

Oregon 2013 Corporation Excise Tax Form 20 Instructions

Table of Contents

What's new?2	Interest charge domestic international sales corporations (IC-DISCs)7
General2	Limited liability companies (LLCs)7
Additions and subtractions2	Political organizations7
Credits3	Publicly traded partnerships.....7
Looking ahead3	Real Estate Mortgage Investment Conduits (REMICs) ..8
General.....3	Filing checklist8
Credits.....3	Due date of return, Extensions.....8
Estimated tax payments3	Business Identification Number (BIN).....8
Requirements, Payment due dates, Payment options.....3	Estimated payments and prepayments8
Worksheet to calculate Oregon estimated tax4	Payments with your return.....8
Filing information4	Assembling and submitting returns8
Who must file with Oregon?4	Form instructions8
Excise or income tax?.....4	Questions.....9
What form do I use?.....5	Line instructions10
Filing requirements5	Additions.....10
Consolidated returns5	Subtractions12
Unitary business, Separate returns5	Tax14
E-file5	Credits.....15
Federal audit changes.....5	LIFO recapture benefits16
Amended returns and protective claims6	Net excise tax.....16
Other entities and how they file6	Payments, penalty, interest, and UND.....16
Agricultural or horticultural cooperatives.....6	Schedule ES—Estimated tax payments or other prepayments.....16
Exempt organizations.....6	Schedule AF instructions.....18
Homeowners associations6	Appendix A, 2013 Schedule ASC-CORP code list.....19

Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR).

Important

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

Go Electronic!

Fast • Accurate • Secure

File corporate tax returns through the Federal/State E-Filing Program. If you're mandated to e-file your federal return, you're required to e-file for Oregon.

With approved third party software you can e-file your return complete with all schedules, attachments, and required federal return. **You can also conveniently include an electronic payment with your e-filed original return.** See E-file on page 5.

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 Oregon Revenue Bulletins.



What's new?

General

Tie to federal tax law

In general, Oregon income tax law is based on federal income tax law. Oregon is tied to the federal definition of taxable income as of January 3, 2013, including the American Taxpayer Relief Act of 2012 signed into law on January 2, 2013.

Oregon is still disconnected from:

- **Federal subsidies** for prescription drug plans. (IRC §139A; ORS 317.401)
- **Domestic production** activities. (QPAI) (IRC §199; ORS 317.398)

Important: The disconnect from federal law for tax years 2009 and 2010 may have affected reporting differences between federal and Oregon expenses for subsequent years. If you had assets placed in service for a year between January 1, 2009 and January 1, 2011, and bonus depreciation on your federal return created an addition on your Oregon return, you'll likely have modifications to Oregon income. (ORS 317.301)

2013 Oregon tax rate

For tax years beginning January 1, 2013 and later, corporations calculate Oregon tax as follows:

- If Oregon taxable income is \$1 million or less, multiply Oregon taxable income by 6.6 percent. Enter -0- if the result is negative or zero.
- If Oregon taxable income is more than \$1 million, multiply the amount that is more than \$1 million by 7.6 percent, and add \$66,000.
- Excise tax filers pay the greater of calculated tax above or Oregon minimum tax.

Minimum tax offset by credits

Per the Oregon Supreme Court decision issued May 31, 2013, *Con-Way, Inc. & Affiliates v. Department of Revenue*, all corporation tax credits, except for the "Contributions of computers or scientific equipment for research" credit, are applied against the minimum tax of C corporations. See Credits under Line instructions below.

Additions and subtractions

Cancellation of debt (COD) income under IRC §108(i)

Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return beginning

as early as 2013, you may subtract for Oregon the amount that was previously included in Oregon income. (ORS 317.301)

Charitable donations not allowed for Oregon

Effective October 7, 2013, a charitable organization may receive a disqualifying order from the Attorney General. Donations to the charitable organization receiving a disqualifying order aren't deductible as charitable donations for Oregon tax purposes. An addition must be made on the Oregon return for donations to the charitable organization receiving a disqualifying order.

The charitable organization named in the order is required to provide a disclosure to a donor acknowledging that contributions to the organization aren't deductible as charitable donations for Oregon tax purposes. The Attorney General will publish on the Internet and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. For more information, visit Oregon Department of Justice, Charitable Activities Section, at www.doj.state.or.us/charigroup.

