Oregon 2015 Corporation Income Tax Form 20-I Instructions

Table of contents

Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR).

Important

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.

Go electronic!

Fast • Accurate • Secure

File corporate tax returns through the Federal/State e-filing program. If you're mandated to e-file your federal return, you're required to e-file for Oregon.

With approved third-party software, you can e-file your return complete with all schedules, attachments, and required federal return. **You can also conveniently include an electronic payment with your e-filed original return.** See "E-file".

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- Registration and account status.
- Online payments.
- Forms, instructions, and law.
- Announcements and common questions.

OREGON DEPARTMENT OF REVENUE

What's new?

General

Tie to federal tax law

In general, Oregon income tax law is based on federal income tax law. Oregon is tied to the federal definition of taxable income as of December 31, 2014; however, Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans (IRC §139A; ORS 317.401).
- **Domestic production** activities (QPAI) (IRC §199; ORS 317.398).
- **Deferral of certain deductions** for tax years beginning on or after January 1, 2009 and before January 1, 2011 may require subsequent Oregon modifications (IRC §108; §168(k); and §179; ORS 317.301).

Interstate broadcasters

For tax years beginning after January 1, 2014, and before January 1, 2017, an interstate broadcaster's apportionment will be determined based on the broadcaster's customers who are domiciled in Oregon. For tax years beginning on or after January 1, 2017, the method of apportionment of business income for the interstate broadcaster will revert to pre-January 1, 2014 law and will be based on an estimate of Oregon's national audience or subscribers' share (ORS 314.684 and 314.680).

For more information, see "Special filing requirements" in Form 20 instructions.

Exemption for emergency service providers

An out-of-state emergency service provider is exempt from tax when operating at the request of a registered business solely for the purposes of performing disaster or emergency-related work on critical infrastructure. Disaster or emergency-related work conducted by an out-of-state business may not be used as the sole basis for determining that a corporation is doing business in Oregon.

Additions and subtractions

Listed foreign jurisdictions—income or loss

Taxable income or loss of any unitary corporation that's incorporated in a listed foreign jurisdiction shall be included in Oregon income as an "Other addition," unless otherwise included in Oregon taxable income [ORS 317.715 (2013)].

Use the subject corporation's net income or loss as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule ASC-CORP, *Oregon Adjustments,* 150-102-033. Don't combine amounts of multiple corporations.

If a subject corporation's **income** has been excluded from your federal consolidated taxable income as carried to your Oregon return, **it's a positive "Other addition"** [code 176]. If a subject corporation's **loss or item of expense** has been excluded from your federal consolidated taxable income as carried to your Oregon return, **it's a negative "Other addition"** [code 177].

Listed foreign jurisdictions—previously included amounts

If any portion of a subject corporation's income, loss or item of expense was already included in your Oregon taxable income, it won't be included again. If a portion of income was previously included, claim a separate "Other subtraction" [code 367] for the portion of the income that was previously included. **Don't** combine this amount with the "Other addition" to report income. If any portion of a subject corporation's loss or item of expense was already included in your Oregon taxable income, reduce the "Other addition" loss for the portion that was previously included [code 177]. Include a schedule with your return to explain how each amount is determined (ORS 317.715 and corresponding administrative rules).

Credits

Important: Include copies of **all** credit certifications with your return when claiming any certified credit.

Individual Development Accounts

The Individual Development Accounts (IDA) contribution credit is extended to tax years beginning before January 1, 2022, and the annual total amount of credits is limited to $7.5 million. The fiduciary organization receiving the donation determines the percentage amount of the donation allowed for the credit, not to exceed 70 percent. The purposes for which the IDA money may be used are revised (ORS 315.271).

Oregon Health and Life Insurance Guaranty Association (OLHIGA) (Form 20-INS filers only)

The OLHIGA credit is extended to tax years beginning before January 1, 2022. Insurance companies are allowed a credit against corporate income taxes for certain assessments paid to OLHIGA. Qualifying assessments are those used to cover the cost of claims against insurers who have gone out of business. The credit is taken equally over five years (ORS 734.835).

Film production development contributions credit

The Oregon film production development contributions credit is extended to tax years beginning before January 1, 2024 (ORS 315.514).

Tax credit sunsets

Beginning January 1, 2015, the following tax credits are no longer available, except for applicable carryforward purposes:

- Alternative fuel vehicle fund (auction) credit (Note following ORS 315.336).
- Mile-based or time-based motor vehicle insurance credit (Note following ORS 317.122).
- Long-term care insurance (Repealed—ORS 315.610).

Looking ahead

Interstate broadcasters

For tax years beginning on or after January 1, 2017, an interstate broadcaster's method of apportionment of business income will revert to pre-January 1, 2014 law and will be based on an estimate of Oregon's national audience or subscribers' share (ORS 314.684 and 314.680).

Listed foreign jurisdictions

For tax years beginning on or after January 1, 2016, the list of foreign jurisdictions that must be included in the Oregon corporate excise tax return will change. The list will include Guatemala and the Republic of Trinidad and Tobago. Monaco is deleted from the list. The list will also be updated to include the island nations of Bonaire, Curacao, Saba, Sint Maarten and Sint Eustatius (formerly the Netherlands Antilles) (ORS 317.715 and corresponding administrative rules).

Child Care Office contribution credit

Starting with tax years beginning on or after January 1, 2016, the calculation of the Child Care Office fund contribution credit is revised. The amount of credit is reduced from 75 percent to no more than 50 percent of the amount contributed to the fund (ORS 315.213). Additionally, the credit is extended to tax years beginning before January 1, 2022.

Credits currently scheduled to sunset on December 31, 2015

- Dependent care assistance (ORS 315.204).
- Dependent care information and referral (ORS 315.204).
- Energy transportation projects (ORS 315.336).
- Qualified equity investment (ORS 315.533).
- University venture development fund contributions (ORS 315.521).

Estimated tax payments

Requirements

Oregon estimated tax laws aren't 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.

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.
- **Fiscal year filers:** The 15th day of the 4th, 6th, 9th, and 12th months of your fiscal year.
- If the due date falls on a Saturday, Sunday, or legal holiday, use the next regular business day.

Payment options

Important: For details about making payments **with your return**, see "Filing checklist."

Estimated payments may be made by electronic funds transfer (EFT), online, or by mail.

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

If you don't 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 us before it can start initiating EFT payments. The EFT help/message phone number is (503) 947-2017.

