.)

The business you are investing in must:

- Not have more than 50 employees, including yourself.
- Operate for profit (cannot be a nonprofit business).
- Be independently owned and operated from all other businesses.

You must materially participate in the business (this means you are regularly, continuously, and substantially involved in the operation of the business).

You are considered to be materially participating if you:

- Worked more than 500 hours per year in the business;
- Worked more than 100 hours per year in the business and at least as much as any other employee or owner; or
- Have performed substantially all of the work in the business.

Note: If you are using either the 500 or 100-hour qualification, you must keep a log of your time spent working in the business.

Part A: Severance pay information

Severance pay is compensation (other than wages, vacation, or sick pay) paid to you upon termination of your employment.

Part B: Small business information

The law requires us to collect information about the business you have invested in. You must provide the following business information in order to receive a subtraction:

- Name, address, and phone number.
- Oregon BIN or FEIN.
- Year the business started.
- Information about number of employees and gross sales
- Type of entity (partnership, sole proprietorship, C or S Corporation, LLC, etc.).

- Business activity code as listed on one of the following federal forms:
 - Form 1065, line A;
 - Schedule C, Form 1040, box B;
 - Schedule K, line 2a; or
 - Form 1120S, box B.
- Description of how your investment impacts the small business, (for example: buying hardware, new hires, marketing, expansion, etc.).

Part C: Severance pay subtraction calculation worksheet

The subtraction is the lesser of your investment or \$500,000. If the business has operations outside of Oregon, you must multiply line 4 by your sales factor.

Keeping records

You must keep current and complete records of your time spent working in the business to show you meet the minimum material participation requirements. You must also keep a monthly log of the amount of severance pay you invested in the business for 24 months beginning with the date of your termination.

Filing instructions

Include this form with your tax return for the year in which you are claiming the subtraction. If you are filing electronically, fax a copy of this form to 503-345-2354, labeled "Attn: Suspense," or mail it to:

Oregon Department of Revenue
Attn: Suspense
 PO Box 14999
 Salem OR 97309-0990

Have questions? Need help?

General tax information www.oregon.gov/dor
 Salem 503-378-4988
 Toll-free from an Oregon prefix..... 1-800-356-4222

Asistencia en español:

En Salem o fuera de Oregon 503-378-4988
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon 503-945-8617
 Toll-free from an Oregon prefix..... 1-800-886-7204

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