Interest charge domestic international sales corporations (IC-DISCs)

If your corporation is an IC-DISCs, you'll need to file Form 20. Across the top of your return, write "IC-DISC" in black or blue ink. For tax years beginning on or after January 1, 2013:

- An IC-DISC formed on or before January 1, 2014 is exempt from minimum tax.
- An IC-DISC formed after January 1, 2014, isn't exempt from minimum tax.
- Commissions received by an IC-DISC are taxed at 2.5 percent.

Additionally, a deduction is allowed for commission payments made to an IC-DISC that was formed on or before January 1, 2014.

Intangible expense add-back and credit (Repeal of ORS 314.296)

For tax years beginning January 1, 2013 and later, the addition for intangible expenses paid to a related member not included in the same tax return and the credit for tax paid on the income by the related member previously required by ORS 314.296, don't apply.

Retroactive to tax years beginning January 1, 2010 to December 31, 2012, the addition to federal taxable income and the credit provisions of ORS 314.296 don't apply if the transaction giving rise to the intangible expense was undertaken by the taxpayer for a valid business purpose and the related member is a foreign corporation described in §1563(b)(2)(C) of the Internal Revenue Code.

Credits

Alternative fuel vehicle fund (auction) credit and addition

If you received a tax credit through the Oregon Alternative Fuel Vehicle Revolving Fund tax credit auction conducted by us, in cooperation with the Department of Energy, you may be able to claim a tax credit for tax years beginning on or after January 1, 2013 and before January 1, 2015. Claim the credit on Schedule ASC-CORP as an other credit. The credit amount is shown on the certificate issued by the Department of Energy. You may carry forward unused credits for up to three years.

If you claim any of the amount you paid for this credit as a deduction on your federal return, you must add back that amount to your Oregon income as an other addition.

Farmworker Housing Project changes

The Farmworker Housing Project has a new name: Agricultural Workforce Housing. In addition, farmworkers are now Agricultural Workers and farmworker housing is Agricultural Workforce Housing. (ORS 315.164, ORS 315.167, ORS 315.169, ORS 315.172 and ORS 317.147)

Looking ahead

General

Repeal of ORS 317.057

(Exemption for certain out-of-state financial institutions)

For tax years starting January 1, 2014 and later, exemption from corporation tax for certain out-of-state financial institutions is no longer available. (ORS 317.057)

Tax haven countries

For purposes of determining Oregon taxable income, the taxable income or loss of any corporation that is a member of a unitary group and that is incorporated in a tax haven country shall be added to federal consolidated taxable income. This will be an Oregon modification (addition or subtraction). This provision applies to tax years beginning on or after January 1, 2014. See ORS 317.715 (HB 2460) for a list of countries subject to the modification.

Credits

Biomass production or collection credit

Beginning on January 1, 2014, the biomass production or collection credit isn't allowed for canola grown, collected or produced in the Willamette Valley. (ORS 315.141)

Oregon surplus rebate credit

Tax biennia beginning on or after July 1, 2013, Oregon surplus revenues will no longer be credited to corporate taxpayers when actual revenues exceed the revenue forecast for the biennium by more than 2 percent. Any

future excess corporate revenues will be appropriated to the State School Fund. (ORS 291.349)

Qualified equity investment tax credit

You can carry forward unused credits for up to five years on investments made on or after January 1, 2014 and before July 1, 2016. For more information on qualifying investments and entities, visit www.oregon4biz.com. (ORS 315.533)

University venture development fund contribution credit

For tax years beginning on or after January 1, 2014, the university venture development fund contribution credit shall be claimed in three consecutive tax years beginning with the year in which the credit is initially allowed. (ORS 315.521)

Tax credit sunsets

Beginning January 1, 2014, the following tax credits aren't available, except for applicable carryforward purposes:

- Agricultural Workforce Housing Lender's Credit, ORS 317.147
- Contributions of Computers and Scientific Equipment Credit, ORS 317.151
- Workers' Compensation Credit, ORS 317.122 (for 20-INS only)

Estimated tax payments

Requirements

Oregon estimated tax laws aren't 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.

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

Important: For details about making payments **with your return**, see Filing checklist on page 8.

Estimated payments may be made by electronic funds transfer (EFT) or by mail. EFT reduces expenses and ensures accuracy.

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

If you don't 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 us before it can start initiating EFT payments. The EFT help/message phone number is 503-947-2017.

For more information, visit www.oregon.gov/dor/e-filing, then on the left navigation bar, click on "Electronic filing," then click on "Tax professionals."

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, **don't** send Form 20-V payment voucher.