For more information, visit 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 phone, a secure internet site, or through your financial organization. If you pay by EFT, **don't** send Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions,* 150-102-172.

Online. See www.oregon.gov/dor for more information.

Mail. If paying by mail, send each payment with a Form 20-V payment voucher.

Worksheet to calculate Oregon estimated tax

(Keep for your records—don't file with payment.)

1. Oregon net income expected in upcoming tax year. 1. ______________
2. Tax on Oregon net income (see Appendix B). 2. ______________
3. Subtract tax credits allowable in upcoming tax year. 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 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 payment.

To avoid additional charges for UND, you must pay the amount of any prior underpayment plus the amount of the current required payment [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 should make four payments of $1,500 each during the year. 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 timely payments of $3,500* and $1,500. for the third and fourth quarters.

*$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 (ORS 314.525 and corresponding administrative rules).

Filing information

Who must file with Oregon?

Corporations that are doing business in Oregon, or with income from an Oregon source, are required to file an Oregon corporation tax return. If you have tangible or intangible property or other assets in Oregon, any income you receive from that property or assets is Oregon-source income. Public Law (Pub.L.) 86-272 provides exceptions to this requirement for certain corporations doing business in Oregon.

Note: 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.

Excise or income tax?

Oregon has two types of corporate taxes: excise and income. **Excise tax is the most common.** Most corporations don't qualify for Oregon's income tax.

Excise tax is a tax for the privilege of **doing business** in Oregon. It's measured by net income. All interest is included in income, no matter what its source. This includes interest on obligations of the United States, its instrumentalities, and all of the 50 states and their subdivisions. Corporation excise tax laws are in Chapter 317 of the Oregon Revised Statutes.

Income tax is for corporations **not doing business** in Oregon, but with income from an Oregon source. Income tax filers aren't subject to corporate minimum tax. Corporation income tax laws are in Chapter 318 of the Oregon Revised Statutes.

What form do I use?

Except as provided by Pub.L. 86-272, all corporations **doing business** in Oregon must file Form 20, *Oregon Corporation Excise Tax Return,* 150-102-020, and are subject to the minimum excise tax. Any corporation **doing business** in Oregon is also required to register with the Secretary of State Corporation Division. See sos.oregon.gov.

"Doing business" means carrying on or **being engaged in any profit-seeking activity** in Oregon. A taxpayer having one or more of the following in this state is clearly doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.
- Employees or representatives providing services to customers as the primary business activity (such as accounting or personal services), or services incidental to the sale of tangible or intangible personal property (such as installation, inspection, maintenance, warranty, or repair of a product).
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.

Corporations **not doing business** in Oregon, but with income from an Oregon source generally must file Form 20-I, *Oregon Corporation Income Tax Return,* 150-102-021. There is no minimum tax for Form 20-I filers. Most corporations don't fall within Oregon's income tax provisions.

Corporations **not doing business** in Oregon, and with **no Oregon source income,** even if incorporated in or registered to do business in the state, aren't required to file a corporation tax return.

Filing requirements

Consolidated returns (ORS 317.705–317.725). If a corporation is a member of an affiliated group of corporations that filed a consolidated federal return, it must file an Oregon return based on that federal return.

A consolidated Oregon return is required when two or more affiliated corporations are:

- Included in a consolidated federal return;
- Unitary; and
- At least one of the affiliated corporations must be doing business in Oregon or have Oregon-source income.

Note: S corporations can't be included in consolidated federal returns. IRC §1361(b) provides that a corporation that's a Qualified Subchapter S Subsidiary (QSSS) isn't treated as a separate corporation. All income, deductions, and credits of the QSSS will be treated as belonging to the parent S corporation.

Unitary business. A business that has, directly or indirectly between members or parts of the enterprise, either a sharing or an exchange of value shown by:

- Centralized management or a common executive force,
- Centralized administrative services or functions resulting in economies of scale, or
- Flow of goods, capital resources, or services showing functional integration.

Separate returns. Any corporation that files a separate federal return must file a separate Oregon return if it's doing business in Oregon or has income from an Oregon source.

A corporation subject to Oregon taxation must also file a separate Oregon return if it was included in a consolidated federal return, but was not unitary with any of the other affiliates. To determine your Oregon taxable income, take the taxable income from the consolidated federal return and use Oregon additions or subtractions to show removal of the nonunitary affiliates.

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 2016, we'll accept e-filed returns for tax year 2015, and will continue accepting returns for 2014 and 2013.

Your tax return software also allows you to make electronic payments when e-filing your **original** return.

For a list of software vendors or for more information, see "e-filing" at www.oregon.gov/dor.

Federal audit changes

If the IRS changes your federal return for any tax year, you **must** notify us. File an amended Oregon return and include a copy of the federal 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 don't amend or send a copy of the federal report, we have two years from the date we're notified of the change by the IRS to issue a deficiency notice. To receive a refund, you must file a claim for refund of tax within two years of the date of the federal report.

Amended returns

Oregon doesn't have an amended return form for corporations. Use the form for the tax year you're amending and check the "**Amended**" box. **Always use your current address.** If the address for the year you're amending was different, **do not** use the old address or our system will incorrectly change your information.

If you're amending to change additions, subtractions, or credits, include detail of all items and amounts, including carryovers.

If you change taxable income by amending your federal return, you must file an amended Oregon return within **90 days**. Include a copy of your amended federal return with your amended Oregon return and explain the adjustments made.

If you filed Form 20-S, *Oregon S Corporation Tax Return*, 150-102-025, and later determined you should file Form 20-I, check the **"Amended"** box on Form 20-I.

You may make payments online for your amended returns at www.oregon.gov/dor.

Don't make payments for amended returns with electronic funds transfer (EFT). This also applies to e-filed amended returns. For paper returns, you may pay online or include a check or money order with your return. For e-filed returns, you may pay online or send a check or money order separately. If you mail your payment separate from your return, write "**Amended**" on the payment and include a completed Form 20-V with the "Amended" box checked.

Don't 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 amended Form 20-I, enter the net income tax per the original return or as previously adjusted. Don't include any penalty or interest portions of payments already made.

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 we receive your full payment. See "Interest rates."

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

Note: If a deficiency is assessed against any taxpayer because of a retroactive adoption of federal law changes, we'll 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 won't pay interest.

Protective claims

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 at the top of the form. Also check the box in Question F for "Protective claim."

