Oregon 2010 Corporation Excise Tax Form 20 and Instructions

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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes.

Reminder

If your registered corporation or insurance company isn't carrying on or doing business in Oregon and has no Oregon-source income, then you don't need to file a corporation tax return.

Electronic filing

File corporate tax returns through the Federal/State E-Filing Program. With approved third party software, you can file returns, schedules, and federal returns in a single filing.

Instructions for corporate e-file: www.oregon.gov/dor/e-filing/Corp_handbook.shtml.

Visit us online: www.oregon.gov/dor.

- Obtain tax forms and instructions.
- Get answers to common questions.
- Register for electronic funds transfer (EFT).
- Check out the new Oregon Revenue Bulletins.

OREGON DEPARTMENT OF REVENUE

What's new?

Tie to federal tax law

Oregon is tied to the federal definition of taxable income as of December 31, 2009, with the following exceptions:

- Any **additional** deduction allowed as a result of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) with regard to the following provisions of the Internal Revenue Code:

  Discharge of indebtedness—IRC section 108(i) election to include section 108 cancellation of debt income over a 5-year period is not available for Oregon taxpayers.

  Bonus depreciation—IRC section 168(k) additional 50 percent first-year depreciation is not available for Oregon purposes for "qualified property" placed in service during calendar year 2009. This creates a modification for Oregon purposes for 2009 and subsequent years.

  Section 179 expense—For tax years beginning on or after January 1, 2009, the section 179 expense is limited to the federal limitation, excluding the additional amount allowed under ARRA 2009.

- Any deduction for qualified production activities income (QPAI) under IRC 199. An addition on the Oregon return is required for tax years beginning on or after January 1, 2005.

- Any exclusions from income under **IRC 139A**, for tax years beginning on or after January 1, 2008. Federal law allows you to exclude certain subsidy payments made by the federal government related to Part D of the Medicare Prescription Drug Insurance program. You must add this income on your Oregon return.

REITs and RICs

For tax years beginning on or after January 1, 2010, Oregon law requires that a real estate investment trust (REIT) or regulated investment company (RIC) that otherwise meets the definition of a federal affiliate be included in the consolidated Oregon return. This will be an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC will be included in the apportionment calculation.

Forest products apportionment

For tax years beginning on or after January 1, 2010, the forest products double-weighted apportionment option for certain forest products companies is no longer available.

Intangible and interest expense add-back and credit

Effective for tax years beginning on or after January 1, 2010, Oregon law provides that intangible and interest expenses must be added back to federal taxable income for Oregon purposes when a related member that is not included in the same tax return receives them and they are paid in connection with a direct or indirect transaction with a related member. If the related member paid tax on the income in this state or another tax jurisdiction, a credit will be allowed on the taxpayer's return.

Transferable credits

Transferable credits may not be transferred (sold), for tax purposes, to an entity treated as a partnership for tax purposes. Transferable credits may only be transferred once.

Lender's credit

A qualified borrower, for purposes of the credit, can be a nonprofit corporation, nonprofit cooperative, state governmental entity, or local unit of government on a loan to finance a manufactured dwelling park. The Housing and Community Services Department will certify the lender's credit.

Film and video contribution credit

Effective beginning January 1, 2010, the total amount of certified credits allowable each fiscal year has increased from $5 million to $7.5 million.

Reservation enterprise zone credit

Certain Indian tribes may request that land be designated as reservation enterprise zone. Exemptions and tax credits available in connection with an enterprise zone are also available for a reservation enterprise zone.

Business energy tax credit (BETC)

ORS 315.354 has been amended to specify a transferee holding a BETC that has been transferred may not claim the BETC for any tax year prior to the tax year in which the transferee obtained the credit.

Estimated tax payments

Requirements

Oregon estimated tax laws are not 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. This includes Oregon's minimum tax. This requirement also applies if you are an S corporation paying tax on income from built-in gains or excess passive investment income.

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

Estimated payments may be made by electronic funds transfer (EFT) or by mail. EFT reduces expenses and ensures accuracy. See www.oregon.gov/dor/e-filing/eft.shtml.

EFT payments for corporation estimated taxes must be made using our EFT program. This program allows payments to be initiated by touch-tone telephone, a secure Internet site, or through your financial organization. If you pay by EFT, **do not** send Form 20-V payment voucher.

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

If you do not 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 the department before it can start initiating EFT payments. The EFT help/message phone number is 503-947-2017.

Mail. If paying by mail, send each payment with a Form 20-V, *Oregon Corporation Tax Payment Voucher and Instructions,* 150-102-172.

Worksheet to calculate Oregon estimated tax

(Keep for your records—do not file with payment.)

1. Oregon net income expected in upcoming tax year. 1. _____
2. Tax on Oregon net income (see tax rate tables on page 13 for marginal corporation tax rate and minimum tax). 2. _____
3. Subtract tax credits allowable in upcoming tax year. Tax credits cannot be used to reduce minimum excise tax. 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 interest on 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 installment.

To avoid additional charges for interest on UND, you must pay the amount of any prior underpayment plus the amount of the current required installment. [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's correct amount of each required installment is $1,500. 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 a timely third-quarter estimated payment of $3,500* and a timely fourth quarter payment of $1,500.