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

Worksheet to calculate Oregon estimated tax

(Keep for your records—don't file with payment).

1. Oregon net income expected in upcoming tax year. 1. _____
2. Tax on Oregon net income (see tax rate tables for corporation tax rate and minimum tax). 2. _____
3. Subtract tax credits allowable in upcoming tax year. 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 UND.

5. Amount of each payment. 5. _____
(Divide line 4 by the number of payments you need to make. This is usually 4.)

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 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 in Oregon or from an Oregon source 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 don't 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 aren't 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.

“**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 **not doing business** in Oregon, but with income from an Oregon source, generally must file Form 20-I, *Oregon Corporation Income Tax Return*, 150-102-021. Most corporations don’t 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, aren’t subject to the minimum tax, and aren’t required to file a corporation tax return.

Important: Don’t file a Form 20 if you aren’t required to do so. Filing an unnecessary return will result in a billing for minimum tax.

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.

Note: S corporations cannot be included in consolidated federal returns. IRC §1361(b) provides that a corporation that is a Qualified Subchapter S Subsidiary (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.

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. To determine Oregon taxable income, begin with taxable income from the consolidated federal return and use Oregon additions or subtractions to show removal of the nonunitary affiliates.

E-file

If you’re required to e-file with the IRS, you’re also required to e-file for Oregon. We accept calendar year, fiscal year, short year, and amended electronic corporation tax returns utilizing the IRS Modernized e-file platform (MeF). Beginning January 2014, we’ll accept e-filed returns for tax year 2013, and will continue accepting returns for 2012 and 2011.

Your tax return software also allows you to make electronic payments when e-filing your **original** return.

For a list of software vendors go to www.oregon.gov/dor/e-filing, click “Electronic Filing” on the left navigation bar, then click on “Approved software vendors.”

For more information, visit www.oregon.gov/dor/e-filing, click “Electronic Filing” on the left navigation bar, then click on “Tax professionals.”

Federal audit changes

If the IRS changes your federal return for any tax year, you **must** notify us. 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 don’t amend or send a copy of the federal report, we have two years from the date we’re 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 and protective claims

Oregon doesn't have an amended return form. Use the form for the tax year you're amending and check the "Amended" box. If you're amending to change additions, subtractions, or credits, include detail of all items and amounts, including carryovers.

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.

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.

Don't make payments for amended returns with EFT (Electronic Funds Transfer). This also applies to e-filed amended returns. For paper returns, include check or money order with your return. For e-filed returns, send check or money order separately. 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.

Don't 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. Don't include any penalty or interest portions of payments already made.

Pay all tax and interest due when you file your amended return or within 30 days after receiving a billing notice from us 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 we receive your full payment. See interest rates on page 18.

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 because of a retroactive adoption of federal law changes, we will cancel any penalty or interest pertaining to the changes. If a taxpayer files an amended return showing a refund due based on the retroactive adoption of federal law changes, we will not pay interest.

Other entities and how they file

Agricultural or horticultural cooperatives

For purposes of the **corporate minimum tax only**, the Oregon sales of agricultural or horticultural cooperatives doesn't include sales representing business done with or for the cooperative's members. If you're an agricultural or horticultural cooperative, write "Ag Co-op" in black or blue ink across the top of your Oregon Form 20. If you e-file your return, your software will accommodate this requirement. Provide a schedule showing the calculation of Oregon gross sales for sales not done with or for members of the co-op.

Retroactive to tax years beginning on or after January 1, 2005, the amount deducted for federal income tax purposes by agricultural or horticultural cooperatives under IRC §199 and passed through to cooperative patrons under IRC §199(d)(3)(A) is not subject to the add-back provisions of ORS 317.398.

Exempt organizations

If you're an exempt organization under IRC §§ 501(c) through (f), 501(j), 501(n), 521, or 529, you're exempt from Oregon Corporation taxes [ORS 317.080 (1)–(8)]. Apply to IRS for exempt status, don't apply to us. Two exceptions are nonprofit homes for the elderly and people's utility districts established under ORS chapter 261.

If you're exempt from Oregon tax and don't have unrelated business taxable income (UBTI) as defined in IRC §512, don't file an Oregon tax return.

If you have UBTI, file Form 20 and attach a copy of your federal Form 990-T. Organizations exempt from federal tax, but not exempt for Oregon must also file Form 20 and attach a copy of federal Form 990-T. Some religious organizations that qualify under IRC §501(d) may file as partnerships.

