

# 2019 Form OR-10

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(Rev. 08-23-19, ver. 01)

Oregon Department of Revenue



Office use only

## Underpayment of Oregon Estimated Tax

*Submit original form—do not submit photocopy.*

First name	Initial	Last name	Social Security number (SSN)

### Exception to paying underpayment interest

1. If you qualify for an exception to the imposition of underpayment interest (see instructions), enter the exception number here and on Form OR-40, box 40a; Form OR-40-N, box 66a; or Form OR-40-P, box 65a .....

● 1. **Exception no.**

### Part A—Figure your required annual payment

2. **2019** tax from Form OR-40, line 29; Form OR-40-N, line 54; or Form OR-40-P, line 53 ..... ● 2.
3. **2019** refundable tax credit amounts you claimed on Form OR-40, lines 33, 34, and 35; Form OR-40-N, lines 59, 60, and 61; or Form OR-40-P, lines 58, 59, and 60 ..... ● 3.
4. Line 2 minus line 3..... ● 4.
5. Multiply line 4 by 90% (0.90)..... ● 5.
6. **2019** Oregon income tax withheld from income ..... ● 6.
7. Line 4 minus line 6. **If less than \$1,000, stop here!** You don't owe underpayment interest..... ● 7.
8. Enter your 2018 Oregon tax after all credits (include refundable). You must have filed an Oregon return..... ● 8.
9. **Required annual payment.** Enter the smaller of line 5 or line 8 ..... ● 9.

**Note:** If line 6 is equal to or more than line 9, **stop here!** You don't owe underpayment interest. Attach this form to your return.

### Part B—Figure your required installment payments

10. Payment period due date.....
- |                            |                           |                            |                           |
|----------------------------|---------------------------|----------------------------|---------------------------|
| <b>A</b><br>April 15, 2019 | <b>B</b><br>June 17, 2019 | <b>C</b><br>Sept. 16, 2019 | <b>D</b><br>Jan. 15, 2020 |
|----------------------------|---------------------------|----------------------------|---------------------------|
11. Divide the amount on line 9 by four and enter the amount in each column, or if you use Worksheet OR-10-AI, enter the amounts from line 31 of the worksheet here and be sure to check the annualization box on your return (see instructions).....
- ..... ● 11.

### Part C—Figure your underpayment interest

	Date	Event	Amount	Running balance	No. of days	Daily rate	Interest due
12.	04/15/19	Required installment	.00	.00			
13.	04/15/19	Withholding	.00	.00		0.000164	.00
14.	///	Payment	.00	.00		0.000164	.00
15.	///	Payment	.00	.00		0.000164	.00
16.	///	Payment	.00	.00		0.000164	.00
17.	06/17/19	Required installment	.00	.00			
18.	06/17/19	Withholding	.00	.00		0.000164	.00
19.	///	Payment	.00	.00		0.000164	.00
20.	///	Payment	.00	.00		0.000164	.00
21.	///	Payment	.00	.00		0.000164	.00
22.	09/16/19	Required installment	.00	.00			
23.	09/16/19	Withholding	.00	.00		0.000164	.00
24.	///	Payment	.00	.00		0.000164	.00
25.	///	Payment	.00	.00		0.000164	.00
	01/01/20	Rate change, if any					
26.	///	Payment	.00	.00		0.000164	.00
27.	01/15/20	Required installment	.00	.00			
28.	01/15/20	Withholding	.00	.00		0.000164	.00
29.	///	Payment	.00	.00		0.000164	.00
30.	///	Payment	.00	.00		0.000164	.00
31.	///	Payment	.00	.00		0.000164	.00
32.	04/15/20						

—Don't calculate underpayment interest after April 15, 2020—

33. **Total underpayment interest due.** Add the amounts in the **interest due** column.  
Enter here and on Form OR-40, line 40; Form OR-40-N, line 66; or Form OR-40-P, line 65 .....33.

**If you didn't stop at line 7, file this form with your 2019 Oregon return.**

# 2019 Worksheet OR-10-AI

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(Rev. 09-16-19, ver. 01)

Oregon Department of Revenue



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## Annualized income worksheet

Read the instructions for annualizing your income in Publication OR-10 **before** completing this worksheet. **Note:** Start with column A. Work down the column, and complete lines 1 through 31 before going on to columns B, C, and D.