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 that the litigation has been completed.

Special filing requirements

See *Oregon 2015 Corporation Excise Tax Form 20 Instructions*, 150-102-020-1, for filing information for the following entity types:

- Agricultural or horticultural cooperatives.
- Exempt organizations.
- Homeowners associations.
- IC-DISCs.
- Interstate broadcasters.

(These entities don't file Form 20-I.)

Limited liability companies (LLCs)

Oregon follows federal law in determining how an LLC is taxed. Federal law doesn't recognize an LLC as a classification for federal tax purposes. An LLC business entity must file a corporation, partnership, or sole proprietorship tax return, depending on elections made by the LLC and the number of members.

A multi-member LLC can be either a partnership or a corporation, including an S corporation. A single member LLC (SMLLC) can be either a corporation or a single member "disregarded entity." Refer to federal law for more information and requirements.

An LLC taxed as a C corporation must file Form 20 if doing business in Oregon, or Form 20-I if not doing business in Oregon but the LLC is receiving Oregon-source income. The LLC must file Form 20-S if the entity files federal Form 1120-S.

An LLC taxed as a partnership must file Form 65, *Oregon Partnership Return,* 150-101-065, if doing business in Oregon, or if receiving income from an Oregon source, or if it has any Oregon resident members. If the LLC has a corporate member, the member is taxed on its share of the LLC's Oregon income.

If an LLC is part of a corporation's overall business operations and is treated as a partnership, include the corporation's ownership share of LLC property, payroll, and sales in the apportionment percentage calculation on Schedule AP, *Apportionment of Income for Corporations and Partnerships,* 150-102-171 (OAR 150-314.650).

Foreign LLCs are identified as unincorporated associations organized under the laws of a state other than Oregon, or a foreign country. Oregon's definition of a foreign LLC includes an unincorporated association organized under the laws of a federally recognized American Indian tribe, no matter when organized.

Political organizations

Political organizations (for example, campaign committees and political parties) normally don't pay state or federal taxes. However, income earned from investments is taxable. Examples include interest earned on deposits; dividends from contributed stock, rents, or royalties; and gains from the sale of contributed property. We follow the federal definitions of a political organizations and taxable income.

A political organization that isn't incorporated and hasn't elected to be taxed as a corporation should file a personal income tax return [ORS 316.277(2)].

For more information, including how to file your return, go to www.oregon.gov/dor/business.

Publicly traded partnerships

A "publicly traded partnership" is a partnership treated as a corporation for federal tax purposes under IRC §7704.

The partners in a publicly traded partnership aren't subject to tax on their distributive shares of partnership income. A publicly traded partnership taxed as a corporation must file a Form 20 if doing business in Oregon, or Form 20-I if not doing business in Oregon, but the publicly traded partnership is receiving Oregon-source income.

Real Estate Mortgage Investment Conduits (REMICs)

A REMIC isn't subject to Oregon tax; the income is taxable to the holders of the REMIC's interests under ORS Chapter 316, 317, or 318, whichever is applicable. A REMIC must file Form 20-I if it receives prohibited transaction income from Oregon sources or has any resident holders of a residual interest. Income is from an Oregon source if it comes from tangible property located in Oregon or from intangible property used in Oregon.

All REMICs required to file must file Form 20-I and include a complete copy of federal Form 1066. The REMIC must also include a federal Schedule Q for each residual interest holder for each quarter of the tax year. Enter the amount of net income from prohibited transactions from federal Form 1066 Schedule J (ORS 314.260).

Filing checklist and reminders

Rounding to whole dollars. Enter amounts on the return and accompanying schedules as whole dollars only. Example: $4,681.55 becomes $4,682; and $8,775.22 becomes $8,775.

- **Due date of your return.** Returns are due by 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. Include your extension as the final page of your return when you file.
- **Estimated payments and prepayments**. Please identify all estimated payments claimed by completing Schedule ES on your return. List all payments that were submitted prior to filing your return. Include the corporation name and Federal employer identification number (FEIN) if a payment was made by an affiliate of the filing corporation.
- **Online payments.** You may pay online for any return at www.oregon.gov/dor.
- **Making electronic payments with your e-filed return**. We accept electronic payments when e-filing your **original** return.
- **Making check or money order payments with your paper return.** Make your check or money order payable to Oregon Department of Revenue. Write the following on your check or money order:

  —FEIN.
  —Tax year 2015.
  —Daytime phone.

To speed processing:

—Don't use Form 20-V payment voucher.
—Don't staple payment to the return.
—Don't send cash or postdated checks.
—Don't use red or purple or any gel ink.

- **Sending check or money order payments separate from filing your return.** Follow the instructions above except **you should use a Form 20-V** payment voucher.
- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:

1. Form 20-I, *Oregon Corporation Income Tax Return*, 150-102-021;
2. Schedule AP, *Apportionment of Income for Corporations and Partnerships*, 150-102-171;
3. Schedule AF, *Schedule of Affiliates* (page 3 of Form 20-I);
4. Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033;
5. Form 37, *Underpayment of Corporation Estimated Tax*, 150-102-037;
6. Form 24, *Like-Kind Exchanges/Involuntary Conversions*, 150-800-734;
7. Other Oregon statements;
8. Oregon credit forms including notice of credit transfers and certifications;
9. Copy of federal tax return and schedules;
10. 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

Heading and checkboxes

Name. Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation isn't 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).

- **Legal name.** On the first name line, enter the corporation's current legal name as set forth in the articles of incorporation or other legal documents. If the corporation is doing business under a different name, for example, DBA or ABN, enter that name on the second name line.

  Enter the **FEIN** of the corporation named as the filer on the consolidated Oregon return.
- **Current address.** Always enter the corporation's current address. If the address for the year you're filing was different, **do not** use the old address or our system will incorrectly change your information.

  Note: If your address includes "attention" or "in care of" information, enter it on the first address line and your company address on the second address line. For example:

ABC Legal Name
dba ABC Company
c/o XYZ Inc
PO Box 111
Anytown OR 97000-9999

- **Extension checkbox.** For an Oregon extension when you're also filing for a federal extension: Send the federal extension with the Oregon return when you file. Check the "Extension" checkbox on your Oregon return and include the extension after all other enclosures. The Oregon extension due date is the 15th day of the month following the federal extension's due date. Don't send the extension until you file your Oregon return.