An exempt organization filing Oregon Form 20 is subject to the greater of calculated excise tax based on UBTI or Oregon minimum tax. For minimum tax purposes, include in "Oregon sales" only gross Oregon unrelated business income. Tax-exempt income isn't included.

Homeowners associations

A homeowners association organized and operated under IRC §528(c) may elect to be treated as a tax-exempt organization (ORS 317.067). The association must make the election no later than the time prescribed by law for

filing the return. A copy of the Form 1120-H filed with IRS will constitute this election when filed with us. Tax-exempt status will only exempt the association from tax on the exempt function income, such as membership dues, fees, and assessments from member-owners of residential units in the particular condominium or subdivision involved. Oregon follows the federal definition of nonexempt function income.

Don't file Form 20 if you don't have nonexempt function income for Oregon tax purposes. Only file a copy of your federal Form 1120-H with us.

File an Oregon Form 20, with a copy of federal Form 1120-H, if the association has taxable income. Homeowners association taxable income for Oregon is generally the same as for federal purposes. It is gross nonexempt income less directly-related deductions, less the specific \$100 deduction. However, net capital gains are included in the computation and receive no special treatment.

An association filing Oregon Form 20 is subject to the greater of calculated excise tax or Oregon minimum tax. For minimum tax purposes, include in "Oregon sales" only Oregon nonexempt function income.

Interest charge domestic international sales corporations (IC-DISCs)

If your corporation is an IC-DISCs, you'll need to file Form 20. Across the top of your return, write "IC-DISC" in black or blue ink. For tax years beginning on or after January 1, 2013:

- An IC-DISC formed on or before January 1, 2014 is exempt from minimum tax.
- An IC-DISC formed after January 1, 2014, isn't exempt from minimum tax.
- Commissions received by an IC-DISC are taxed at 2.5 percent.

Limited liability companies (LLCs)

Oregon follows federal law in determining how an LLC is taxed. Federal law doesn't recognize an LLC as a classification for federal tax purposes. An LLC business entity must file a corporation, partnership or sole proprietorship tax return, depending on elections made by the LLC and the number of members. An LLC is always classified under federal law as one of these types of taxable entities.

A multi-member LLC can be either a partnership or a corporation, including an S corporation. A single member LLC (SMLLC) can be either a corporation or a single member "disregarded entity." Refer to federal law for more information and requirements.

An LLC taxed as a C 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. The LLC must file Form 20-S if the entity files federal Form 1120-S.

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. Oregon's definition of a foreign LLC includes an unincorporated association organized under the laws of a federally recognized American Indian tribe, no matter when organized.

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 aren't 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. 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, search "Political Organizations" at www.oregon.gov/dor/business.

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 aren't 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 Conduits (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)

Filing checklist

- **Due date of your return.**
Returns 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.** See the instructions for the extension checkbox below.
- **Business identification number (BIN).** Oregon identifies each corporation using a BIN we assign. 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. **If you don't have a BIN, one will be assigned when your return is received.**
- **Estimated payments and prepayments.** Please identify all estimated payments claimed by completing Schedule ES on your return. List all payments that were submitted prior to filing your return. Include the corporation name and Federal employer identification number (FEIN) if a payment was made by an affiliate of the filing corporation.
- **Making electronic payments with your e-filed return.** We accept electronic payments when e-filing your **original** return.
- **Making check or money order payments with your paper return.** Make your check or money order payable to Oregon Department of Revenue. Write the following on your check or money order:
 - FEIN
 - Oregon BIN
 - Tax year 2013
 - Daytime telephone number

To speed processing, DON'T:

- Use Form 20-V payment voucher
- Staple payment to return
- Send cash or postdated checks
- Use red or purple or any gel ink

- **Sending check or money order payments separate from filing your return.** Follow the instructions above except **DO use a Form 20-V** payment voucher.
- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:
 1. Form 20, *Oregon Corporation Excise Tax Return*, 150-102-020;
 2. Schedule AF, *Schedule of Affiliates* (with Form 20);
 3. Schedule AP, *Apportionment of Income for Corporations and Partnerships*, 150-102-171;
 4. Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033;
 5. Form 37, *Underpayment of Corporation Estimated Tax*, 150-102-037;
 6. Form 24, *Like-Kind Exchanges/Involuntary Conversions*, 150-800-734;
 7. Worksheet FCG-20;
 8. Other Oregon statements;
 9. Oregon credit forms including notice of credit transfers and certifications;
 10. Form 7004, Federal extension; and
 11. 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

- **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.** For an Oregon extension when you're also filing for a federal extension: Send the federal extension with the Oregon return when you

file. Check the "Extension" checkbox on your Oregon return. The Oregon extension due date is the 15th day of the month following the federal extension's due date. Don't send the extension until you file your Oregon return.