A 01/01/19 to 03/31/19	B 01/01/19 to 05/31/19	C 01/01/19 to 08/31/19	D 01/01/19 to 12/31/19
1. Federal adjusted gross income for each period (see instructions).			
1a. <input type="text" value="0.00"/>	1b. <input type="text" value="0.00"/>	1c. <input type="text" value="0.00"/>	1d. <input type="text" value="0.00"/>
2. Oregon additions for each period (see instructions).			
2a. <input type="text" value="0.00"/>	2b. <input type="text" value="0.00"/>	2c. <input type="text" value="0.00"/>	2d. <input type="text" value="0.00"/>
3. Add lines 1 and 2.			
3a. <input type="text" value="0.00"/>	3b. <input type="text" value="0.00"/>	3c. <input type="text" value="0.00"/>	3d. <input type="text" value="0.00"/>
4. Annualization multiplier.			
4a. <input type="text" value="4"/>	4b. <input type="text" value="2.4"/>	4c. <input type="text" value="1.5"/>	4d. <input type="text" value="1"/>
5. Annualized Oregon income. Multiply line 3 by line 4.			
5a. <input type="text" value="0.00"/>	5b. <input type="text" value="0.00"/>	5c. <input type="text" value="0.00"/>	5d. <input type="text" value="0.00"/>
6. Oregon subtractions for each period (except federal tax liability).			
6a. <input type="text" value="0.00"/>	6b. <input type="text" value="0.00"/>	6c. <input type="text" value="0.00"/>	6d. <input type="text" value="0.00"/>
7. Annualization multiplier.			
7a. <input type="text" value="4"/>	7b. <input type="text" value="2.4"/>	7c. <input type="text" value="1.5"/>	7d. <input type="text" value="1"/>
8. Annualized Oregon subtractions. Multiply line 6 by line 7.			
8a. <input type="text" value="0.00"/>	8b. <input type="text" value="0.00"/>	8c. <input type="text" value="0.00"/>	8d. <input type="text" value="0.00"/>
9. Federal tax subtraction from the worksheet in the instructions.			
9a. <input type="text" value="0.00"/>	9b. <input type="text" value="0.00"/>	9c. <input type="text" value="0.00"/>	9d. <input type="text" value="0.00"/>
10. Total subtractions. Add lines 8 and 9.			
10a. <input type="text" value="0.00"/>	10b. <input type="text" value="0.00"/>	10c. <input type="text" value="0.00"/>	10d. <input type="text" value="0.00"/>
11. Oregon itemized deductions for each period. If you don't itemize, enter -0- and skip to line 14 (see instructions).			
11a. <input type="text" value="0.00"/>	11b. <input type="text" value="0.00"/>	11c. <input type="text" value="0.00"/>	11d. <input type="text" value="0.00"/>
12. Annualization multiplier.			
12a. <input type="text" value="4"/>	12b. <input type="text" value="2.4"/>	12c. <input type="text" value="1.5"/>	12d. <input type="text" value="1"/>
13. Annualized Oregon itemized deductions. Multiply line 11 by line 12.			
13a. <input type="text" value="0.00"/>	13b. <input type="text" value="0.00"/>	13c. <input type="text" value="0.00"/>	13d. <input type="text" value="0.00"/>
14. In each column, enter the full amount of your Oregon standard deduction (see instructions).			
14a. <input type="text" value="0.00"/>	14b. <input type="text" value="0.00"/>	14c. <input type="text" value="0.00"/>	14d. <input type="text" value="0.00"/>
15. Enter the amount from line 13 or 14, whichever is larger.			
15a. <input type="text" value="0.00"/>	15b. <input type="text" value="0.00"/>	15c. <input type="text" value="0.00"/>	15d. <input type="text" value="0.00"/>

Questions? See Publication OR-10 for contact information. Don't submit this form. Keep it with your records.