  For an "Oregon only" extension: Answer question 1 on federal extension Form 7004, write "**For Oregon Only**" at the top of the form and include it with your Oregon return when you file. Check the "Extension" checkbox on the Oregon return. The Oregon extension due date is the 15th day of the month following what would be the federal extension's due date. Don't send the extension until you file your Oregon return.

  More time to file doesn't mean more time to pay your tax. To avoid penalty and interest, pay tax due prepayments online, or by mail with Form 20-V, on or before the original due date of your return. **Note**: Filing Form 20-V isn't an extension of time to file or to pay tax.

- **Form 37 checkbox.** If you have an underpayment, you must include a completed Form 37. 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.

- **Form 24, Deferred gain checkbox.** Corporations may defer, for Oregon tax purposes, all gains realized in the exchange of like-kind property and involuntary conversions under IRC §1031 or §1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it's included in federal taxable income.

  Include a copy of your Oregon Form 24, *Like-Kind Exchanges/Involuntary Conversions,* 150-800-734, with your Oregon return and check the "Form 24" box if all of the following apply:

  - The corporation reported deferred gain on a federal Form 8824;
  - All or part of the property exchanged or given up was located in Oregon; and
  - All or part of the acquired property was located outside of Oregon.

  For a more detailed explanation, see OAR 150-314.650 and 150-314.665(5) regarding apportionment of deferred gain.

- **Federal Form 8886 checkbox, REIT/RIC checkbox, and reportable transactions.** If you participate in listed or reportable transactions, you must report it on your Oregon tax return.

  If you're required to report listed or reportable transactions to the IRS on federal Form 8886 or if you participated in a real estate investment trust (REIT) or regulated investment company (RIC), you must check the appropriate boxes in the header area of the Oregon tax return.

  We'll assess penalties if you don't comply with this requirement.

Questions

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

Question D. Refer to the current list of North American Industry Classification System (NAICS) codes found with your federal tax return instructions. Only enter the code if this is your first return or the current code is different than you reported for last year.

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

Question E(2). If you checked the box, complete Schedule AF, *Schedule of Affiliates* (page 3 of Forms 20, 20-I, and 20-INS), to list only the corporations included in the consolidated Oregon return that:

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

Question E(3). If you checked the box, include a list of corporations included in the consolidated federal return that aren't included in this Oregon return. List each corporation's name and FEIN. **Note:** Include a copy of your federal return and schedules as filed with the IRS.

Question F. Check this box if this is an amended return filed as a protective claim pending litigation.

Question G. If the Oregon corporation is a subsidiary in an affiliated group, or a subsidiary in a parent-subsidiary controlled group, enter the name and FEIN of the parent corporation. For definition of a subsidiary in an affiliated group or a parent-subsidiary controlled group, see IRS Form 1120, *Schedule K.*

Question L. Taxpayers primarily engaged in utilities or telecommunications may elect to apportion income using double-weighted sales factor formula [OAR 150-314.280(3)]. Check the box if making this election.

Question M. Nonapportioned returns. Enter the amount of Oregon sales as defined by ORS 314.665.

Line instructions

Line 1. Taxable income from U.S. corporation income tax return. Enter the taxable income reported for federal income tax purposes before net operating loss or special deductions (federal Form 1120, line 28).

Additions

Line 2. Certain interest income excluded from the federal return. Oregon gross income includes interest on all state and municipal bonds or other interest excluded for federal tax purposes. Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income (ORS 317.309).

Line 3. Oregon excise tax and other state or foreign taxes on or measured by net income. Oregon excise tax may not be deducted on the Oregon return. Taxes of other states or foreign governments on or measured by net income or profits may not be deducted on the Oregon return. If you subtracted these taxes on your federal return, you must add them back on your Oregon return. However, the Oregon minimum tax and some local taxes, such as the Multnomah County Business Income tax, are deductible, and aren't required to be added back (ORS 317.314).

Line 4. Income of related FSC or DISC. Net income or loss must be included in the net income of the related U.S. affiliate (ORS 317.283 and 317.286).

Line 5. Total other additions. The amount by which any item of gross income is greater under Oregon law than under federal law, or the amount by which any allowable deduction is less under Oregon law than under federal law, is an addition on your Oregon return.

Use Schedule ASC-CORP to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all "Other additions" is entered on Form 20-I, line 5.

Important: Don't report an addition that's already included on lines 2 through 4.

"Other additions" include:

- **Bad debt reserve addition of a financial institution to the extent that the federal amount exceeds the amount that's allowable for Oregon.** The bad debt method of financial institutions is tied to the federal method. For taxpayers required to use the specific write-off method, an addition must be made if the amortization of the federal reserve is less than the amortization of the Oregon reserve (ORS 317.310).
- **Capital construction fund.** Amounts deferred under Section 607 of the Merchant Marine Act of 1936 and IRC §7518 must be added back to income (ORS 317.319).
- **Charitable donations not allowed for Oregon.** Donations to a charitable organization that has received a disqualifying order from the Attorney General aren't deductible as charitable donations for Oregon tax purposes. Such organizations are required to provide a disclosure to a donor to acknowledge this. The Attorney General will publish online and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. If you claimed a federal deduction, an addition must be made on your Oregon return for donations to such charitable organizations (ORS 317.491).
- **Child Care Office contributions.** The deduction claimed on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit's claimed (ORS 315.213).
- **Claim of right income repayment adjustment when credit's claimed.** The deduction under IRC §1341 on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed (ORS 317.388).
- **Deferred gain recognized from out-of-state disposition of property acquired in an IRC §1031 or §1033 exchange.** See ORS 317.327 regarding the computation of the addition if gain or loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Dependent care credits.** The business expense deducted for providing dependent care assistance, information, or referral services must be reduced by the amount of dependent care credit claimed [ORS 315.204(7)].
- **Depletion (percentage in excess of cost).** Percentage depletion is allowed only on metal mines. All other assets are limited to cost of depletion (ORS 317.374).
- **Depreciation differences.** If your Oregon depreciation isn't the same as your federal depreciation, the difference is a required modification to your Oregon return (ORS 317.301). Use the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries*, 150-101-025, to determine the Oregon modification.
- **Film production development contributions.** Add back the amount of contribution for which a tax credit certification is made that's allowed as a deduction for federal tax purposes (ORS 315.514).
- **Gain or loss on the disposition of depreciable property.** Add the difference in gain or loss on sale of business assets when your Oregon basis is less than your federal basis (ORS 317.356).
- **Income from sources outside the United States.** Add income from sources outside the United States, as defined in IRC §862, not included in federal taxable income under IRC §861 to §864 (ORS 317.625).

- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit's claimed [ORS 315.271(2)].
- **Intercompany transactions involving intangible assets.** The user of the intangible asset must add the royalty or other expense for such use to federal taxable income as an "other addition" on the Oregon tax return if:
  - An intangible asset is owned by one corporation or business (the owner), and used by another (the user) for a royalty or other fee;
  - Both the owner and the user are "owned by the same interests," as defined in Treas. Reg. §1.469-4T(j);
  - The owner and the user aren't included in the same Oregon tax return; and
  - The separation of ownership of the intangible asset from the user of the intangible asset results in either: evasion of tax or a computation of Oregon taxable income that isn't clearly reflective of Oregon business income.

  If the owner also files an Oregon return, the owner of the intangible asset must report the corresponding royalty or other income from such use from federal taxable income as an offset to Oregon taxable income. The offset should be shown as a negative "Other addition" on Schedule ASC-CORP (ORS 314.295; OAR 150-314.295).
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC §263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].
- **IRC §139A federal subsidies for prescription drug plans.** For federal purposes, taxpayers can exclude from taxable income certain federal subsidies for prescription drug plans per IRC §139A. However, for Oregon purposes, this federally excluded income is an addition on the Oregon return (ORS 317.401).
- **IRC §631(a) treatment of timber isn't recognized by Oregon.** Both beginning and ending inventories must be adjusted for IRC §631(a) gain. For Oregon purposes, there is no taxable event until actual sale (ORS 317.362).
- **Listed foreign jurisdictions—income.** Taxable income of any unitary corporation that's incorporated in a listed foreign jurisdiction shall be included in Oregon income as an "Other addition" if the income is not otherwise included (ORS 317.715). Use the subject corporation's net income as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule ASC-CORP; don't combine amounts of multiple corporations.

  If a subject corporation's income has been excluded from your federal consolidated taxable income as carried to your Oregon return, it's a positive "Other addition" to arrive at Oregon taxable income (ORS 317.715 and corresponding administrative rules).
- **Listed foreign jurisdictions—loss.** Taxable loss of any unitary corporation that's incorporated in a listed foreign jurisdiction shall be included in Oregon income as a negative "Other addition" if the income is not otherwise included (ORS 317.715). Use the subject corporation's net loss as reported on line 18, Schedule C of federal Form 5471. Report each subject corporation's income or loss as a separate amount on Schedule ASC-CORP; don't combine amounts of multiple corporations.

  If a subject corporation's loss or item of expense has been excluded from your federal consolidated taxable income as carried to your Oregon return, it is a negative "Other addition" to arrive at Oregon taxable income (ORS 317.715 and corresponding administrative rules).
- **Listed foreign jurisdictions—previously included loss or expense.** If any portion of loss or expense of a foreign corporation (subject corporation) that's required to be included in the determination of federal taxable income per ORS 317.715 was already included in your Oregon taxable income, it won't be included again. Reduce the "Other addition" loss for the portion of the loss or expense that was previously included. Include a schedule with your return to explain how each amount is determined (ORS 317.715 and corresponding administrative rules).
- **Losses of nonunitary corporations.** Net losses of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net losses include the separate loss as determined under Treasury Regulations adopted for IRC §1502, and deductions, additions, or items of income, expense, gain, or loss for which the consolidated treatment is prescribed. Include a schedule showing computation of the net loss eliminated [ORS 317.715(2)].
- **Net federal capital loss deduction.** If the Oregon and federal capital loss deductions are different, add the federal capital loss back to income. The Oregon capital loss will be deducted after subtractions (and apportionment for corporations required to apportion income) to arrive at Oregon taxable income (OAR 150-317.013).
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC §199 claimed on the federal return. Agricultural or horticultural cooperatives, reduce the addition by the amount passed through to cooperative patrons under IRC §199(d)(3)(A) (ORS 317.398).
- **Qualified research and development credit.** After you have calculated the credit, you must add the amount back to your Oregon taxable income.
- **REITs and RICs.** An REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation (ORS 317.010 and corresponding administrative rules).
- **Renewable energy development contributions (auction)**. If you claimed a federal deduction for the amount you paid for your Oregon Renewable Energy

Development tax credit, you'll have an Oregon addition for the amount of your deduction (ORS 315.326).

- **Safe harbor lease agreements.** Oregon doesn't tie to the federal safe harbor lease provisions. See OAR 150-317.349-(A) and 150-317.349-(B) for details about the adjustments required for Oregon.
- **Trust for Cultural Development Account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return (ORS 315.675).
- **University venture development fund contributions.** Add to federal taxable income the amount of contributions used to calculate the University Venture Fund Contribution credit that were deducted from federal taxable income (ORS 315.521).
- **Unused business credits.** Unused business credits taken as a federal deduction under IRC §196 must be added back to Oregon income (ORS 317.304).

Subtractions

Line 8. Work opportunity credit wages not deducted on the federal return. Enter the amount of wages that weren't deducted on the federal return because the work opportunity credit was claimed (ORS 317.303).

Line 9. Interest on obligations of the United States and its instrumentalities included in Form 20-I, line 1. **This applies to income tax filers only.** Reduce the subtraction by any expenses incurred to produce this interest income.

Line 10. State of Oregon interest income included on line 2 (Form 20-I only). Interest income from obligations of the state of Oregon isn't taxable if the obligation was issued after May 24, 1961. Reduce the subtraction by any expenses incurred to produce this interest income.

Line 11. Dividend deduction. Claim all Oregon dividend deductions on this line. A 70 percent deduction is allowed for qualifying dividends regardless of geographic source. An 80 percent deduction is allowed for dividends received from corporations whose stock is owned 20 percent or more. Use the following worksheet for computing the Oregon dividend deduction and include a copy with your return (ORS 317.267).

The following are also included in the Oregon dividend deduction calculation, if they were included in federal taxable income carried to the Oregon return:

- **Dividends from debt financed stock**, to the extent deductible for federal tax purposes (IRC §246A) [ORS 317.267(2)].
- **Dividends from foreign sales corporations and domestic international sales corporations**, the net income of which was included on line 4 (ORS 317.283, 317.286).
- **Dividends from other corporations in this consolidated Oregon return**. Subtract 100 percent from federal taxable income [ORS 317.267(1)].
- **IRC §78 dividends (gross-up dividends)** are subtracted in full from federal taxable income (ORS 317.273).