*$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.

For more information, see Oregon statutes (ORS) and rules (OAR) concerning underpayment of estimated tax, Chapter 314 [ORS 314.525, OAR 150-314.525(1)-(A), 150-314.525(1)-(B), 150-314.525(1)(c)-(A), 150-314.525(1)(d), 150-314.525(2)-(A), and 150-314.525(2)-(B)].

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 is Oregon source income. Public Law (Pub.L.) 86-272 provides exceptions to this requirement.

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 do not qualify for Oregon's income tax.

Excise tax is a tax for the privilege of **doing business** in Oregon. It is 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. Excise tax filers are subject to corporate minimum tax. 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 are not subject to corporate minimum tax. Corporation income tax laws are in Chapter 318 of the Oregon Revised Statutes.

What form do I use?

All corporations **doing business** in Oregon must file Form 20, *Oregon Corporation Excise Tax Return*, 150-102-020, and pay at least the minimum excise tax. Any corporation **doing business** in Oregon is also required to register with the Secretary of State, Corporation Division. See www.filinginoregon.com/business/index.htm.

"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 with income from an Oregon source but **not doing business** in Oregon generally must file From 20-I, *Oregon Corporation Income Tax Return,* 150-102-021. Most corporations do not 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, are **not** subject to the minimum tax, and are not 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 an Oregon-source income.
- S corporations cannot be included in consolidated federal returns. IRC 1361(b) provides that a corporation that is a QSSS is not 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.
- Flow of goods, capital resources, or services showing functional integration.

Corporations that are not unitary are excluded from the consolidated Oregon return.

Separate returns. Any corporation that files a separate federal return must file a separate Oregon return if they are doing business in Oregon or have 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. Oregon taxable income is calculated by subtracting the income of the nonunitary affiliates from the taxable income from the consolidated federal return.

E-file

We began accepting electronic corporation and S corporation tax returns with corresponding forms and schedules in January 2008, utilizing the IRS' Modernized E-file platform (MeF). We accept calendar year, fiscal year, short year, and amended returns. Starting in January

2011, we will accept e-filed returns for tax year 2010 and will continue accepting e-filed returns for 2009 and 2008.

For more information, visit www.oregon.gov/dor/e-filing/Corp_handbook.shtml.

Federal audit changes

If the IRS changes your federal return for any tax year, you **must** notify the Oregon Department of Revenue. File an amended Oregon return and attach 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 do not amend or send a copy of the federal report, the Oregon Department of Revenue has two years from the date the department is notified of the change by the IRS to issue a deficiency notice. You must file an amended return within two years after the date of the federal report to receive a refund.

Amended returns

If you change taxable income by amending your federal return you must file an amended Oregon return within **90 days.** Attach a copy of your amended federal return to your amended Oregon return and explain the adjustments made. Oregon doesn't have a different amended return form. Use the form for the tax year you are amending and check the **"Amended"** box.

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

Due to processing constraints, please do not make payments for amended returns with EFT (Electronic Funds Transfer). We can accept check or money order attached to your amended return. Make sure to write "Amended" on the payment itself. You must also include a completed Form 20-V with the "Amended" box checked.

If check or money order is not clearly marked as "Amended payment," our system will apply the payment to your account before the return is processed causing an automatic refund which could result in additional penalty and interest.

Do not 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 Form 20 amended, enter the net excise tax per the original return or as previously adjusted. Do not include any penalty or interest portions of payments already made.

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

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 your full payment is received by the department. See interest rates on page 15.

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 and write the words "**Protective claim for refund"** at the top. 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 the litigation has been completed.

Note: If a deficiency is assessed against any taxpayer as a result of the retroactive adoption of federal law changes, the department will cancel any penalty or interest pertaining to these changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, the department will not pay interest.

Other entities and how they file

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 are not subject to tax on their distributive shares of partnership income. A publicly traded partnership taxed as a corporation must file 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 Conduit (REMICs)

A REMIC is not 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 gets 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 an Oregon business.

All REMICs required to file must file Form 20-I and attach a complete copy of federal Form 1066. The REMIC must also attach 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)

Limited liability companies (LLC)

An LLC can be taxed as a partnership or a corporation. Oregon follows federal law in determining how an LLC is taxed.

An LLC taxed as a 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.

An LLC taxed as a partnership must file Form 65, *Oregon Partnership Return,* 150-101-065, if doing business in Oregon, or is 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. Effective in 2005, Oregon's definition of a foreign LLC, no matter when organized, includes an unincorporated association organized under the laws of a federally recognized American Indian tribe.

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 political organizations and taxable income.

A political organization that is not incorporated is treated as a corporation under both federal law and Oregon law [ORS 316.277(1)]. If your organization is unincorporated, you are not required to file an Oregon tax return unless your organization has taxable income. If it has taxable income, file Form 20-I.

Organizations that are **incorporated** must file Form 20, 150-102-020. A minimum tax is required, even if the corporation has no taxable income. For purposes of determining minimum tax, only non-exempt income is included in Oregon sales.