For an "Oregon only" extension: Answer question 1 on federal extension Form 7004, write "**For Oregon Only**" at the top of the form, and include it with your Oregon return when you file. Check the "**Extension**" checkbox on the Oregon return. The Oregon extension due date is the 15th day of the month following what would be the federal extension's due date. Don't send the extension before you file your Oregon return.

More time to file doesn't mean more time to pay your tax. To avoid penalty and interest, mail tax due prepayments with Form 20-V by the original due date of your return. **Note:** Form 20-V payment voucher is not an extension of time to file or to pay 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 §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 Tax Adjustment, 150-102-167, checkbox.** Reduced tax rate is available if you sold or exchanged capital assets

used in farming. Complete the Worksheet FCG-20 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.

- **Accounting period change checkbox.** Check this 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 §§441 to 444.

Note: A short-period return doesn't 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're 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 the minimum tax table on page 14 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 aren't included in this Oregon return. List each corporation's name, FEIN, and Oregon BIN. **Note:** Include a copy of your federal return and schedules as filed with IRS.

Question F. A "low-income taxpayer" is one that didn't 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 gross 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 income excluded from 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 or foreign 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, the Oregon minimum tax and local taxes, such as the Multnomah County Business Income tax, are deductible, and aren't required to be added back. (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. Total other additions. 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, is an addition on your Oregon return.

Use Schedule ASC-CORP, *Oregon Adjustments*, 150-102-033, to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all other additions is entered on Form 20, line 5.

Important: Don't report an addition that's already included on lines 2 through 4.

Other additions include:

- **Alternative fuel vehicle fund (auction) credit.** If you claim any amount you paid for this credit as a deduction on your federal return, you must add back that amount to your Oregon income.
- **Bad debt reserve addition of a financial institution to the extent that the federal amount 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)
- **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)
- **Charitable donations not allowed for Oregon.** Donations to a charitable organization who has received a disqualifying order from the Attorney General aren't

deductible as charitable donations for Oregon tax purposes. Such organizations are required to provide a disclosure to a donor to acknowledge this. The Attorney General will publish online and otherwise make publicly available information identifying the charitable organizations receiving a disqualification order. If you claimed a federal deduction, an addition must be made on your Oregon return for donations to such charitable organizations.

- **Child Care Office 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 §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 recognized from out-of-state disposition of property acquired in an IRC §1031 or 1033 exchange.** See ORS 317.327 regarding the computation of the addition if gain or loss 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)]
- **Depletion (percentage in excess of cost).** Percentage depletion is allowed only on metal mines. All other assets are limited to cost of depletion. (ORS 317.374)
- **Depreciation differences.** If your Oregon depreciation is not the same as your federal depreciation, the difference is a required modification to your Oregon return. (ORS 317.301) Use the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries*, 150-101-025 to determine the Oregon modification.
- **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.** Add 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 to §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 §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. (ORS 317.401)
- **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 nonunitary corporations.** Net losses of nonunitary corporations included in a consolidated federal return must be eliminated from the Oregon return. Net losses include the separate loss as determined under Treasury Regulations adopted for IRC §1502, and deductions, additions, or items of income, expense, gain, or loss for which the consolidated treatment is prescribed. Attach a schedule showing computation of the net loss eliminated. [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)
- **QPAI deduction.** Add to federal taxable income the amount of QPAI deduction per IRC §199 claimed on the federal return. Agricultural or horticultural cooperatives, reduce the addition by the amount passed through to cooperative patrons under IRC §199(d)(3) (A). (ORS 317.398)
- **Qualified research and development credit.** After you've calculated the credit, you must add the amount back to your Oregon taxable income.
- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation. (ORS 317.010 and rules)
- **Renewable energy development contributions (auction).** If you claimed a federal deduction for the amount you paid for your Oregon Renewable Energy

Development tax credit, you'll have an Oregon addition for the amount of your deduction. (ORS 315.326)

- **Safe harbor lease agreements.** Oregon doesn't 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.
- **Trust for Cultural Development Account contributions.** Add to federal taxable income the amount deducted as a charitable contribution on the federal return. (ORS 315.675)
- **University venture development 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 and include a copy with your return. (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 return.** Subtract 100 percent from federal taxable income. [ORS 317.267(1)]
- **IRC §78 dividends (gross-up dividends)** are subtracted in full from federal taxable income. (ORS 317.273)

Worksheet for computing dividend deduction (include a copy when filing your return).