# 2019 Worksheet OR-10-AI



A 01/01/19 to 03/31/19	B 01/01/19 to 05/31/19	C 01/01/19 to 08/31/19	D 01/01/19 to 12/31/19
16. Total subtractions and deductions. Add lines 10 and 15.			
16a. <input type="text" value="0.00"/>	16b. <input type="text" value="0.00"/>	16c. <input type="text" value="0.00"/>	16d. <input type="text" value="0.00"/>
17. Annualized Oregon taxable income. Line 5 minus line 16.			
17a. <input type="text" value="0.00"/>	17b. <input type="text" value="0.00"/>	17c. <input type="text" value="0.00"/>	17d. <input type="text" value="0.00"/>
18. Oregon tax for the amount on line 17 (see tax tables or tax rate chart in the 2019 Publication OR-40-FY).			
18a. <input type="text" value="0.00"/>	18b. <input type="text" value="0.00"/>	18c. <input type="text" value="0.00"/>	18d. <input type="text" value="0.00"/>
19. Exemption credit (not annualized) from Form OR-40, line 23; Form OR-40-N, line 49; or Form OR-40-P, line 48.			
19a. <input type="text" value="0.00"/>	19b. <input type="text" value="0.00"/>	19c. <input type="text" value="0.00"/>	19d. <input type="text" value="0.00"/>
20. Enter your credits for each period (see instructions). Don't include exemption credits.			
20a. <input type="text" value="0.00"/>	20b. <input type="text" value="0.00"/>	20c. <input type="text" value="0.00"/>	20d. <input type="text" value="0.00"/>
21. Total credits. Add lines 19 and 20.			
21a. <input type="text" value="0.00"/>	21b. <input type="text" value="0.00"/>	21c. <input type="text" value="0.00"/>	21d. <input type="text" value="0.00"/>
22. Net annualized income tax. Line 18 minus line 21.			
22a. <input type="text" value="0.00"/>	22b. <input type="text" value="0.00"/>	22c. <input type="text" value="0.00"/>	22d. <input type="text" value="0.00"/>
23. Percentage that applies for each period.			
23a. <input type="text" value="22.5%"/>	23b. <input type="text" value="45%"/>	23c. <input type="text" value="67.5%"/>	23d. <input type="text" value="90%"/>
24. Multiply line 22 by line 23.			
24a. <input type="text" value="0.00"/>	24b. <input type="text" value="0.00"/>	24c. <input type="text" value="0.00"/>	24d. <input type="text" value="0.00"/>
25. Enter the amount from box 31a in box 25b, box 31a plus box 31b in box 25c, and box 31a plus box 31b plus box 31c in box 25d.			
<input type="text" value=""/>	25b. <input type="text" value="0.00"/>	25c. <input type="text" value="0.00"/>	25d. <input type="text" value="0.00"/>
26. Line 24 minus line 25. If less than zero, enter -0-.			
26a. <input type="text" value="0.00"/>	26b. <input type="text" value="0.00"/>	26c. <input type="text" value="0.00"/>	26d. <input type="text" value="0.00"/>
27. *Divide the amount from Form OR-10, line 9, Part A, by four and enter results in each column.			
27a. <input type="text" value="0.00"/>	27b. <input type="text" value="0.00"/>	27c. <input type="text" value="0.00"/>	27d. <input type="text" value="0.00"/>
28. Enter the amount from box 30a in box 28b, from box 30b in box 28c, and from box 30c in box 28d.			
<input type="text" value=""/>	28b. <input type="text" value="0.00"/>	28c. <input type="text" value="0.00"/>	28d. <input type="text" value="0.00"/>
29. Add lines 27 and 28.			
29a. <input type="text" value="0.00"/>	29b. <input type="text" value="0.00"/>	29c. <input type="text" value="0.00"/>	29d. <input type="text" value="0.00"/>
30. If line 29 is <b>more</b> than line 26, line 29 minus line 26; otherwise, enter -0-.			
30a. <input type="text" value="0.00"/>	30b. <input type="text" value="0.00"/>	30c. <input type="text" value="0.00"/>	<input type="text" value=""/>
31. Enter the smaller of line 26 or line 29 here and on Part B, line 11 of Form OR-10.			
31a. <input type="text" value="0.00"/>	31b. <input type="text" value="0.00"/>	31c. <input type="text" value="0.00"/>	31d. <input type="text" value="0.00"/>

\* If you are filing a part-year return, divide this amount by the number of periods you were an Oregon resident or had income from a trade or business in Oregon, if fewer than 4.

# Publication OR-10 Instructions for Form OR-10 and Worksheet OR-10-AI

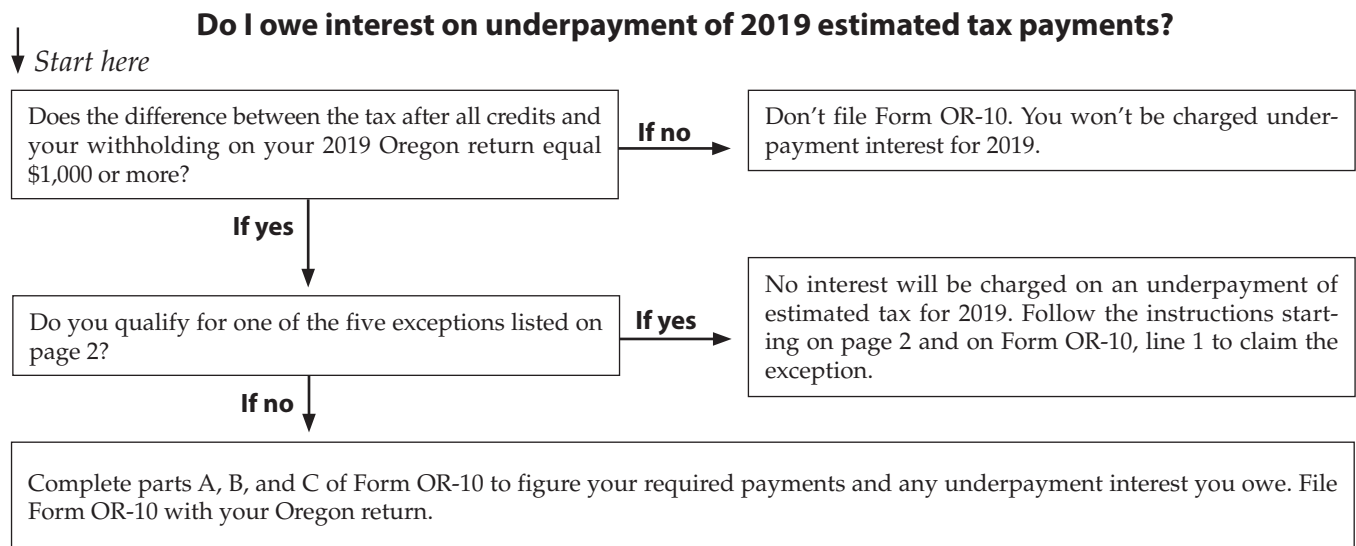
2019

**Congress extended several tax provisions by passing Public Law 116-94.  
As a result, these instructions were updated on January 7, 2020.**

Oregon law generally requires you to pay tax as you earn or receive income during the year. Oregon employers and other payers are required to withhold tax when they pay you. You may be required to make estimated payments if the tax on your return after all credits and withholding will be \$1,000 or more.