For more information, see *Political Organizations,* www.oregon.gov/dor/business/IC-102-663.shtml.

Due date of return

Returns, including all insurance companies, 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

Oregon honors extensions for filing your federal return.

If you have a federal extension, the due date then becomes the 15th day of the month following the federal extension's due date. You don't need to send the federal extension to Oregon until you file your Oregon return. Check the "Extension" box in the header of your Oregon return when you file.

If you need an extension for Oregon only, answer question 1 on federal Form 7004, write "For Oregon only" at the top, then attach it to your Oregon return when you file.

Note: It's very important to mark the extension box at the top of your Oregon return when you file.

To avoid penalty and interest, mail any tax due with Form 20-V on or before the original due date of your return. More time to file does not mean more time to pay your tax.

Important information to correctly process your return

- **Payments.** Please write the following information on your payments:

  — Federal employer identification number (FEIN).
  — Oregon business identification number (BIN).
  — Tax year 2010.
  — Telephone number.

- Enclose your payment and payment voucher, Form 20-V with your Oregon return. Do not staple your payment or your voucher to the tax return.

Estimated payments. Please identify all estimated payments claimed by completing Schedule ES on your return.

Include the corporation name and FEIN if a payment was made by an affiliate of the filing corporation.

BIN. Oregon identifies each corporation using a BIN assigned by the department.

You have a BIN if you have made payments to the state of Oregon for payroll taxes; workers' compensation; unemployment; or estimated tax for corporation excise or income tax payments. **If you do not have a BIN, one will be assigned when your return is received.**

Assembling and submitting returns

Submit your Oregon tax return forms in the following order:

1. Form 20;
2. Schedule AP, *Apportionment of Income for Corporations and Partnerships;*

3. Schedule AF, *Schedule of Affiliates;*
4. Form 37, *Underpayment of Oregon Corporation Estimated Tax;*
5. Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions;*
6. Worksheet FCG-20, *Farm Liquidation Long-Term Capital Gain Tax Rate;*
7. Other Oregon statements;
8. Oregon credit forms including notice of credit transfers;
9. Form 7004, Federal extension;
10. Copy of federal tax return and schedules.

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

Header

Name

Generally, a consolidated Oregon return is filed in the name of the common parent corporation. If the parent corporation is not 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).

Enter the **FEIN** and **BIN** of the corporation named as the filer on the consolidated Oregon return.

Extension checkbox

Oregon honors extensions for filing your federal return.

If you have a federal extension, the due date then becomes the 15th day of the month following the federal extension's due date. You don't need to send the federal extension to Oregon until you file your Oregon return. Check the "Extension" box in the header of your Oregon return when you file.

If you need an extension for Oregon only, answer question 1 on federal Form 7004, write "For Oregon only" at the top, then attach it to your Oregon return when you file.

Note: It's very important to mark the extension box at the top of your Oregon return.

To avoid penalty and interest, mail any tax due with Form 20-V on or before the original due date of your return. More time to file does not mean more time to pay your 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 section 1031 or 1033, even though the replacement property is outside Oregon. Oregon will tax the deferred gain when it is included in federal taxable income.

Attach a copy of your Form 24, *Oregon Like-Kind Exchanges/Involuntary Conversions,* 150-800-734, to the back of 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.

FCG-20, *Farm Liquidation Long-Term Capital Gain* checkbox

Reduced tax rate is available if you sold or exchanged capital assets used in farming.

Complete the FCG-20 worksheet, *Farm Liquidation Long-Term Capital Gain Tax Adjustment,* 150-102-167, and check the box in the header of the form.

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 or if we discover such other transactions on or after January 1, 2008.

Accounting period change checkbox

Check the "Accounting period change" box only if both of the following apply:

- The excise tax return covers a period of less than 12 months, **and**
- The short-period return is due to a qualified change in accounting period per IRC sections 441 to 444.

Note: A short-period return does not automatically constitute a qualified change in accounting period. A taxpayer that is not in existence for the entire year should not check this box. This includes subsidiaries that join or leave a consolidated filing group, and newly formed or dissolved corporations.

If you file a short-period return due to a qualified change in accounting period and you are subject to the minimum tax, your minimum tax shall be apportioned as follows:

Annualize Oregon sales by multiplying actual Oregon sales by 12 and dividing by the number of months in the short period. Use Table c on page 13 to determine minimum tax on annualized Oregon sales.

Apportion the minimum tax determined above by multiplying by the total number of months in short period and dividing by 12.

Questions

Questions A–D. Complete only if this is your first return or the answer changed during the tax 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* (found with 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, attach a list of corporations included in the consolidated federal return that are not included in this Oregon return. List each corporation's name, BIN (if any), and FEIN.

Question F. A "low-income taxpayer" is one that did not have 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 tax years, not including the current year.

Question G. If the Oregon corporation is a subsidiary in an affiliated group, or 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 H. Enter the total number of corporations doing business in Oregon that are included in this return.

Question M. 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 N. Nonapportioned returns.

Enter the amount of sales as defined by ORS 314.665. Generally, C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross rent and lease payments received;
- Gross receipts from the performance of services;
- Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
- Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income.