Worksheet for computing dividend deduction (include a copy when filing your return).

1. Dividends included in federal taxable income before "special deductions." 1. ________
2. Subtract:
   a. Dividends described in IRC §243(d)(1) that are actually interest on deposits. 2a. ________
   b. Dividends described in IRC §245(c) and §246(d) (from FSCs and DISCs). 2b. ________
   c. Dividends from debt financed stock. 2c. ________
   d. Dividends from corporations included in consolidated Oregon return. 2d. ________
   e. IRC §78 Gross-up. 2e. ________
   f. Dividends not treated as dividends under IRC §243(d) or §965(c)(3). 2f. ________
   g. Dividends described in IRC §246(a) or (c) that don't receive a deduction. 2g. ________
3. Total (add lines 2a through 2g). 3. ________
4. Balance subject to 70% (or 80%) deduction (line 1 minus line 3). 4. ________
5. Percentage deduction. 5. ________
6. Subtotal deduction (line 5 × line 4). 6. ________
7. Add:
   a. Dividends described in IRC §245(c) and §246(d) (from FSCs and DISCs) (100%). 7a. ________
   b. Dividends from debt financed stock (same as federal deduction). 7b. ________
   c. Dividends from corporations included in consolidated Oregon return (100%). 7c. ________
   d. IRC §78 Gross-up (100%). 7d. ________
8. Total Oregon deduction. 8. ________

Line 12. Income of nonunitary corporations. Net income of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net income includes the separate taxable income, as determined under Treasury Regulations adopted for IRC §1502, and any deductions, additions, or items of income, expense, gain, or loss for which consolidated treatment is prescribed. Include a schedule showing computation of the net income eliminated [ORS 317.715(2)].

Line 13. Total other subtractions. The amount by which an item of gross income is less under Oregon law than federal law, or the amount by which an allowable deduction is greater under Oregon law than federal law, is a subtraction on your Oregon return. **Note:** Don't include Oregon dividend deductions on line 13. All allowable Oregon dividend deductions are subtracted on line 11.

Use Schedule ASC-CORP to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all "Other subtractions" is entered on Form 20-I, line 13.

Important: Don't report a subtraction that's already included on lines 8 through 12.

"Other subtractions" include:

- **Bad debt reserve addition of a financial institution to the extent that the Oregon amount exceeds the amount that's allowed on the federal return.** A subtraction is also made if the amortization of the federal reserve is greater than the amortization of the Oregon reserve (ORS 317.310).
- **Cancellation of debt (COD) income IRC §108(i).** Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return you may subtract for Oregon the amount that was previously included in Oregon income (ORS 317.301).
- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction [IRC §170(d)(2)(B)] (ORS 317.307).
- **Deferred gain recognized from out-of-state disposition of property acquired in an IRC §1031 or §1033 exchange.** See ORS 317.327 regarding the computation of the subtraction if gain or loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Depletion.** Oregon deduction in excess of federal allowance (ORS 317.374).
- **Depreciation differences.** If your Oregon depreciation isn't the same as your federal depreciation, the difference is a required modification to your Oregon return (ORS 317.301). Use the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries,* 150-101-025, to determine the Oregon modification.
- **Federal credits.** Subtract the amount of expense not deducted on the federal return attributable to claiming a federal credit (ORS 317.303).
- **Federal investment tax credit on certain assets.** If you take a federal tax credit on certain assets, and your federal basis is less than your Oregon basis, you must recalculate the gain or loss on disposal of those assets and subtract the difference (ORS 317.356).
- **Film production labor rebate.** Subtract the amount received as a labor rebate and included in federal taxable income in determining your Oregon taxable income (ORS 317.394).
- **Gain or loss on the sale of depreciable property.** The difference in gain or loss on the sale of business assets when your Oregon basis is less than your federal basis (ORS 317.356).
- **IC-DISC commission payments.** For tax years beginning on or after January 1, 2013, a deduction is allowed for commission payments made to an IC-DISC if the DISC was formed on or before January 1, 2014 (ORS 317.283).
- **Inventory costs.** The costs allocable to inventory are the same as those included in IRC §263A. Differences in depreciation and depletion allocable to inventory result in a modification [ORS 314.287(3)].
- **Land donation or bargain sale of land to educational institutions.** Enter the fair market value of land donated or the amount of the reduction in sales price of land sold to a school district. The subtraction is limited to 50 percent of Oregon taxable income (ORS 317.488).
- **Listed foreign jurisdictions—previously included income.** Taxable income of any unitary corporation that's incorporated in a listed foreign jurisdiction and isn't otherwise required to file a consolidated federal return (subject corporation) shall be included in Oregon income (ORS 317.715).
  If a portion of income of a subject corporation was previously included in Oregon taxable income, claim a separate "Other subtraction" for the portion of the income that was previously included. **Don't** combine previously included income with "Other additions." See "Other additions" for more information.
  Note: Don't report losses from a subject corporation as an "Other subtraction." See "Other additions" for how to report a loss (ORS 317.715 and corresponding administrative rules).
- **Losses from outside the United States.** Subtract losses from sources outside the United States, as defined in IRC §862, not included in federal taxable income under IRC §861 to §864 (ORS 317.625).
- **Manufactured dwelling park tenant payments** made under ORS 90.505 to 90.840 to compensate a tenant for costs incurred due to the closure of the park may be subtracted (ORS 317.092).
- **REITs and RICs.** An REIT or RIC meeting the federal affiliate definition must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation (ORS 317.010 and corresponding administrative rules).

- **Sale of manufactured dwelling park.** The taxable gain attributable to the sale of a manufactured dwelling park to a tenant's association, facility purchase association or tenant's association supported nonprofit organization is exempt from tax (Note following ORS 317.401).

Net loss and net capital loss deductions are entered on Schedule AP for Form 20-I filers.

