

Schedule OR-SPS

Page 1 of 2, 150-101-705 (Rev. 12-17) Oregon Department of Revenue



Office use only

Severance Pay Subtraction Schedule

Submit original form—do not submit photocopy.

Note: Only available for tax years beginning on or after January 1, 2010 and before January 1, 2014. You must complete this form for each business you invest in and include it with your tax return for the year you claim the subtraction. See instructions.

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

PART A—Severance pay received information

Amount of severance pay received \$ <input type="text" value=" .00"/>	Date received / /	Date of termination / /
Name of employer	Phone () —	
Employer's street address		
City		State
Type of business	Position/title at termination	Number of employees <input type="text"/>

PART B—Small business investment information

Name of business	Federal employer identification number (FEIN) —	
Street address		
City	State	ZIP code
Type of business	Phone () —	Year business started <input type="text"/>
Type of entity		
<input type="checkbox"/> (1) Sole proprietorship	<input type="checkbox"/> (2) Partnership	<input type="checkbox"/> (3) LLP
<input type="checkbox"/> (4) LLC	<input type="checkbox"/> (5) LP	<input type="checkbox"/> (6) C corporation
<input type="checkbox"/> (7) S corporation	<input type="checkbox"/> (8) Other _____	

Check if business is:

(1) Independently owned/operated (2) Operated for profit

Principal activity code

Your position/title	Number of hours you worked in this business during the tax year <input type="text"/>
---------------------	---

Describe your role/duties

Schedule OR-SPS



How has your severance pay investment impacted the small business?

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

Small business sales and employee information

	Number of employees		Yearly gross sales (in dollars)
Previous year.....	<input type="text"/>	\$ <input type="text" value=".00"/>
Year of investment (actual or estimated)	<input type="text"/>	\$ <input type="text" value=".00"/>
One year following investment (estimated).....	<input type="text"/>	\$ <input type="text" value=".00"/>
Two years following investment (estimated).....	<input type="text"/>	\$ <input type="text" value=".00"/>

PART C—Severance pay subtraction calculation worksheet

1. Enter the amount of severance pay actually invested in a qualifying small business... 1. \$
2. Enter \$500,000 2. \$500,000.00
3. Enter the lesser of line 1 or 2 3. \$
4. Multiply by Oregon sales factor, if applicable..... 4. %
5. Subtraction amount (line 3 times line 4 or enter line 3 if no sales factor)..... 5. \$

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

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

Taxpayer's signature

X

Date

// //

Keep a copy of this form for your records. Include this form with your return in the year for which you are claiming the subtraction.

Schedule OR-SPS Instructions

Oregon Severance Pay Subtraction Schedule Instructions

The severance pay subtraction is available for tax years 2010 through 2013. You may subtract severance pay when invested in certain small businesses. You must claim the subtraction in the same year you receive the severance pay.

General qualifications required to claim the severance pay subtraction

Your severance pay investment:

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

The business you are investing in must:

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

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

You are considered to be materially participating if you:

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

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

Part A: Severance pay information

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

Part B: Small business information

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

- Name, address, and phone number.
- FEIN.

- Year the business started.
- Information about number of employees and gross sales.
- Type of entity (partnership, sole proprietorship, C or S Corporation, LLC, etc.).
- Business activity code as listed on one of the following federal forms:
 - Form 1065, line A;
 - Schedule C, Form 1040, box B;
 - Schedule K, line 2a; or
 - Form 1120S, box B.
- Description of how your investment impacts the small business (for example: buying hardware, new hires, marketing, expansion, etc.).

Part C: Severance pay subtraction calculation worksheet

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

Keeping records

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

Filing instructions

Include this form with your tax return for the year in which you are claiming the subtraction. If you are filing electronically and your software does not support attaching this form as a PDF, you may submit this form electronically using Revenue Online at www.oregon.gov/dor.

Taxpayer assistance

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.