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes business income amounts from federal Form 1120, line 1c, and 5 through 10. Include positive numbers only.

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 excluded on 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 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, local

taxes, such as the Multnomah County Business Income tax, are deductible. (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. Other additions. Enter 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, including:

- **Bone marrow donor expense credit.** Add to federal taxable income the amount of bone marrow donor expense deducted on the federal return if the Oregon credit is claimed on your Oregon return. (ORS 315.604)
- **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)
- **Child Care Division and community agency contributions.** The deduction claimed on the federal return must be added back to federal taxable income on the Oregon return if the Oregon credit is claimed. (ORS 315.213)
- **Claim of right income repayment adjustment when credit is claimed.** The deduction under IRC section 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)
- **Contributions of computers or scientific equipment for research to educational organizations credit.** The amount of federal deduction must be added to federal taxable income if the Oregon credit is claimed. [ORS 317.151(4)]
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the addition if gain 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)]
- **Federal bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is 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)
- **Film production development contributions.** Add back the amount of contribution for which a tax credit certification is made that is allowed as a deduction for federal tax purposes. (ORS 315.514)
- **Gain or loss on the disposition of depreciable property.** The difference in gain or loss on sale of business assets when the Oregon basis is less than it is for federal purposes. (ORS 317.356)
- **Income from sources outside the United States.** Income not included in federal taxable income under IRC 861 or 864. (ORS 317.625)
- **Individual development accounts credit.** Donations deducted on the federal return must be added back to Oregon income if the credit is claimed. [ORS 315.271(2)]
- **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 108 income from discharge of indebtedness.** Add to federal taxable income the amount of income excluded per IRC 108(i).
- **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.
- **IRC 168(k) bonus depreciation.** Add to federal taxable income the amount of bonus depreciation deduction claimed on the federal return per 168(k). This amount is an addition on the Oregon return.
- **IRC 179 additional expensing.** Add to federal taxable income the additional amount deducted on the federal return per 179. This amount is an addition on the Oregon return.
- **IRC 631(a) treatment of timber is not 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)
- **Long-term care insurance premiums.** Premiums deducted on the federal return must be added back if the Oregon credit is claimed under ORS 315.610. (ORS 317.322)
- **Losses of non-unitary corporations.** The net losses of non-unitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Attach a schedule showing computation of the net loss eliminated. See instructions for line 10 and line 14. [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)
- **Percentage depletion in excess of cost.** Percentage depletion is allowed only on metal mines. All other assets are limited to cost depletion. (ORS 317.374)
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC 199 claimed on the federal return. (ORS 317.398)
- **Safe harbor lease agreements.** Oregon does not 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.

- **State, municipal, or other interest income excluded from federal taxable income.** Reduce the addition by any interest incurred to carry the obligations and by any expenses incurred in producing this interest income. Income tax filers should not include interest on state of Oregon obligations. (ORS 317.309)
- **Trust for cultural development account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return.
- **University venture 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 were not deducted on the federal return because the work opportunity credit was claimed. (ORS 317.303)

Line 9. 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. (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 (see 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 retur**n. Subtract 100 percent from federal taxable income. [ORS 317.267(1)]
- **IRC section 78 dividends (gross-up dividends)** are subtracted in full from federal taxable income. (ORS 317.273)

Worksheet for computing dividend deduction

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 section 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 do not 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 section 78 Gross-Up (100%)	7d. _____
8.	Total Oregon deduction	8. _____

Line 10. Income of nonunitary corporations. Net income of non-unitary 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. Attach a schedule showing computation of the net income eliminated. [ORS 317.715(2)]

Line 11. Other subtractions. Enter the amount in which any item of gross income is less under Oregon law than federal law, or the amount in which any allowable deduction is greater under Oregon law than federal law. Attach schedules and explanations. **Note: Do not** include

Oregon dividend deductions on line 11. **All** allowable Oregon dividend deductions are subtracted on Line 11. Other subtractions for Oregon include:

- **Charitable contribution.** Subtract the amount by which a corporation must reduce its charitable contribution deduction under IRC 170(d)(2)(B). (ORS 317.307)
- **Deferred gain from out-of-state disposition of property.** See ORS 317.327 regarding the computation of the subtraction if loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Depreciation.** Subtract, if you choose for Oregon excise tax purposes, additional or accelerated depreciation on real and personal property that is in excess of the depreciation used in computing net gain from operations. You may elect to use any accelerated depreciation method allowable for federal corporation income tax purposes.
- **Depreciation differences.** If Oregon basis is higher than federal basis for an asset due to claiming a federal tax credit, subtract the excess of Oregon depreciation over federal depreciation. [OAR 150-317.368(1)] Use the *Depreciation Schedule for Individuals, Partnerships, Corporation, and Fiduciaries,* 150-101-025.
- **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 refigure 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 the Oregon basis is greater than it is for federal purposes. (ORS 317.356)
- **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)
- **Losses from outside the United States.** Losses 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)
- **Oregon bad debt reserve addition of a financial institution to the extent that it exceeds the amount that is 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)
- **Oregon depletion in excess of federal allowance.** (ORS 317.374)
- **Oregon Investment Advantage** (ORS 317.391). To qualify, facilities must be certified by the Oregon Business Development Department (dba Business Oregon). For more information about the program or to get an application visit, www.oregon4biz.com/. **This applies to excise tax filers only.**

How is the subtraction computed? Multiply the Oregon taxable income figure (Form 20, line 15) as computed without applying this subtraction by the sum of 50 percent of the ratio of the payroll from the certified facility over the corporation's total payroll within Oregon, plus 50 percent of the ratio of the average value of property from the certified facility over the corporation's total average value of property in Oregon.

Corporations that do business both inside and outside of Oregon and complete Schedule AP must claim the subtraction on Schedule AP-2, line 10b.

- **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).
- **The difference in gain or loss on sale of assets** when the Oregon basis is greater than it is for federal purposes. (ORS 317.356)

Line 14. Net loss and net capital loss deductions

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.
- Enter the deduction on **line 14 if taxable only by Oregon.**
- Enter the deduction on Schedule AP-2, **line 10a if taxable both in Oregon and another state.**
- Net losses occurring in tax years starting on or after January 1, 1987, can be carried forward up to 15 years.
- Oregon does **not** 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).
- Real Estate Investment Trusts (REITs), if qualified under IRC 856, are not allowed a net loss deduction. [ORS 317.476(5)]

Net capital loss deduction

- Enter the deduction on **line 14 if taxable only by Oregon.**
- Enter the deduction on Schedule AP-2, **line 10b if taxable both in Oregon and another state.**
- 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.
- **Attach a schedule** showing your computations including the tax year the net capital loss originated. OAR 150-317.013

Tax calculation

Line 16. Excise tax calculation. Don't enter the minimum tax on this line.

Determine your calculated tax as follows:

Is Oregon taxable income $250,000 or less? If so, multiply Oregon taxable income by 6.6% and enter the result. Enter -0- if the result is negative or zero.

Is Oregon taxable income greater than $250,000? If so, multiply the amount that is greater than $250,000 by 7.9%, and add $16,500. Enter the result.

Line 17. Tax adjustments

- Interest on certain installment sales. If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount. Attach a schedule showing how you figured the interest.
- Net long-term capital gain from farm property. Subtract the amount of adjustment for tax on net long-term capital gain from farm property (ORS 317.063) from line 9 of Worksheet FCG-20.
- 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."

Credits—Lines 19-28

Taxpayers must take the full amount of a credit allowed per year (ORS 314.078). Credits can't be used to pay corporation minimum tax.

For detailed information on credits, see www.oregon.gov/dor/business/corp-tax_credits-2010.shtml.

- Alternative fuel vehicle fueling stations.
- Biomass production or collection.
- Business energy.
- Child Care Division and community agency contributions.
- Claim of right.
- Contribution of computers or scientific equipment for research.
- Crop donation.
- Dependent care assistance.
- Dependent care facilities.
- Dependent care information and referral.
- Diesel engine replacement.
- Diesel engine repower or retrofit.
- Electronic commerce in designated enterprise zone or city.
- Employee and dependent scholarship program payments.
- Farmworker housing project.
- Film production development contributions.
- First break program.
- Fish screening devices.
- Individual development accounts.
- Lender's credit: affordable housing.
- Lender's credit: energy conservation.
- Lender's credit: farmworker housing.
- Long-term care insurance.
- Long-term enterprise zone facilities.
- Mile-based or time-based motor vehicle insurance.
- On-farm processing facilities.
- Pollution control facilities (use worksheet below and keep for your records).
- Qualified research activities.
- Reclaimed plastics recycling.
- Reforestation.
- Reservation enterprise zone.
- Trust for cultural development account contributions.
- University venture development fund contributions.
- Voluntary removal of riparian land from farm production.
- Water transit vessel.

Pollution control facilities worksheet

Enter the following information from the face of the Pollution Control Facility Certificate to compute the annual tax credit.

1.	Actual cost of pollution control facility	1. _____
2.	Percent of actual cost properly allocable to pollution control	2. _____
3.	Line 1 multiplied by line 2	3. _____
4.	Maximum tax credit allowed (50%)	4. _____
5.	Eligible tax credit (line 3 multiplied by line 4)	5. _____
6.	Remaining useful life (see below)	6. _____
7.	Yearly allowable credit (line 5 divided by line 6)	7. _____

Remaining useful life

The useful life of the facility begins on the date the taxpayer places the facility into operation. The taxpayer may take the tax credit over the remaining useful life at the time of certification but not less than one year or more than 10 years. Calculate the spent life by subtracting the date you placed the facility into operation from the date of certificate issuance.

		Example
Year in date of issue	_____	2001
Year in placed in operation	_____	2000
Spent life	_____	1

Subtract the spent life from the useful life (one-year minimum, 10-year maximum).

The 2001 legislature provided an additional three-year carryforward on any unexpired tax credit that exists as of the tax year of the taxpayer that begins in the 2001 calendar year. This means the certificate holder of these certificates may carry forward unused credits for a total of six years.