- | | |
|---------------------------------------------------------------------------------|-----------|
| 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 §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 don't 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 §78 Gross-Up (100%) | 7d. _____ |
| 8. Total Oregon deduction | 8. _____ |

Line 10. Income of nonunitary corporations. Net income of nonunitary 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. Total other subtractions. The amount by which an item of gross income is less under Oregon law than federal law, or the amount by which an allowable deduction is greater under Oregon law than federal law, is a subtraction on your Oregon return.

Note: Don't include Oregon dividend deductions on line 11. All allowable Oregon dividend deductions are subtracted on line 9.

Use Schedule ASC-CORP to report the amount and description of each difference not already reported elsewhere on your return. Use the numeric description code from the list in Appendix A. The total of all other subtractions is entered on Form 20, line 11.

Important: Don't report a subtraction that's already included on lines 8 through 10.

Other subtractions include:

- **Bad debt reserve addition of a financial institution to the extent that the Oregon amount 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)
- **Cancellation of debt (COD) income IRC §108(i).** Taxpayers with income that arose from cancellation of debt for the reacquisition of a debt instrument after December 31, 2008, and before January 1, 2011, for less than its adjusted issue price, were allowed to elect deferral of income recognition for federal purposes, but not for Oregon. The exclusion from federal income created an addition on the Oregon return. As this income is subsequently recognized on your federal return beginning as early as 2013, you may subtract for Oregon the amount that was previously included in Oregon income. (ORS 317.301)
- **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 recognized from out-of-state disposition of property acquired in an IRC §1031 or 1033 exchange.** See ORS 317.327 regarding the computation of the subtraction if gain or loss is recognized for federal tax purposes but not taken into account in the computation of Oregon taxable income.
- **Depletion.** Oregon deduction in excess of federal allowance. (ORS 317.374)
- **Depreciation differences.** If your Oregon depreciation is not the same as your federal depreciation, the difference is a required modification to your Oregon return. (ORS 317.301) Use the *Depreciation Schedule for Individuals, Partnerships, Corporations, and Fiduciaries*, 150-101-025 to determine the Oregon modification.
- **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)
- **IC-DISC commission payments.** For tax years beginning on or after January 1, 2013, a deduction is allowed for commission payments made to an IC-DISC if the DISC was formed on or before January 1, 2014.
- **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 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.
- **REITs and RICs.** A REIT or RIC meeting the federal affiliate definition, must be included in the consolidated Oregon return. This is an Oregon modification (addition or subtraction) to federal taxable income. For apportioning taxpayers, factors from the REIT or RIC are included in the apportionment calculation. (ORS 317.010 and rules)

- **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).

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.
- A net operating loss carryforward is required to be reduced by the entire Oregon taxable income of intervening tax years. [ORS 317.476(4)(b)]
- 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 can be carried forward up to 15 years.
- Oregon doesn't 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, aren't allowed a net loss deduction. [ORS 317.476(5)]
- **Attach a schedule** showing your computations.

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

Line 16. Calculated excise tax. Don't enter the minimum tax on this line. Determine your calculated tax as follows:

Is Oregon taxable income \$1 million or less? If so, multiply Oregon taxable income by 6.6 percent and enter the result. Enter -0- if the result is negative or zero.

Is Oregon taxable income greater than \$1 million? If so, multiply the amount that is greater than \$1 million by 7.6 percent, and add \$66,000. Enter the result.

Line 17. FCG-20 adjustment. A reduced tax rate is available if you sold or exchanged capital assets used in farming. Subtract the amount of adjustment for tax on net long-term capital gain from farm property from line 9 of Worksheet FCG-20. (ORS 317.063)

Line 18. Total calculated excise tax (line 16 minus line 17).

Line 19. Minimum tax. The minimum tax for C corporations and insurance companies doing business in Oregon is based on Oregon sales. Use the table below.

**Minimum tax table
(C corporations only)**

<i>Oregon sales of filing group (see definitions below)</i>	<i>Minimum tax</i>
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

- 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).

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 gross 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: Some entity structures have specific minimum tax and filing instructions beginning on Page 6. These include:

- