

# Worksheet OR-CRC

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Oregon Department of Revenue



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## Claim of Right Income Repayments

### General instructions

If you had to repay an amount that you included in your Oregon income in an earlier year, you may be able to claim a credit for the Oregon tax you paid on that income when you file your return for the repayment year.

The Oregon claim of right income repayment credit may be claimed on your Oregon personal income tax return if:

- Your repayment is more than \$3,000,
- You paid Oregon tax on the income you repaid, and
- You're claiming the repayment credit or deduction on your federal return.

Repayments of \$3,000 or less don't qualify for the Oregon credit. **Note: Corporations** may file for relief of tax on repaid income; refer to the instructions for Form OR-20 for more information.

### What do I need to do if I'm claiming the federal deduction instead of the federal credit?

If you're taking a repayment deduction on your federal return instead of claiming the federal credit and **you're claiming the Oregon credit, you can't take the repayment deduction on your Oregon return.** You must add back the repayment amount on your Oregon return. If you don't claim the Oregon credit, you don't need to add back your repayment deduction.

**Full-year filers.** If you're filing a full-year return for the repayment year and you're deducting the repayment amount on Schedule OR-A or any federal form or schedule, report an addition on Schedule OR-ASC using code 103.

**Part-year or nonresident filers.** If you're filing a part-year or nonresident return for the repayment year and you're deducting the repayment amount:

- As an itemized deduction on Schedule OR-A or federal Schedule A: Use a minus sign with the repayment amount to report a negative modification on Schedule OR-ASC-NP using code 649.
- On another federal form or schedule: Report an addition using code 103 on Schedule OR-ASC-NP.

For tax year

**Note:** If you're reporting an addition on Schedule OR-ASC-NP, enter the total repayment amount in the federal column and the amount taxed by Oregon in the Oregon column.

### How do I calculate the credit?

Gather the following items for **the year the income was taxed by Oregon:**

- A copy of your Oregon tax return, including any amended returns or adjustment notices.
- Oregon tax tables or rate charts.
- If you filed a part-year or nonresident return, a blank part-year or nonresident return form. Follow the instructions for **Worksheet B** to complete the form.

Use **Worksheet A** if you filed a full-year return or **Worksheet B** if you filed a part-year or nonresident return for **the year the income was taxed by Oregon.**

**Multiple years.** If you repaid income from more than one tax year, complete a separate worksheet for each year that the income was taxed by Oregon. Claim the total of all credits on the return you're filing for the repayment year.

### Where do I claim the credit?

Claim the credit on the return you're filing for the repayment year:

- 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.

### Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.

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## Worksheets and examples

### Worksheet A: Full-year return filed for the year the income was taxed

1. Enter your Oregon taxable income from **the return you filed**, as amended or adjusted ..... 1.  .00
  - 2018: Form OR-40, line 19.
  - 2017 and 2016: Form OR-40, line 21.
  - 2015: Form 40, line 21.
  - 2014 and prior: Form 40, line 28.
2. Enter the amount of income you repaid in the tax year for which you're claiming the credit ..... 2.  .00
3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income ..... 3.  .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 repaid income ..... 4.  .00
5. Enter your Oregon tax before credits from **the return you filed**, as amended or adjusted..... 5.  .00
  - 2018: Form OR-40, line 22.
  - 2017 and 2016: Form OR-40, line 24.
  - 2015: Form 40, line 24.
  - 2014 and prior: Form 40, line 31.
6. Line 5 minus line 4. This is your Oregon claim of right credit..... 6.  .00

### Example 1

Sophie is a lifelong resident whose filing status for tax year 2016 was single. In 2019, Sophie repaid \$10,000 of pension income originally received in 2016. She is claiming the income repayment credit on her 2019 federal return. Her 2016 Oregon tax return wasn't amended or adjusted; it shows Oregon taxable income of \$40,000 and Oregon tax before credits of \$3,369. She calculates her credit using Worksheet A:

- |   |           |
|---|-----------|
| 1. Enter your Oregon taxable income from <b>the return you filed</b> , as amended or adjusted ..... 1.  | 40,000.00 |
| 2. Enter the amount of income you repaid in the tax year for which you're claiming the credit ..... 2.  | 10,000.00 |
| 3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income ..... 3.   | 30,000.00 |
| 4. Using the tax tables or rate charts from <b>the year the income was taxed</b> , enter the tax on the amount on line 3. This equals your Oregon tax before credits without the repaid income ..... 4. | 2,469.00  |
| 5. Enter your Oregon tax before credits from <b>the return you filed</b> , as amended or adjusted..... 5.   | 3,369.00  |
| 6. Line 5 minus line 4. This is your Oregon claim of right credit..... 6.   | 900.00    |

To claim the Oregon credit, Sophie enters \$900 on Schedule OR-ASC, section 5, using credit code 890.

### Worksheet B: Part-year or nonresident return filed for the year the income was taxed

Before you start, use the blank return form to create a duplicate part-year or nonresident return for the year **the income was taxed**:

- Enter all income items **except for the income you repaid** as they were on the return you filed for that year, including amendments or adjustments. **Don't include the repaid income on the duplicate return.**
- If your Oregon percentage changes as a result, use the revised percentage to calculate your deductions, tax, or other amounts. Don't adjust any other items on the return.
- Complete the return through the "Total tax before credits" line.

**Don't file the duplicate return.** Use it only to help you calculate your credit amount.

1. Enter your Oregon tax before credits from **the return you filed**, as amended or adjusted..... 1.  .00
  - 2018: Form OR-40-P, line 47; Form OR-40-N, line 48.
  - 2017 and 2016: Form OR-40-P, line 49; Form OR-40-N, line 50.
  - 2015: Form 40P, line 50; Form 40N, line 51.
  - 2014 and prior: Form 40P, line 52; Form 40N, line 53.
2. Enter the Oregon tax before credits amount from **the duplicate return** ..... 2.  .00
3. Line 1 minus line 2. This is your Oregon claim of right credit..... 3.  .00

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## Example 2

During 2019, Chris, a full-year resident, repaid some compensation originally received in 2015. He's claiming the income repayment credit on his 2019 federal return. In 2015, when Chris was a Washington state resident, he worked part of the time in Oregon. Out of the \$25,000 in repaid compensation, \$17,000 was taxed by Oregon.

### The 2015 Form 40N that he filed shows the following:

Federal income	\$225,000	Total deductions and modifications (\$20,000 x 0.356)	\$ 7,120
Oregon income	\$ 80,000	Oregon taxable income (\$80,000 - \$7,120)	\$72,880
Oregon percentage (\$80,000 ÷ \$225,000) 35.6%		Total tax before credits	\$ 6,089
Net itemized deductions	\$ 20,000		

### Chris uses a blank 2015 Form 40N to create a duplicate return without the repaid income. It shows:

Federal income (\$225,000 - \$25,000)	\$200,000	Total deductions and modifications (\$20,000 x 0.315)	\$ 6,300
Oregon income (\$80,000 - \$17,000)	\$ 63,000	Oregon taxable income (\$63,000 - \$6,300)	\$56,700
Oregon percentage (\$63,000 ÷ \$200,000) 31.5%		Total tax before credits	\$ 4,633
Net itemized deductions	\$ 20,000		

Next, Chris completes Worksheet B to calculate his credit:

1. Enter your Oregon tax before credits from <b>the return you filed</b> , as amended or adjusted.....	1.	6,089.00
2. Enter the Oregon tax before credits amount from <b>the duplicate return</b> .....	2.	4,633.00
3. Line 1 minus line 2. This is your Oregon claim of right credit.....	3.	1,456.00

To claim the Oregon credit, Chris enters \$1,456 on Schedule OR-ASC, section 5, using credit code 890.

## Example 3

During 2019, Theresa, a full-year resident, repaid \$5,000 of unemployment income she received and reported as taxable income in 2017. During 2017, Theresa was an Idaho resident whose Oregon income was from rental properties. She filed a 2017 Oregon Form OR-40-N to report the rental income, but her unemployment income wasn't taxable to Oregon. Theresa can't claim a credit on her 2019 Oregon return for the unemployment income she repaid during 2019 because Oregon didn't tax that income in 2017.