Your annual estimated tax payment may be paid all at once or in up to four installments. Unless an exception applies, underpayment interest is charged for each installment period when you underpaid or made late payments. Use Form OR-10 and these instructions to determine if you owe underpayment interest.

For more information about estimated taxes, see Publication OR-ESTIMATE.



## Estimated payments at a glance

**Required annual payment:** The total amount of all tax payments, including estimated tax and withholding, that you must make in order to avoid being charged underpayment interest. Your required annual payment is the lesser of:

- Ninety percent (90%) of the tax after all credits shown on your 2019 Oregon return; or
- One hundred percent (100%) of the tax after all credits shown on your 2018 Oregon return (also known as “safe harbor”).

**Annual estimated tax payment:** Your required annual payment minus your withholding. This may be paid all at once or in up to four installments.

**Required installment payment:** The amount of estimated tax to be paid each installment period.

- **Regular installment:** The annual estimated tax payment amount divided by four.
- **Annualized installment:** An estimated tax payment based on income actually earned or received during an installment period. Annualizing income may benefit taxpayers who don’t receive their income evenly throughout the year or are part-year residents. Instructions for annualizing your income begin on page 5.

## Required installment payment due dates for tax year 2019:

### Calendar-year filers

April 15, 2019  
June 17, 2019  
September 16, 2019  
January 15, 2020

### Fiscal-year filers

15th day of the 4th month of the tax year  
15th day of the 6th month  
15th day of the 9th month  
15 days after the last day of the tax year

## Instructions for Form OR-10

### Line 1—Claiming an exception

Oregon law provides an exception from the requirement to pay underpayment interest in these five situations, which are described in more detail below:

**Exception 1:** Two-thirds of your income is from farming or fishing.

**Exception 2:** Your prior-year tax was \$0.

**Exception 3:** You retired at age 62 or older or became disabled within the last two years and there was a reasonable cause for the underpayment.

**Exception 4:** You underpaid due to unusual circumstances.

**Exception 5:** You're a shareholder of a corporation that recently made a Subchapter S election and you were a nonresident in 2019 or a part-year resident in 2018.

#### If you qualify for an exception, follow these steps:

1. Enter the exception number in the box on line 1 of Form OR-10.
2. Enter the exception number on Form OR-40, box 40a; Form OR-40-N, box 66a; or Form OR-40-P, line 65a.
3. If you're required to include a statement explaining why you qualify for the exception, label your statement "Form OR-10 Attachment" at the top and attach it to Form OR-10.
4. Include Form OR-10 along with any required statement or schedules when you file your Oregon return.
5. Keep proof that you qualify for the exception with your tax records; we may ask for it later.

#### Exception 1—Farmers and commercial fishermen.

If your gross income from farming or fishing, including oyster farming, was at least 2/3 of the gross income shown on your return for tax years 2018 or 2019, you don't have to pay underpayment interest for 2019.

**Gross income.** Gross income generally includes all income you receive during the year, such as wages, interest, and dividends, as well as gross profit from rentals, royalties, businesses, farming, fishing, and the sale of property. When figuring gross profit, subtract only the cost of goods sold. When figuring gross profit on the sale of property, subtract only the adjusted basis or cost.

Gross income doesn't include income that Oregon doesn't tax, like Social Security or Railroad Retirement Board benefits.

**Gross income from farming or fishing.** Use the following amounts from your 2018 and 2019 federal returns to determine your gross income from farming or fishing:

- Schedule C, line 5 or Schedule C-EZ, line 1.
- Schedule F, line 9.
- Schedule E, line 42.

- Form 4797, line 20. Include only sales of draft, breeding, sporting, or dairy livestock.

If you claim Exception 1, include all of the applicable schedules and forms with your federal return when you file your Oregon return.

#### Exception 2—Prior year tax was \$0.

You won't be charged underpayment interest for 2019 if all of the following are true:

- You were a full-year Oregon resident for tax year 2018;
- Your 2018 Oregon tax after all credits, but before withholding or other payments, was \$0 or you weren't required to file a 2018 Oregon return; **and**
- Your tax year was a full 12 months.

No statement is required if you claim Exception 2.

**Note:** If you were a nonresident or a part-year resident for tax year 2018, you can't claim Exception 2. However, you may be able to use your 2018 tax to determine your required annual payment for 2019. See the instructions for Part A.