Net loss deduction

- A net loss is the amount determined under IRC Chapter 1, Subtitle A, with the modifications specifically prescribed under Oregon law.
- The Oregon deduction is the sum of unused net losses assigned to Oregon for preceding taxable years.
- A net operating loss carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years [ORS 317.476(4)(b)].
- Enter the deduction on Schedule AP-2, **line 10a** for net losses assigned to Oregon during the preceding taxable years (and not previously deducted).
- Net losses can be carried forward up to 15 years.
- Oregon doesn't allow net losses to be carried back.
- For losses, and built-in losses occurring before a change in ownership (SRLY limitations), Oregon is tied to the federal limitations (IRC §382 and §384; ORS 317.476 and 317.478).
- 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).
- REITs, if qualified under IRC §856, aren't allowed a net loss deduction [ORS 317.476(5)].
- **Attach a schedule** showing your computations.

Net capital loss deduction

- Enter the deduction on Schedule AP-2, **line 10b.**
- Oregon allows a net capital loss deduction for losses **apportioned to Oregon** and carried from another year.
- The deductible loss is limited to net capital gain included in Oregon income.
- **Include a schedule** showing your computations including the tax year the net capital loss originated (OAR 150-317.013).

Tax

Line 17. Calculated income tax. Is Oregon taxable income $1 million or less? If so, multiply Oregon taxable income by 6.6 percent and enter the result. Enter -0- if the result is negative or zero.

Is Oregon taxable income greater than $1 million? If so, multiply the amount that's greater than $1 million by 7.6 percent, and add $66,000. Enter the result.

Line 18. Tax adjustments.

- Installment sales interest. If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount as a positive number. Include a schedule showing how you figured the interest.
- Tax paid on composite return. Subtract the amount of tax that was paid on behalf of any corporation included in the consolidated return if they elected to be part of an *Oregon Composite Return,* 150-101-154. The amount can be found on Schedule OC2, column g, "net tax." Enter the amount as a negative number.

Line 19. Tax before credits (line 17 plus line 18).

Credits

For a complete list and description of all Oregon corporation credits, including links to certifying agencies and forms, visit www.oregon.gov/dor/business.

Important:

- If you're claiming credits that require certification, make sure to include a copy of the certification with your return.
- All credits are claimed on Schedule ASC-CORP.
- All carryforward amounts are claimed separately from current-year credits.
- Taxpayers must take the full amount of a credit allowed per year (ORS 314.078).

Line 20. Total other credits. Use Schedule ASC-CORP to report the amount and description of "Other credits". Use the numeric description code from the list in Appendix A. The total of all "Other credits" is entered on Form 20-I, line 20.

Line 21. Income tax after credits (line 19 minus line 20). Enter -0- if line 20 is greater than line 19.

Line 22. LIFO benefit recapture. This amount is a subtraction from tax after credits. Oregon has adopted the provisions of IRC §1363(d) for S corporations. LIFO benefits are included in taxable income for the last year of the C corporation under these provisions. On a separate schedule, compute the difference between tax (after credits and any surplus refund) on income per the return and income without the recapture of LIFO benefits. Multiply this difference by 75 percent and enter the result on Form 20-I, line 22 as a subtraction from the tax after credits. Include the computation schedule with the Oregon return.

On the LIFO benefits line of each of the first three returns of the new S corporation, add one-third of the tax that was deferred from the last year of the C corporation (ORS 314.750).

Net income tax

Line 23. Net income tax (line 21 minus line 22). Income filers don't pay a minimum tax.

Payments, penalty, interest, and UND

Line 24. 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're 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 that total to Form 20-I, line 24.

Line 25. Withholding payments. If taxes were paid on the corporation's behalf, enter the amount on line 25.

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 aren't 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's includible in Oregon taxable income for the year.

Withholding isn't required if one of the following requirements is met:

- The consideration for the real property doesn't 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 won't result in Oregon taxable income.

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

Pass-through entity withholding requirement. A pass-through entity (partnership, S corporation, LLP, LLC, or certain trusts) with distributive income from Oregon sources must withhold tax from its nonresident owners. The requirement is waived if the nonresident owner makes an election to join in the filing of a composite return, sends us a signed *Oregon Affidavit for a Nonresident Owner of a Pass-through Entity*, or meets another exception listed in OAR 150-314.775. See instructions for Oregon Form OR-19, *Annual Report of Nonresident Owner Tax Payments,* 150-101-182, for more information.

Line 28. Penalty. To avoid penalty and interest, you must mail any tax payment owed by the **original** due date of the tax return. You must also mail your tax return by the original due date, or by the extended due date if you file with a valid extension included.

Enter the following penalties on your return if they apply.

- **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 won't 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 filed with a valid extension but didn't pay 90 percent of your tax by the original due date, you'll 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. A 100 percent penalty is assessed on each year's tax balance.

Line 29. 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. If you file an amended return and have tax to pay, we'll charge interest starting the day after the due date of the original return until the date you pay in full.

Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment. Interest is figured daily for a fraction of a month, based on a 365-day year. If your taxable income is changed because of a federal or state audit and you owe more tax, we'll charge interest from the due date of the original return to the date you pay in full.

Even if you get an extension to file, you'll owe interest if you pay after the return's original due date.

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, 2016	4%	0.3333%	0.0110%
January 1, 2015	4%	0.3333%	0.0110%
January 1, 2014	4%	0.3333%	0.0110%
January 1, 2013	4%	0.3333%	0.0110%

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 we assessed an existing deficiency; and
- The assessment isn't paid within 60 days after the notice of assessment is issued; and
- You haven't filed a timely appeal.

Line 30. Interest on underpayment of estimated tax (UND). You must make quarterly estimated tax payments if you expect to owe $500 or more with your return. 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 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, include Form 37—with the "Form 37" box checked—with your tax return, and file them before the due date of the return.

If your current year corporation tax liability is less than $500, you aren't required to make estimated payments. Don't complete this form. However, this provision doesn't 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.

Total due or refund

Line 32. Total due. See "Filing checklist" for payment options.

Special instructions

- If you owe penalty or interest and have an overpayment on line 27, and your overpayment is less than total penalty and interest, then fill in the result of line 31 minus line 27, on line 32.
- If you mail a check or money order to pay tax, penalties, or interest **separate** from filing your tax return, include Form 20-V. (Form 20-V must include a payment; don't send Form 20-V unless a check or money order is included.)

Line 34. Amount of refund to be credited to estimated tax. You may elect to apply part or all of your refund to your next estimated tax payment installment. Fill in the amount you want to apply. Your election is irrevocable.