An expired tax credit is defined as "Any tax credit otherwise allowable under this section which is not used by the taxpayer in a particular year may be carried forward and offset against the taxpayer's tax liability for the next succeeding tax year." ORS 315.304(9)

Computation of credit for current year:

1. Annual credit 1. _____
2. Add credit carryover from prior years 2. _____

The certificate holder may carry forward any unused credit in any one tax year for up to three years. The taxpayer should carry forward the oldest credit first. Prepare and attach a schedule to show how you computed the credit carryover amount entered on line 2.

3. Total credit available 3. _____

4a. Net tax after other credits 4a. _____

4b. Less: minimum tax per table 4b. _____

4c. Maximum tax that can be offset by credit 4c. _____

You may choose the order in which tax credits will reduce the current year tax. Prepare and attach a schedule to show which credits you want to apply to your tax liability before the pollution control credit. Enter the net tax from your schedule on line 4a.

5. Pollution control facility tax credit for this year (lesser of line 3 or line 4c) 5. _____

Carry this amount to the line on your Oregon corporation, fiduciary, or individual tax return.

6. Credit potentially carried forward to future years (line 3 minus line 5) 6. _____

Excise tax: Calculated or minimum

Line 29. Excise tax after credits. Oregon excise tax is the greater of computed tax from table (b) or minimum tax from tables (a) or (c).

- S corporations and partnerships doing business in Oregon will pay a $150 minimum tax.
- S corporations doing business in Oregon and subject to federal income tax will pay tax based on the greater of (a) or (b) in the table below.
- C corporations doing business in Oregon must pay the greater of (b) or (c) in the table below.

Note: Corporations and partnerships that are not doing business in Oregon are not subject to the minimum tax.

Also, exempt organizations under Internal Revenue Code (IRC) sections 501(c) through (f), 501(j), 501(n), 521, or 529, that do not have taxable unrelated business income are exempt from Oregon corporation taxes including the minimum tax imposed under ORS 317.090.

The minimum tax is based on taxable Oregon sales. For exempt organizations with taxable unrelated business income, only the taxable unrelated income apportioned or allocated to Oregon is considered Oregon sales when determining the minimum tax. The tax exempt Oregon income is not included.

Tax rates for tax year 2010

TABLE a

	Minimum tax
S corporations, partnerships, LLCs, LLPs (regardless of sales level)	$150

TABLE b

Oregon taxable income	*Tax rate*
$250,000 or less	6.6%
$250,001 or more	$16,500 plus 7.9% of the amount over $250,000

TABLE c (C corporations only)

Oregon sales of filing group (see definitions below)	*Minimum tax*
under $500,000	$150
$500,000 to $999,999	500
$1,000,000 to $1,999,999	1,000
$2,000,000 to $2,999,999	1,500
$3,000,000 to $4,999,999	2,000
$5,000,000 to $6,999,999	4,000
$7,000,000 to $9,999,999	7,500

$10,000,000 to $24,999,999	15,000
$25,000,000 to $49,999,999	30,000
$50,000,000 to $74,999,999	50,000
$75,000,000 to $99,999,999	75,000
$100,000,000 and above	100,000

The minimum tax for C corporations doing business in Oregon is based on Oregon sales.

- Consolidated returns: the minimum tax is based on Oregon sales of the affiliated group of corporations filing an Oregon return.
- Consolidated filers: one minimum tax applies to the affiliated group filing the consolidated return, not to each individual affiliate included in the consolidated return doing business in Oregon.
- The minimum tax is not apportionable for a short tax year (except a change of accounting period).
- The minimum tax is payable in full for any part of the year during which a taxpayer is subject to tax.
- 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.

Nonapportioned returns

C corporations doing business only within Oregon will calculate Oregon sales by adding:

- Gross receipts from sales of inventory (less returns and allowances), equipment, and other assets;
- Gross rent and lease payments received;
- Gross receipts from the performance of services;
- Gross receipts from the sale, exchange, redemption, or holding of intangible assets derived from the taxpayer's primary business activity and included in the taxpayer's business income; and
- Net gain from the sale, exchange, or redemption of intangible assets not derived from the taxpayer's primary business activity but included in the taxpayer's business income.

Generally, for purposes of determining minimum tax, the calculation for Oregon sales includes business income amounts from federal Form 1120, lines 1c, and 5 through 10. Include positive numbers only.

Apportioned returns

C corporations and insurance companies doing business in more than one state that apportion business income for Oregon tax purposes, use the Oregon sales amount from Line 21(a) on Schedule AP.

Note: Computed tax may be reduced by certain tax credits, but not below the minimum tax as outlined above and in ORS 317.090. The minimum tax is the least tax to be paid by a corporation required to file an excise tax return.

Line 30. LIFO benefit recapture

This amount is a subtraction from the total tax. 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, line 30 as a subtraction from the total tax. Attach the computation schedule to the Oregon return.

On the tax adjustment 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)

Payments, penalty, interest, and UND

Line 32. 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 are 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 total to Form 20, line 32.

Line 33. Withholding payments

If taxes were paid on the corporation's behalf, enter the amount on line 33.

Beginning with transactions occurring on or after January 1, 2008, 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 are not 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 is includible in Oregon taxable income for the year.

Withholding is not required if one of the following requirements is met:

- The consideration for the real property does not 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 will not result in Oregon taxable income.

See instructions for Oregon Form OR-18, *Withholding on Real Property Conveyances,* 150-101-183, or Oregon Administrative Rule (OAR) 150-314.258 for more information.

Pass-through entity withholding requirement. A pass-through entity (S corporation, partnership, or LLC treated as a partnership) with one or more nonresident owners that have no other Oregon-source income are required to withhold tax on the nonresident owner's distributive share of income.

The requirement is waived if the nonresident owner makes an election to join in the filing of a composite return, sends the department a signed *Oregon Affidavit for a Nonresident Owner in a Pass-through Entity,* or meets another exception listed in OAR 150-314.775. See instructions for Oregon Form OR-19, *Pass-Through Entity Withholding,* 150-101-182, for more information.

Line 36. Penalty

To avoid penalty and interest, you must mail any tax payment owed and your tax return or extension request by the original due date of the tax return.

Use Form 20-V to mail tax, penalties, and interest payments.

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.

You will not 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 the department.

If you file with a valid extension but did not pay 90 percent of your tax by the original due date, you will 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. 100 percent penalty is assessed on each year's tax balance.

Line 37. Interest

- You must pay interest on unpaid taxes if you don't pay 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.
- Interest is figured daily for a fraction of a month, based on a 365-day year.
- Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment.
- Even if you get an extension to file, you still owe interest if you pay after the return's original due date.
- If you file an amended return and have tax to pay, we will charge interest starting the day after the due date of the original return until the date you pay in full.
- If your taxable income is changed because of a federal or state audit and you owe more tax, we will charge interest from the due date of the original return to the date you pay in full.

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, 2011	5%	0.4167%	0.0137%
January 1, 2010	5%	0.4167%	0.0137%
January 1, 2009	6%	0.5000%	0.0164%

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 the Department of Revenue has assessed an existing deficiency; and
- The assessment is not paid within 60 days after the notice of assessment is issued; and
- You have not filed a timely appeal.

Line 38. 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. This includes Oregon's minimum tax. 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, attach Form 37—with the "Form 37" box checked—to your tax return, and file them before the due date of the return.

If your current year corporation tax liability, including the minimum tax, is less than $500, you don't need to make estimated payments. Don't complete this form. However, this provision does not 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.

Line 40. Total due

Make your check or money order payable to: Oregon Department of Revenue. Please write on your check:

- Federal employer identification number (FEIN).
- Oregon business identification number (BIN).
- 2010 tax.
- Telephone number.

Mail your check or money order to:

Oregon Department of Revenue
955 Center St NE
Salem OR 97301-2555

Note:

- Don't send cash or postdated checks.
- Don't use red or purple ink, or gel pens of any color.
- If you're making an extension payment, estimated payment, or amended payment, you must include a completed Form 20-V with your payment.

Special instructions

- If you owe penalty or interest and have an overpayment on line 35, and your overpayment is less than total penalty and interest, then
- Fill in the result of line 39 minus line 35, on line 40.

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;
- BIN;
- 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.

Clear Form

• 2010 Form 20
Oregon Corporation Excise Tax Return

● Fiscal year beginning	● Fiscal year ending
/ /	/ /

* 0 2 5 8 1 0 0 1 0 1 0 0 0 0 *

● Name:

● Address:

● City:

● St: ● ZIP code:

● FEIN:
BIN:

For office use only		
●		
Payment ●		
1 ●	2 ●	3 ●

● ☐ New name
● ☐ New address

● Phone:

● ☐ Extension
● ☐ Form 37
● ☐ Amended
● ☐ Form 24
● ☐ FCG-20
● ☐ Federal Form 8886
● ☐ REIT/RIC
● ☐ Accounting period change

Contact:
Web:

FOR COMPUTER USE ONLY

Questions: Complete A through D only if this is your first return or the answer changed during 2010.

● A. Incorporated in (state); ● Incorporated on (date)	● B. State of commercial domicile	● C. Date business activity began in Oregon	● D. Business Activity Code

● E. (1) ☐ Consolidated federal return; ● (2) ☐ Consolidated Oregon return; ● (3) ☐ Corporations included in consolidated federal return, but not in Oregon return

● F. ☐ Low-income taxpayer	● G. Enter name of parent corporation, if applicable	● Enter FEIN of parent corporation, if applicable

● H. Number of Oregon corporations	● I. List the tax years for which federal waivers of the statute of limitations are in effect and dates on which waivers expire

● J. List the tax years for which your federal taxable income was changed by an IRS audit or by an amended federal return filed during this tax year

● K. If first return, indicate	Name of previous business	FEIN	BIN
☐ New business, or ☐ Successor to previous business			

● L. If final return, indicate	Name of merged or reorganized corporation	FEIN	BIN
☐ Withdrawn, ☐ Dissolved, or ☐ Merged or reorganized			

M. Utility or telecommunications companies: see instructions ..... ● M ☐
N. If you did not complete Schedule AP, fill in the amount of your Oregon sales ..... ● N