#### Exception 3—Retired or disabled AND have a reasonable cause for the underpayment.

Underpayment interest won't be charged if:

- During 2018 or 2019, you retired at age 62 or older or became disabled; **and**
- There was reasonable cause for underpaying your estimated tax.

Reasonable cause is determined on a case-by-case basis. We also consider the extent of your effort to comply with the law.

If you claim Exception 3, attach a statement explaining why you underpaid.

#### Exception 4—Underpayment due to unusual circumstances.

Underpayment interest won't be charged if the underpayment was due to a casualty, disaster, or other unusual circumstance. Unemployment isn't an unusual circumstance, but the loss of your tax records from a fire, flood, or other natural disaster might qualify. Unusual circumstances are determined on a case-by-case basis. We also consider the extent of your effort to comply with the law.

If you claim Exception 4, attach a statement explaining the unusual circumstances.

#### Exception 5—S corporation shareholders.

Underpayment interest won't be charged on an underpayment of estimated tax on your pro rata share of S corporation income if:

- The income is for the first year that S corporation status was elected; **and**
- You were a nonresident for tax year 2019 or a part-year resident for tax year 2018.

Contact us for instructions for claiming Exception 5.

## Part A—Figure your required annual payment

**Line 2.** Enter your 2019 tax after standard and carryforward credits from Form OR-40, line 29; Form OR-40-N, line 54; or Form OR-40-P, line 53.

**Line 3.** Enter your total 2019 refundable tax credit amounts from Form OR-40, lines 33, 34, and 35; Form OR-40-N, lines 59, 60, and 61; or Form OR-40-P, lines 58, 59, and 60.

**Line 6.** Enter only the Oregon income tax withheld from your wages or other income. Don't include any estimated tax payments.

**Line 8.** Enter your 2018 tax after all credits from Form OR-40, line 29, minus lines 33 and 35; Form OR-40-N, line 54, minus lines 59 and 61; or Form OR-40-P, line 53, minus lines 58 and 60. If your 2018 tax after credits was less than zero, enter -0-.

If you didn't file a 2018 Oregon return or your 2018 tax year was less than 12 months, skip line 8. Enter the amount from line 5 on line 9.

## Part B—Figure your required installments

**Line 11. Regular installments.** Divide line 9 by four and enter the amount in each column. These are your required regular installments.

**Note for part-year residents:** Use the columns that correspond to the payment periods when you were an Oregon resident or had income from a trade or business in Oregon. Divide the amount on line 9 by the number of periods and enter the required installment amount in those columns only.

**Annualized installments.** If you're annualizing your income using Worksheet OR-10-AI, enter the amounts from line 31 of the worksheet instead of dividing the amount on line 9 by four. These are your required annualized installments.

## Part C—Figure your underpayment interest

Underpayment interest is calculated on a running balance of estimated tax due from one event to the next. Events are required installment payments, withholding paid on your behalf, and estimated payments you've made. Underpayment interest accrues until the balance is paid in full or the due date for filing the return (without extensions), whichever is earlier. Interest accruing on unpaid tax after April 15, 2020 is computed separately.

Interest rates may change once a year. For 2019 and 2020, the interest rate is 6 percent. Interest is figured daily, based on a 365-day year.

### Date and amount columns

Due dates for calendar-year filers are pre-printed in the Date column. If you're a fiscal-year filer, use your fiscal due dates for your required installment payments and withholding when figuring your underpayment interest.

Contact us or use your Revenue Online account at [www.oregon.gov/dor](http://www.oregon.gov/dor) if you need to verify the date or amount of any payment you've made.

**Lines 12, 17, 22, and 27.** Enter your required installment payments from line 11 in the **Amount** column for each corresponding period. If there's no required installment payment for the period, enter -0-.

**Lines 13, 18, 23, and 28.** Withholding is treated as if it were paid in equal amounts on the due date for each required installment payment unless you can show that it was paid differently. Divide your total Oregon withholding by four (or the number of payments entered on line 11, if fewer than four). Enter the result in the **Amount** column for each withholding date. If no tax was withheld during a period, enter -0-.

**Lines 14, 15, and 16.** Enter the dates and amounts of any estimated payments you made before June 17, 2019 in date order. All payments made on or before April 15, 2019 can be added together and entered on line 14.

**Lines 19, 20, and 21.** Enter the dates and amounts of any estimated payments you made from June 17, 2019 through September 15, 2019 in date order.

**Lines 24, 25, and 26.** On lines 24 and 25, enter the dates and amounts of any estimated payments you made from September 16, 2019 through December 31, 2019 in date order. Any interest rate change as of January 1 will be noted between lines 25 and 26. Use line 26 to enter a 2019 estimated payment made after December 31, 2019 and before January 15, 2020.

**Lines 29, 30, and 31.** Enter the dates and amounts of any 2019 estimated payments you made from January 15, 2020 through April 15, 2020 in date order.