We will apply the elected amount to the estimated tax installment that next becomes due on or after the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later. The amount will be credited as of the due date of your return (not including extensions) or the date the overpayment of tax was made, whichever is later.

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.
- 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.

Appendix A
Corporation Form 20-I
2015 Schedule ASC-CORP codes

Other additions

Description	Code
Bad debt reserve federal exceeding Oregon	156
Capital construction fund	152
Charitable donations not allowed for Oregon	132
Child Care Office contributions	153
Claim of right income repayment	173
Deferred gain from out-of-state disposition of property	118
Dependent care credits	155
Depletion (percentage in excess of cost)	166
Depreciation differences	174
Film production development contributions	157
Gain or loss on disposition of depreciable property	158
Income from sources outside U.S.	159
Individual development accounts credit	113
Intercompany transactions involving intangible assets	160
Inventory costs	161
IRC §139A federal subsidies for prescription drugs	123
IRC §631(a) treatment of timber not recognized by Oregon	162
Listed foreign jurisdictions—income	176*
Listed foreign jurisdictions—loss	177*
Listed foreign jurisdictions—previously included loss or expense	177*
Losses of nonunitary corporations	164
Net federal capital loss deduction	165
QPAI deductions	102
Qualified research and development credit	167
REITs and RICs	168
Renewable energy development contributions (auction)	175
Safe harbor lease agreements	169
Trust for Cultural Development Account contributions	170
Uncategorized addition (must include explanation)	199
University venture development fund contributions	171
Unused business credits	122

* If you use code 176 or 177, you must also enter a "country code" on Schedule ASC-CORP to indicate the listed foreign jurisdiction. See Appendix C for country codes.

Other subtractions

Description	Code
Bad debt reserve Oregon exceeding federal	359
Cancellation of debt (COD) income §108(i)	365
Charitable contribution	351
Deferred gain from out-of-state disposition of property	352
Depletion (Oregon in excess of federal allowance)	362
Depreciation differences	353
Federal credits	354
Federal investment tax credit on certain assets	355
Film production labor rebate	336
Gain or loss on sale of depreciable property	356
IC-DISC commission payments (DISC formed before 01/02/2014)	366
Inventory costs	357
Land donation or bargain sale of land to educational institutions	350
Listed foreign jurisdictions—previously included income	367*
Losses from outside U.S.	358
Manufactured dwelling park tenant payments	344
REITs and RICs	360
Sale of manufactured dwelling park	338
Uncategorized subtraction (must attach explanation)	399

* If you use code 367, you must also enter a "country code" on Schedule ASC-CORP to indicate the listed foreign jurisdiction. See Appendix C for country codes.

Other credits

Description	Code
Alternative fuel vehicle fueling stations carryforward	401
Alternative fuel vehicle fund (auction) carryforward	953
Biomass production or collection	743
Biomass production or collection carryforward	943
Business energy conservation facilities	703
Business energy conservation facilities carryforward	903

Other credits *(continued)*

Description	Code
Child Care Office contributions	705
Child Care Office contributions carryforward	905
Claim of right	706
Contributions of computers or scientific equipment for research carryforward	900
Crop donation	820
Crop donation carryforward	403
Dependent care assistance (employer provided)	707
Dependent care assistance (employer provided) carryforward	907
Dependent care facilities (employer provided) carryforward	901
Electronic commerce in enterprise zone or city	710
Electronic commerce in enterprise zone or city carryforward	910
Employee and dependent scholarship program payments	711
Employee and dependent scholarship program payments carryforward	911
Energy conservation project	750
Energy conservation project carryforward	950
Energy manufacturing facility	748
Energy manufacturing facility carryforward	948
Energy transportation project	751
Energy transportation project carryforward	951
Film production development contributions	737
Film production development contributions carryforward	937
Individual development accounts	715
Individual development accounts carryforward	915
Lender's credit: affordable housing	802
Lender's credit: affordable housing carryforward	902

Description	Code
Lender's credit: energy conservation carryforward	409
Long-term rural enterprise zone facilities	804
Long-term rural enterprise zone facilities carryforward	904
Pollution control facilities	725
Pollution control facilities carryforward	925
Qualified equity investment	806
Qualified equity investment carryforward	906
Qualified research activities	819
Qualified research activities carryforward	919
Qualified research alternative	813
Qualified research alternative carryforward	913
Reforestation carryforward	410
Renewable energy development contribution	749
Renewable energy development contribution carryforward	949
Reservation enterprise zone	728
Trust for Cultural Development Account contributions	722
Uncategorized credit (must include explanation)	899
Uncategorized credit carryforward (must include explanation)	999
University venture development fund contributions	739
University venture development fund contributions carryforward	939
Voluntary removal of riparian land from farm production carryforward	411
Weatherization lender's credit carryforward	917
Wolf depredation	818
Wolf depredation carryforward	918

Items with a specific line on the form don't have a code. See Form 20-I.

Appendix B
Oregon Corporation Form 20-I
2015 Tax Rates

Calculated Tax

If Oregon taxable income is:

- $1 million or less, multiply Oregon taxable income by 6.6% (not below zero).
- more than $1 million, multiply the amount that's more than $1 million by 7.6%, and add $66,000.

Note: Income tax filers pay only calculated tax. They are not subject to minimum tax.

Appendix C

Oregon Corporation Form 20-I

2015 Country codes

Note: Country codes are to be used on Schedule ASC-CORP if you are also using addition codes 176 or 177 or subtraction code 367.

Andorra	AN
Anguilla	AV
Antigua and Barbuda	AC
Aruba	AA
The Bahamas	BF
Bahrain	BA
Barbados	BB
Belize	BH
Bermuda	BD
The British Virgin Islands	VI
The Cayman Islands	CJ
The Cook Islands	CW
Cyprus	CY
Dominica	DO
Gibraltar	GI
Grenada	GJ
Guernsey-Sark-Alderney	GK
The Isle of Man	IM
Jersey	JE
Liberia	LI
Liechtenstein	LS
Luxembourg	LU
Malta	MT
The Marshall Islands	RM
Mauritius	MP
Monaco	MN
Montserrat	MH
Nauru	NR
The Netherlands Antilles	99
Niue	NE
Samoa	WS
San Marino	SM
Seychelles	SE
St. Kitts and Nevis	SC
St. Lucia	ST
St. Vincent and the Grenadines	VC
The Turks and Caicos Islands	TK
The U.S. Virgin Islands	VQ
Vanuatu	NH