

# Worksheet OR-CRC



Office use only

## Claim of Right Income Repayments

Did you repay more than \$3,000 that you reported as Oregon taxable income in an earlier year? If so, you may be able to claim a credit on your Oregon personal income tax return whether you're taking a claim of right income repayment deduction or claiming the repayment credit on your federal return for the repayment year.

**For tax year**

Repayments of \$3,000 or less don't qualify for an Oregon credit. **Corporations** may file for relief of tax on repaid income. Refer to Oregon Form OR-20 for instructions.

### Claim of right credit [Credit code 890]

If you're taking the **federal deduction**, see the instructions that start on page 3. If you claimed the **federal credit** instead, follow these instructions to calculate your Oregon credit. You'll need the following:

- All filers:
  - Oregon tax tables or rate charts from the year the income was taxed.
  - A copy of your Oregon tax return for the year the income was taxed plus any amended returns or adjustment notices.
- If you filed a part-year or nonresident return for the year the income was taxed:
  - A blank part-year or nonresident tax return form for that tax year. Fill out the form so that all income items are the same as they were on the original return with any amendments or adjustments, except reduce both your Oregon and your federal income by the amount you repaid. Your Oregon percentage may change. If so, you must recalculate amounts using the revised Oregon percentage. Complete the return through the "Total tax before credits" line to figure your total tax. Don't adjust any other items on the return. **Don't file this return.** Use this return only for the purpose of calculating your claim of right credit.

#### Claim of right credit worksheet—Full-year filers

- |  |    |                                  |
|--|----|----------------------------------|
| 1. Enter your Oregon taxable income, as amended or adjusted, for <b>the year the income was taxed</b> .....  | 1. | <input type="text" value=".00"/> |
| – 2014 and prior: Form 40, line 28.  |    |                                  |
| – 2015: Form 40, line 21.  |    |                                  |
| – 2016 and later: Form OR-40, line 21.   |    |                                  |
| 2. Enter the amount of income you repaid in the tax year for which you are calculating the credit .....  | 2. | <input type="text" value=".00"/> |
| 3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income .....   | 3. | <input type="text" value=".00"/> |
| 4. Using the tax tables or rate charts from the year the income was taxed, enter the tax on the amount on line 3. This equals your Oregon tax before credits without the income you repaid ..... | 4. | <input type="text" value=".00"/> |
| 5. Enter your Oregon tax before credits from <b>the return you filed</b> , as amended or adjusted.....   | 5. | <input type="text" value=".00"/> |
| – 2014 and prior: Form 40, line 31.  |    |                                  |
| – 2015: Form 40, line 24.  |    |                                  |
| – 2016 and later: Form OR-40, line 24.   |    |                                  |
| 6. Line 5 minus line 4. This is your Oregon claim of right credit.....   | 6. | <input type="text" value=".00"/> |

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## Claim of right credit worksheet—Part-year or nonresident filers

1. Complete the duplicate part-year or nonresident return for the year the income was taxed as instructed above. Enter the Oregon tax before credits from the duplicate return..... 1. 

	.00
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  - 2014 and prior: Form 40P, line 52; Form 40N, line 53.
  - 2015: Form 40P, line 50; Form 40N, line 51.
  - 2016 and later: Form OR-40-P, line 49; Form OR-40-N, line 50.
2. Enter your Oregon tax before credits from the return you originally filed, as amended or adjusted..... 2. 

	.00
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3. Line 2 minus line 1. This is your Oregon claim of right credit..... 3. 

	.00
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**Where to claim the credit.** Claim the credit on your return for the year in which you repaid the income:

- 2014 and prior: Form 40, line 43, mark box 43b; Form 40P or 40N, line 60, mark box 60b.
- 2015 and later: Schedule OR-ASC, section 5; Schedule OR-ASC-NP, section 7; use code 890.

**Income repayment from more than one tax year**—If you repaid income from more than one tax year, complete a separate credit worksheet to determine the credit for each tax year. Claim the total of all credits on your return for the year in which you made the repayment.

### Example 1

Sophie is a full-year resident whose filing status is single. In 2017, Sophie repaid \$10,000 of pension income originally received in 2014. She is claiming the income repayment credit on her 2017 federal return. Her 2014 Oregon tax return wasn't amended or adjusted. It shows Oregon taxable income of \$40,000 and Oregon tax before credits of \$3,374.

#### Example 1: Sophie's claim of right credit worksheet

1. Enter your Oregon taxable income, as amended or adjusted, for **the year the income was taxed** ..... 1. 

	40,000.00
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2. Enter the amount of income you repaid in the tax year for which you are calculating the credit ..... 2. 

	10,000.00
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3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income ..... 3. 

	30,000.00
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4. Using the tax tables or rate charts from the year the income was taxed, enter the tax on the amount on line 3. This equals your Oregon tax before credits without the income you repaid ..... 4. 

	2,474.00
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5. Enter your Oregon tax before credits from **the return you filed**, as amended or adjusted..... 5. 

	3,374.00
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6. Line 5 minus line 4. This is your Oregon claim of right credit..... 6. 

	900.00
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Sophie completes the worksheet and determines that the 2014 tax on \$30,000 would have been \$2,474. On her 2017 Oregon full-year return, Sophie enters the \$900 from line 6 of the worksheet on Schedule OR-ASC, section 5, using code 890 to claim her credit.

### Example 2

During 2017, Chris, a full-year resident, repaid \$25,000 of compensation originally received in 2013. He is claiming the repayment credit on his 2017 federal return. In 2013, when Chris was a Washington resident, he worked part of the time in Oregon, and \$10,000 of the repaid compensation was taxable to Oregon. On his original 2013 Oregon Form 40N, his income in the federal column was \$225,000 and his Oregon income was \$80,000. His Oregon percentage was 35.6 percent, and his original Oregon tax was \$6,367. Chris completes a duplicate 2013 Oregon Form 40N with \$25,000 less in wages in the federal column and \$10,000 less in wages in the Oregon column. His refigured Oregon percentage is 35.0 percent and his refigured tax is \$5,477.

#### Example 2: Chris' claim of right credit worksheet

1. Complete the duplicate part-year or nonresident return for the year the income was taxed as instructed above. Enter the Oregon tax before credits from the duplicate return..... 1. 

	5,477.00
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2. Enter your Oregon tax before credits from the return you originally filed, as amended or adjusted..... 2. 

	6,367.00
--	----------
3. Line 2 minus line 1. This is your Oregon claim of right credit..... 3. 

	890.00
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Chris claims the credit on his 2017 Oregon full-year return by entering \$890 on Schedule OR-ASC, section 5, using code 890.

### Example 3

During 2017, Theresa, a full-year resident, repaid \$5,000 of pension income she received and reported as taxable income in 2015. During 2015, Theresa was an Idaho resident with Oregon income from rental properties. She filed a 2015 Oregon Form 40N to report the rental income, but her pension income wasn't taxable to Oregon. Theresa can't claim a credit on her 2017 Oregon return for the pension income she repaid during 2017 because Oregon didn't tax that income in 2015.

**Don't include this form with your Oregon return. Keep it with your tax records.**



Claim of right—Federal deduction taken
[Credit code 890 plus addition code 103/modification code 649]

If you're taking a federal deduction for the repayment on your federal return, you can choose how to claim it on your Oregon return. The federal deduction can flow through to your Oregon return or you can claim the Oregon credit instead. Choose the option that results in less tax on your Oregon return.

- If the credit results in less tax, claim the Oregon credit, but you must add back the federal deduction to prevent a double benefit that would result from both claiming the credit and taking the deduction on your Oregon return.
• If you let the federal deduction flow through, you don't need to do anything further on your Oregon return, but you can't claim the credit.

To see which option is best, follow these steps:

1. Calculate your credit using the appropriate credit worksheet for your form type starting on page 1.
2. Complete the addition worksheet below if you claimed the repayment deduction on your federal Schedule A.
3. Complete the deduction comparison worksheet for your form type on page 5.

Addition

The addition on your Oregon return is generally equal to the deduction on your federal return. If you claimed the federal deduction on Schedule A, however, your addition may be less than the full amount of your federal deduction. Use the addition worksheet below to figure your Oregon addition if you're deducting the repayment on Schedule A and claiming the credit on your Oregon return. Unless otherwise stated, all year references are to the tax year when you repaid the income.

Addition worksheet for Schedule A deduction—Full-year filers

1. Enter your net Oregon itemized deductions as reported on your return..... 1. [ ] .00
- 2014 and prior: Form 40, line 25.
- 2015: Form 40, line 18.
- 2016 and later: Form OR-40, line 18.
2. Enter the repayment deduction included on federal Schedule A, line 28 ..... 2. [ ] .00
3. Line 1 minus line 2. This equals your net Oregon itemized deductions without the claim of right deduction..... 3. [ ] .00
4. Enter the Oregon standard deduction for your filing status, with any additional amounts ..... 4. [ ] .00
- 2014 and prior: Form 40, line 26.
- 2015: Form 40, line 19.
- 2016 and later: Form OR-40, line 19.
5. Is line 3 larger than line 4? [ ] Yes. Enter zero. [ ] No. Enter line 4 minus line 3..... 5. [ ] .00
6. Line 2 minus line 5. This is your Oregon addition if you claim the credit and don't allow the federal deduction to flow through ..... 6. [ ] .00

Enter the amount from line 6 in section 1 of Oregon Schedule OR-ASC using code 103.

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Addition worksheet for Schedule A deduction—Part-year or nonresident filers

1. Enter your net Oregon itemized deductions as reported on your return..... 1. [ ] .00
- 2014 and prior: Form 40N or 40P, line 43\*.
- 2015: Form 40N or 40P, line 39.
- 2016 and later: Form OR-40-N or OR-40-P, line 39.
2. Enter the repayment deduction included on federal Schedule A, line 28 ..... 2. [ ] .00
3. Line 1 minus line 2. This equals your net Oregon itemized deductions without the claim of right deduction ..... 3. [ ] .00
4. Enter the Oregon standard deduction for your filing status, with any additional amounts ..... 4. [ ] .00
- 2014 and prior: Form 40N or 40P, line 44.
- 2015: Form 40N or 40P, line 40.
- 2016 and later: Form OR-40-N or OR-40-P, line 40.
5. Is line 3 larger than line 4? [ ] Yes. Enter zero. [ ] No. Enter line 4 minus line 3..... 5. [ ] .00
6. Line 2 minus line 5. This is your Oregon addition if you claim the credit and don't allow the federal deduction to flow through ..... 6. [ ] .00

Report the addition as a negative modification by using a minus sign with the dollar amount. This reduces your total deductions and modifications. Use modification code 649.

- 2014 and prior: Form 40N or 40P, line 46.
- 2015: Schedule OR-ASC-N/P, section 4.
- 2016 and later: Schedule OR-ASC-NP, section 4.

\*For tax year 2012 and prior, add the special Oregon medical deduction claimed on Form 40N or 40P, line 46, to the amount on line 43.

Example 4

Adam is an Oregon resident who files with the head of household filing status. In 2017, Adam was required to repay \$5,000 of unemployment income he received in 2016. On his 2017 federal return, he's including the \$5,000 as a claim of right income repayment deduction on Schedule A. He needs to determine whether to allow the federal deduction to flow through to his Oregon taxable income or claim the Oregon credit instead.

Adam uses the worksheet from page 1 to find the tax he paid on this income for 2016, and he comes up with a credit of \$450. Next, he fills out the addition worksheet for full-year filers using his net Oregon itemized deductions of \$8,000.

Example 4: Adam's addition worksheet for Schedule A deduction—Full-year filers

1. Enter your net Oregon itemized deductions as reported on your return..... 1. [ ] 8,000.00
2. Enter the repayment deduction for claim of right included on federal Schedule A, line 28 ..... 2. [ ] 5,000.00
3. Line 1 minus line 2. This equals your net Oregon itemized deductions without the claim of right deduction ..... 3. [ ] 3,000.00
4. Enter the Oregon standard deduction for your filing status, with any additional amounts ..... 4. [ ] 3,500.00
5. Is line 3 larger than line 4? [ ] Yes. Enter zero. [X] No. Enter line 4 minus line 3..... 5. [ ] 500.00
6. Line 2 minus line 5. This is your Oregon addition if you claim the credit and don't allow the deduction to flow through ..... 6. [ ] 4,500.00

Adam's net Oregon itemized deductions would be less than his standard deduction of \$3,500, so his addition is less than the full amount deducted on Schedule A. He has to add back only \$4,500 to prevent a double benefit. Next he'll complete the deduction comparison worksheet.

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## Repayment year deduction comparison worksheet

This worksheet will show the effect on your Oregon tax from allowing the federal deduction to flow through compared with claiming the Oregon credit. Unless otherwise stated, **all references are to the tax year when you repaid the income.**

### Repayment year deduction comparison worksheet—Full-year filers

First, complete your Oregon Form 40 or OR-40 to figure your **Oregon taxable income**, allowing the federal deduction to flow through to your Oregon return. Then complete this worksheet.

1. Enter your **Oregon taxable income** from Form 40 or OR-40..... 1.   
— 2014 and prior: Line 28.  
— 2015 and later: Line 21.
2. Calculate the tax on the amount on line 1 using the tax tables or rate charts for the **year you repaid the income**. This equals your Oregon tax (before other credits) if the deduction flows through and you don't claim the credit..... 2.
3. If you completed the addition worksheet on page 3, enter the amount from line 6; otherwise, enter the repayment deduction amount from your federal return..... 3.
4. Add lines 1 and 3. This is your Oregon taxable income with the required addition if you claim the credit..... 4.
5. Calculate the tax on the amount on line 4 using the tax tables or rate charts for the **year you repaid the income**. This equals the tax before credits if the federal deduction doesn't flow through ..... 5.
6. Enter the amount from the credit worksheet (page 1, line 6; or page 2, line 3)..... 6.
7. Line 5 minus line 6. This equals your Oregon tax (before other credits) if you report the addition and claim the credit ..... 7.

Compare lines 2 and 7. If line 2 is the same or less than line 7, don't claim the credit on your Oregon return. Instead, simply allow the deduction claimed on the federal return to flow through to your Oregon return. If line 2 is more than line 7, claim the Oregon claim of right credit. Remember, **you must add back the federal deduction** to claim the credit.

### Repayment year deduction comparison worksheet—Part-year or nonresident filers

You'll need to complete **two** duplicate Oregon part-year or nonresident tax returns, as applicable, for the **year you repaid the income**, one showing the tax if you add back the federal repayment deduction and claim the credit, and one showing the tax if you allow the federal deduction to flow through to your Oregon taxable income. On the **first** duplicate return, add back the federal amount deducted or the amount from line 6 of the addition worksheet on page 4. Remember, if your federal deduction is claimed on Schedule A, the Oregon addition is reported as a **negative** modification, so be sure to put a minus sign in front of the dollar amount. If your federal deduction is not claimed on Schedule A, your addition in the federal column will be the amount of the deduction claimed on your federal return, with the amount that was taxed by Oregon entered in the Oregon column. On the **second** duplicate return, allow the federal deduction to flow through to the Oregon return. Complete each duplicate return through the "Total tax before credits" line.

1. Enter the amount from the "Total tax before credits" line on the **first** duplicate return. This is your Oregon tax before credits after adding back the federal deduction ..... 1.   
— 2014 and prior: Form 40P, line 52; Form 40N, line 53.  
— 2015: Form 40P, line 50; Form 40N, line 51.  
— 2016 and later: Form OR-40-P, line 49; Form OR-40-N, line 50.
2. Enter the claim of right credit from the credit worksheet (page 1, line 6; or page 2, line 3)..... 2.
3. Line 1 minus line 2. This is your Oregon tax (before other credits) if you report the addition and claim the credit ..... 3.
4. Enter the amount from the "Total tax before credits" line on the **second** duplicate return. This is your Oregon tax before credits if you allow the deduction to flow through and don't claim the credit ..... 4.

Compare lines 3 and 4. If line 4 is the same or less than line 3, don't claim the credit on the Oregon return. Instead, simply allow the deduction you're taking on your federal return to flow through to your Oregon taxable income. If line 4 is more than line 3, claim the Oregon claim of right credit. Remember, **you must add back the federal deduction** to claim the credit.

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## Example 5

Now we'll see if Adam, the full-year taxpayer from example 4, benefits more from allowing the federal deduction to flow through from his federal Schedule A or from claiming the Oregon credit and reporting the addition.

### Example 5: Adam's deduction comparison worksheet

1. Enter your <b>Oregon taxable income</b> from Form 40 or OR-40.....	1.	135,900.00
2. Calculate the tax on the amount on line 1 using the tax tables or rate charts for the <b>year you repaid the income</b> . This equals your Oregon tax (before other credits) if the deduction flows through and you don't claim the credit.....	2.	11,755.00
3. If you completed the addition worksheet, enter the amount from line 6; otherwise, enter the repayment deduction amount from your federal return.....	3.	4,500.00
4. Add lines 1 and 3. This is your Oregon taxable income with the required addition if you claim the credit.....	4.	140,400.00
5. Calculate the tax on the amount on line 4 using the tax tables or rate charts for the <b>year you repaid the income</b> . This equals the tax before credits if the federal deduction doesn't flow through.....	5.	12,160.00
6. Enter the amount from line 6 of the credit worksheet (page 1).....	6.	450.00
7. Line 5 minus line 6. This equals your Oregon tax (before other credits) if you report the addition and claim the credit.....	7.	11,710.00

Because line 2 is more than line 7, Adam benefits more by claiming the Oregon credit. On his 2017 Schedule OR-ASC, he reports the \$4,500 addition in section 1 using code 103 and claims the \$450 credit in section 5 using code 890.

## Example 6

In 2017, Megan, an Oregon nonresident whose filing status is head of household, repaid \$30,000 of compensation she received in 2016. She was a nonresident in 2016, and \$20,000 of the compensation she repaid was taxed by Oregon. Megan claimed the \$30,000 repayment as an itemized deduction on her 2017 federal Schedule A. She needs to decide whether to allow the federal Schedule A deduction to flow through to her Oregon taxable income or report the addition and claim the credit. When she completes the duplicate return to refigure her 2016 Oregon tax for the credit worksheet, Megan enters \$30,000 less income in the federal column and \$20,000 less income in the Oregon column.

### Example 6: Megan's claim of right credit worksheet

1. Complete the duplicate part-year or nonresident return for the year the income was taxed as instructed above. Enter the Oregon tax before credits from the duplicate return.....	1.	3,470.00
2. Enter your Oregon tax before credits from the return you originally filed, as amended or adjusted.....	2.	5,250.00
3. Line 2 minus line 1. This is your Oregon claim of right credit.....	3.	1,780.00

Megan completes the worksheet and determines that her claim of right credit is \$1,780. Next, she needs to figure the required Oregon addition if she takes the Oregon claim of right credit.

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*Example 6: Megan's addition worksheet for Schedule A deduction*

1. Enter your net Oregon itemized deductions as reported on your return.....	1.	42,000.00
2. Enter the repayment deduction included on federal Schedule A, line 28 .....	2.	30,000.00
3. Line 1 minus line 2. This equals your net Oregon itemized deductions without the claim of right deduction.....	3.	12,000.00
4. Enter the Oregon standard deduction for your filing status, with any additional amounts .....	4.	3,500.00
5. Is line 3 larger than line 4? <input checked="" type="checkbox"/> <b>Yes.</b> Enter zero. <input type="checkbox"/> <b>No.</b> Enter line 4 minus line 3.....	5.	0.00
6. Line 2 minus line 5. This is your Oregon addition if you claim the credit and don't allow the federal deduction to flow through .....	6.	30,000.00

Even without the income repayment amount, Megan's itemized deductions are still more than the standard deduction. She must add back the entire \$30,000. Next she'll complete the deduction worksheet.

She starts by completing two duplicate 2017 Oregon nonresident returns. On the **first** duplicate return she adds back the \$30,000 federal deduction as a negative modification on Schedule OR-ASC-NP by using a minus sign in front of the dollar amount. Her Oregon tax before credits on the first duplicate return is \$3,783. Megan completes a **second** duplicate 2017 return with the federal deduction included in itemized deductions. On this return, she determines her tax before credits is \$2,163.

*Example 6: Megan's deduction comparison worksheet*

1. Enter the amount from the "Total tax before credits" line on the <b>first</b> duplicate return. This is your Oregon tax before credits after adding back the federal deduction .....	1.	3,783.00
2. Enter the claim of right credit from the credit worksheet (page 1, line 6; or page 2, line 3).....	2.	1,780.00
3. Line 1 minus line 2. This is your Oregon tax before credits minus the claim of right credit.....	3.	2,003.00
4. Enter the amount from the "Total tax before credits" line on the <b>second</b> duplicate return. This is your Oregon tax before credits if you allow the deduction to flow through .....	4.	2,163.00

Because line 4 is more than line 3, Megan benefits more by reporting the Oregon addition and claiming the Oregon credit. Megan adds back the \$30,000 federal deduction using a minus sign on her 2017 Schedule OR-ASC-NP, section 4, to indicate a negative modification, and enters code 649. Then she'll enter the \$1,780 claim of right credit in section 7 of the schedule using code 890.

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## Example 7

Shannon, an Oregon nonresident, repaid \$8,000 in Oregon unemployment compensation in 2017 that she received in 2013. She was a part-year resident in 2013 and all of the income she repaid was taxed by Oregon. Shannon claimed the \$8,000 repayment as an itemized deduction on her 2017 federal Schedule A. She has no Oregon-source income in 2017, so she wouldn't benefit from allowing the deduction to flow through to her Oregon taxable income. Instead, she'll claim the Oregon credit.

Shannon completes a 2013 Oregon Form 40P through the "Total tax before credits" line, reducing the income in both the federal and Oregon columns. She then uses the claim of right credit worksheet for part-year and nonresident filers to determine her 2017 Oregon credit.

### Example 7: Shannon's claim of right credit worksheet

1. Complete the duplicate part-year or nonresident return for the year the income was taxed as instructed above. Enter the Oregon tax before credits from the duplicate return.....	1.	4,470.00
2. Enter your Oregon tax before credits from the return you originally filed, as amended or adjusted.....	2.	5,190.00
3. Line 1 minus line 2. This is your Oregon claim of right credit.....	3.	720.00

To claim the credit, Shannon must file a 2017 nonresident return even though she doesn't have any Oregon-source income. She enters her federal income items in the federal column of her return, with -0- in the Oregon column. Her Oregon percentage is 0 percent. After entering her itemized deductions from her federal Schedule A, she adds back the \$8,000 federal income repayment deduction as a negative modification by entering a minus sign in front of the dollar amount on Schedule OR-ASC-NP, section 4, using code 649. Her Oregon income tax is \$0. On Schedule OR-ASC-NP, section 7, she enters the \$720 claim of right credit using code 890. Because the credit is refundable, Shannon will receive a \$720 tax refund.

## Do you have questions or need help?

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