## Running balance column

The **running balance** is the amount of tax due at any given time during the year. Required installments increase your running balance, while withholding and estimated payments decrease it. Your running balance can be positive, negative, or zero.

Start on line 12 and work your way down the column. If there is no withholding for the period, your running balance will be the same as the running balance on the required installment line for that period.

**Example 1:** Catelyn's required installment is \$5,000 every period. Her total withholding is \$14,000 for the year (\$3,500 each period). Catelyn made estimated tax payments of \$1,200 on May 20, \$1,300 on June 3, \$2,500 on July 23, and \$3,000 on August 14. Catelyn's running balance as of September 16 is negative \$3,500.

**Table 1—Catelyn’s Date, Amount, and Running balance columns:**

	Date	Event	Amount	Running balance	Number of days	Daily rate	Interest due
12.	04/15	Required installment	\$5,000	\$5,000			
13.	04/15	Withholding	\$3,500	\$1,500		0.000164	.00
14.	05/20	Payment	\$1,200	\$300		0.000164	.00
15.	06/03	Payment	\$1,300	-\$1,000		0.000164	.00
16.		Payment				0.000164	.00
17.	06/17	Required installment	\$5,000	\$4,000			
18.	06/17	Withholding	\$3,500	\$500		0.000164	.00
19.	07/23	Payment	\$2,500	-\$2,000		0.000164	.00
20.	08/14	Payment	\$3,000	-\$5,000		0.000164	.00
21.		Payment				0.000164	.00
22.	09/16	Required installment	\$5,000	\$ -0-			
23.	09/16	Withholding	\$3,500	-\$3,500		0.000164	.00

**Number of days column**

Count the number of days after the first event that creates a positive running balance until the next event that changes your running balance, including the day of the next event. Enter your count in the **Number of days** column, on the same line as the first event. Continue down the column, entering the number of days when your running balance is positive, until you reach the last event. If your running balance is positive after the last event, count the number of days after the last event through the due date of the return.

There’s no need to enter any days between required installments and withholding payments because they’re treated as if they occur on the same day. Don’t count any days when your running balance is negative or -0-.

**Example 2:** Using the information shown in Table 1, Catelyn counts 35 days after the day of her first required installment and withholding payment through May 20, the day she makes her first estimated payment. Catelyn enters “35” in the **Number of days** column on the same line as her withholding payment, as shown in Table 2, below. Her running balance is still positive after this payment, so she counts the days after May 20 through June 3, when she makes another payment. She enters “14” on the same line as her May 20 payment.

Catelyn’s payment on June 3 created a negative running balance on line 15. She won’t owe underpayment interest for the rest of this period, so she doesn’t count the days after June 3 through June 17, the date for her next required installment.

In the same way, Catelyn continues counting the number of days when her running balance is positive for each of the remaining installment periods.

**Interest due column**

To calculate your underpayment interest, multiply each positive running balance by the number of days and the daily rate on the same line. **Don’t** calculate interest on a negative or zero running balance. Round all interest amounts to the nearest whole dollar, disregarding any amount that is less than \$1.

**Line 33.** Add the amounts in the **Interest due** column. Enter the total here and on Form OR-40, line 40; Form OR-40-N, line 66; or Form OR-40-P, line 65.

**Example 3:** On line 13 of Table 2, Catelyn’s running balance is \$1,500 for 35 days. She calculates \$8.61 in interest ( $\$1,500 \times 35 \times 0.000164$ ), which she rounds to \$9. On line 14, her running balance is \$300 for 14 days. She calculates 69 cents in interest ( $\$300 \times 14 \times 0.000164$ ), which she disregards because it’s less than \$1. In the next period, on line 18, Catelyn’s running balance is \$500 for 36 days. The interest due for that period is \$2.95 ( $\$500 \times 36 \times 0.000164$ ), which she rounds up to \$3. As of September 16, her total underpayment interest due is \$12.

**Table 2—Catelyn’s Number of days and Interest due columns.**

	Date	Event	Amount	Running balance	Number of days	Daily rate	Interest due
12.	04/15	Required payment	\$5,000	\$5,000			
13.	04/15	Withholding	\$3,500	\$1,500	35	0.000164	9.00
14.	05/20	Payment	\$1,200	\$300	14	0.000164	0.00
15.	06/03	Payment	\$1,300	-\$1,000		0.000164	.00
16.		Payment				0.000164	.00
17.	06/17	Required installment	\$5,000	\$4,000			
18.	06/17	Withholding	\$3,500	\$500	36	0.000164	3.00
19.	07/23	Payment	\$2,500	-\$2,000		0.000164	.00
20.	08/14	Payment	\$3,000	-\$5,000		0.000164	.00
21.		Payment				0.000164	.00
22.	09/16	Required installment	\$5,000	\$ -0-			
23.	09/16	Withholding	\$3,500	-\$3,500		0.000164	.00

### Instructions for Worksheet OR-10-AI

**Note:** Are you using Worksheet OR-10-AI to compute your 2020 estimated tax payments? If so, see page 8 for additional instructions.