	1. Taxable income from U.S. corporation income tax return		● 1
Additions	2. State, municipal, and other interest income not included in line 1	● 2	
	3. Oregon excise tax and other state or foreign taxes on or measured by net income or profits	● 3	
	4. Income of related FSC or DISC	● 4	
	5. Other additions (attach schedule and explanation)	● 5	
	6. Total additions (add lines 2 through 5)		● 6
	7. Income after additions (line 1 plus line 6)		7
Subtractions	8. Work opportunity credit wages not deducted on federal Form 1120	● 8	
	9. Dividend deduction (attach schedule and explanation)	● 9	
	10. Income of non-unitary corporations (attach schedule and explanation)	● 10	
	11. Other subtractions (attach schedule and explanation)	● 11	
	12. Total subtractions (add lines 8 through 11)		● 12
	13. Income before net loss deduction (line 7 minus line 12). **If income is derived from sources both in Oregon and other states, carry amount from line 13 to Schedule AP-2, line 1.**		13

* 0 2 5 8 1 0 0 1 0 2 0 0 0 0 *

	14. Net loss deduction and net capital loss deduction if not apportioned (attach schedule) ● 14		
	15. **Oregon taxable income** (line 13 minus line 14 or amount from Schedule AP-2, line 11) ● 15		
	16. Excise tax (6.6% or 7.9%; see instructions) 16		
	17. Tax adjustments (attach schedule) ● 17		
	18. Total tax (line 16 plus line 17) ● 18		
Credits	19. Pollution control facilities credit ● 19		
	20. Lender's credit: energy conservation loans (form 150-102-125) ● 20		
	21. Lender's credit: affordable housing loans (form 150-102-125) ● 21		
	22. Lender's credit: farmworker housing loans (form 150-102-125) ● 22		
	23. Business energy credit ● 23		
	24. Farmworker housing project investment credit (form 150-101-163) ● 24		
	25. Dependent care credits (form 150-102-032) ● 25		
	26. Qualified research activities credit (form 150-102-128) ● 26		
	27. Other credits (attach schedule and explanation) ● 27		
	28. Total credits (add lines 19 through 27) ● 28		
Excise Tax	29. Excise tax after credits (not less than minimum tax) (see instructions) 29		
	30. LIFO benefit recapture subtraction ● 30		
	31. Net excise tax (line 29 minus line 30) (not less than the minimum tax) ● 31		
	32. 2010 estimated tax payments from Schedule ES below. Include payments made with extension ● 32		
	33. Withholding payments made on your behalf from pass-through entity or real estate income ● 33		
	34. **Tax due.** Is line 31 more than line 32 plus line 33? If so, line 31 minus lines 32 and 33 **Tax due** ● 34		
	35. **Overpayment.** Is line 31 less than line 32 plus line 33? If so, line 32 plus line 33, minus line 31 **Overpayment** ● 35		
	36. Penalty due with this return 36		
	37. Interest due with this return 37		
	38. Interest on underpayment of estimated tax (attach Form 37) ● 38		
	39. Total penalty and interest (add lines 36, 37, and 38) 39		
	40. **Total due** (line 34 plus line 39) **Total due** 40		
	41. **Refund** available (line 35 minus line 39) **Refund** 41		
	42. Amount of refund to be credited to 2011 estimated tax **2011 Credit** ● 42		
	43. **Net refund** (line 41 minus line 42) **Net refund** 43		

Schedule ES—Estimated Tax Payments or Other Prepayments

	Name of payer	Payer FEIN	Date of payment	Amount paid
1. Voucher 1			1	
2. Voucher 2			2	
3. Voucher 3			3	
4. Voucher 4			4	
5. Overpayment of last year's tax elected as a credit against this year's tax			5	
6. Payments made with extension or other prepayments for this tax year and date paid			6	
7. Claim of right credit (attach computation and explanation)			7	
8. Total prepayments (carry to line 32 above)			8	

Under penalty of false swearing, I declare that the information in this return and any attachments is true, correct, and complete.

Sign Here			
	Signature of officer X	Signature of preparer other than taxpayer X	License number of preparer ●
	Date	Date	Telephone number ( )
	Print name of officer	Print name of preparer	
	Title of officer	Address of preparer	

Please attach a complete copy of your federal Form 1120 and schedules

Mail refund returns and no tax due returns to:	**Mail tax-to-pay returns with payment and payment voucher to:**
Refund, PO Box 14777, Salem OR 97309-0960	Oregon Department of Revenue, PO Box 14790, Salem OR 97309-0470

Schedule AF: Schedule of Affiliates for Form 20

A Schedule of Affiliates **must** be filed every year with each consolidated tax return. List those affiliates doing business in Oregon, or with Oregon source income, that are part of the unitary group included in this tax return.

Do not include in this list the corporation filing this tax return. You may copy this form if you have more than 10 affiliates to include on this list.

FEIN and BIN	Name and Address	If new affiliate during this year, enter date affiliate became part of unitary group	If affiliate ceased to be part of the unitary group during the year, indicate date affiliate left group
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●
● FEIN ● BIN	● Name Address	●	●

Attach additional schedules if needed