If you don’t receive your income evenly throughout the year, your required installment payment for one or more periods may be less than the amount figured using the regular installment method. The annualized income installment method annualizes your tax at the end of each period based on a reasonable estimate of your income, deductions, and other items that are paid or received from the beginning of the tax year through the end of the period.

Complete Worksheet OR-10-AI to see whether you can pay less estimated tax for any period. If you find that annualizing will benefit you, do the following:

- Enter the required installments from line 31 of the worksheet in the boxes on line 11 of Form OR-10.
- Check the box on your return to indicate that you annualized your income: Form OR-40, box 40b; Form OR-40-N, box 66b; or Form OR-40-P, box 65b.
- Keep the worksheet, supporting documentation showing the dates your income was earned, received, or credited to you, and a breakdown of the income you entered on line 1 with your tax records. We may ask for this later.

**Part-year residents.** If you moved into or out of Oregon during the year, use only the columns that include the dates you lived in Oregon or had income from an Oregon trade or business. You must multiply your Oregon tax (line 18), exemption credit (line 19), and any prorated credits (line 20) by your Oregon percentage.

**Nonresidents.** You must multiply your federal tax subtraction (line 9), itemized deductions or standard deduction (line 11 or 14), exemption credit (line 19), and any prorated credits (line 20) by your Oregon percentage.

**Line 1.** Enter your federal AGI (Form OR-40, line 7; Form OR-40-N, line 29S; or Form OR-40-P, line 29F) received during the period shown at the top of each column.

**Example 1:** Carley’s AGI was \$73,000. She earned \$4,000 each month in wages for the entire year and received a lump-sum distribution of \$25,000 from a trust in July. She enters the following amounts on line 1:

- Box 1a: \$12,000 (\$4,000 x 3 months).
- Box 1b: \$20,000 (\$4,000 x 5 months).
- Box 1c: \$57,000 (\$4,000 x 8 months, plus \$25,000).
- Box 1d: \$73,000 (\$4,000 x 12 months, plus \$25,000).

If Carley had received the lump-sum distribution in April instead of July, she would include it in boxes 1b, 1c, and 1d.

**Line 2.** Enter your Oregon additions (Form OR-40, line 8; Forms OR-40-N or OR-40-P, line 30S) for the period shown at the top of each column.

**Example 2:** Payton has an Oregon addition of \$6,000 for California bond interest received in September. Payton enters the \$6,000 in box 2d.

**Line 6.** Enter your Oregon subtractions, other than the subtraction for your federal tax liability (Form OR-40, line 14 minus line 10; Forms OR-40-N or OR-40-P, line 33S), for the period shown at the top of each column.

**Line 9.** Figure the subtraction for your federal tax liability for each column by completing Table 3 below. **Note:** If your federal AGI is more than \$125,000 (single or married filing separately) or \$250,000 (married filing jointly, qualifying widow(er), or head of household), don’t complete Table 3. Instead, in each column, enter the applicable limit from the federal tax subtraction table in the 2019 edition of Publication OR-40-FY, page 15, or Publication OR-40-NP, page 20.

**Nonresidents:** Multiply your federal tax subtraction by your Oregon percentage from Form OR-40-N, line 35.



**Line 11.** Enter your Oregon itemized deductions for the period shown at the top of each column. **Note:** Be sure to consider deduction limits figured on Schedule OR-A, such as the AGI

threshold for deducting medical and dental expenses or the \$10,000 limit on state and local taxes.

<b>Table 3—Federal tax liability subtraction (line 9).</b>	(A) Jan 1 to Mar 31	(B) Jan 1 to May 31	(C) Jan 1 to Aug 31	(D) Jan 1 to Dec 31
1. Enter the amount of your federal AGI for each period.....1				
2. Annualization multiplier .....2	4	2.4	1.5	1
3. Multiply line 1 by line 2.....3				
4. Actual federal itemized deductions for each period. If you don't itemize, skip to line 7 of this worksheet .....4				
5. Annualization multiplier .....5	4	2.4	1.5	1
6. Multiply line 4 by line 5.....6				
7. Enter the full amount of your 2019 federal standard deduction in each column .....7				
8. Enter line 6 or line 7, whichever is larger.....8				
9. Line 3 minus line 8 .....9				
10. 2019 federal business income deduction (Form 1040, line 9) ....10				
11. Annualized federal taxable income. Line 9 minus line 10.....11				
12. Federal tax on the amounts on line 11 for each period (use the federal tax tables or charts) .....12				
13. Enter \$6,800 (\$3,400 if filing separately) in each column .....13				
14. Enter the smaller of line 12 or line 13. Also enter this amount in each box on line 9 of Worksheet OR-10-AI .....14				

**Example 3:** Jill, a real estate broker, earns most of her commissions in the late spring and summer months, so she annualizes her income. Her AGI entered on line 1 is \$15,000 in box 1a, \$25,000 in box 1b, \$65,000 in box 1c, and \$85,000 in box 1d.

She's deducting mortgage interest, property taxes, and medical expenses on Schedule OR-A. Her mortgage interest payment averaged \$300 per month, and she paid \$1,600 in property tax in October. Jill made three payments toward a hospital bill during the year: \$1,200 in May, \$8,000 in August, and \$2,500 in November. Her Oregon itemized deductions total \$8,400.

Her property tax deduction is less than the \$10,000 limit, but she has to apply the AGI threshold to her medical expenses. For each period, Jill applies the **7.5 percent\*** threshold to her annualized AGI, but limits her annualized expenses to \$11,700, the actual amount she paid for the year (\$1,200 + \$8,000 + \$2,500), so that she doesn't deduct too much in any period.

Here is how Jill figures her itemized deductions for each column:

**Column A:**

Mortgage interest: (\$300 x 3)		\$900	
Property tax:		-0-	
Medical expenses:		-0-	
Total for Column A:			<u>\$900</u>

Jill enters \$900 in box 11a. In box 13a, she enters \$3,600 (\$900 x 4).

**Column B:**

Mortgage interest: (\$300 x 5)		\$1,500	
Property tax:		-0-	
Medical expenses:			
Amount paid this period	\$1,200		
Multiplier for Column B	x 2.4		
Annualized expenses	<u>\$2,880</u>		
Medical expenses:			
Lesser of annualized or \$11,700		\$2,880	
AGI threshold:			
AGI for Column B (box 1b)	\$20,000		
Multiplier for Column B	x 2.4		
Annualized AGI	<u>\$48,000</u>		
Threshold percentage	x 0.075		
Annualized AGI threshold		<u>3,600</u>	
Deductible medical/dental expenses			-0-
Total for Column B:			<u>\$1,500</u>

Jill enters \$1,500 in box 11b. In box 13b, she enters \$3,600 (\$1,500 x 2.4).

**Column C:**

Mortgage interest: (\$300 x 8)			\$2,400	
Property tax:			-0-	
Medical expenses:				
Amount paid this period	\$9,200			
Multiplier for Column C	x 1.5			
Annualized expenses	<u>\$13,800</u>			
Lesser of annualized or \$11,700		\$11,700		
AGI threshold:				
AGI for Column C (box 1c)	\$65,000			
Multiplier for Column B	x 1.5			
Annualized AGI:	<u>\$97,500</u>			
Threshold percentage	x 0.075			
Annualized AGI threshold		<u>7,313</u>		
Deductible medical/dental expenses			<u>4,387</u>	
Total for Column C:				<u><u>\$6,787</u></u>

Jill enters \$6,787 in box 11c. In box 13c, she enters \$10,181 (\$6,787 x 1.5).

**Column D:**

Mortgage interest: (\$300 x 12)			\$3,600	
Property tax:			1,600	
Medical expenses:				
Amount paid this period:	\$11,700			
Multiplier for Column D:	x 1			
Annualized expenses	<u>\$11,700</u>			
Lesser of annualized or \$11,700		\$11,700		
AGI threshold:				
AGI for Column D (box 1d)	\$85,000			
Multiplier for Column B	x 1			
Annualized AGI:	<u>\$85,000</u>			
Threshold percentage	x 0.075			
Annualized AGI threshold		<u>6,375</u>		
Deductible expenses			<u>5,325</u>	
Total for Column D:				<u><u>\$10,525</u></u>

Jill enters \$10,525 in box 11d and enters the same amount in box 13d (\$10,525 x 1).

**\*Update:** This was decreased from 10 percent due to Public Law 116-94.

**Line 14.** Enter your standard deduction including any additional amounts. If your filing status is married filing separately and your spouse itemizes deductions, or if you're a nonresident alien, enter -0-. You must itemize your deductions.

**Line 18.** Use the tax tables or tax rate chart inside Publication OR-40-FY or OR-40-NP to figure the tax on the annualized income in each box on line 17.

**Line 20.** Enter credit amounts that apply only to each period.

**Example 4:** Daron has a \$3,000 credit carried forward from the Oregon return he filed in April. He also contributed \$200 to a political campaign in September, qualifying him for a \$50 credit. He enters \$3,000 in boxes 20b and 20c. In box 20d, Daron enters \$3,050 (the \$3,000 carry forward plus the \$50 political contribution credit).

- Skip lines 27 through 31.
- Use 2020 Oregon figures for the personal exemption credit, federal tax subtraction, standard deduction, and tax rate charts. You can find these indexed figures inside Publication OR-ESTIMATE.
- Enter the amount from box 26a in box 25b, from box 26b in box 25c, and from box 26c in box 25d.

The amounts on line 26 are your required installment payments for 2020.

## Do you have questions or need help?

www.oregon.gov/dor  
503-378-4988 or 1-800-356-4222  
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

## Estimating your 2020 tax payments

You can use Worksheet OR-10-AI as a guide to figure your 2020 annualized estimated tax payments. Follow the instructions provided for the worksheet, except: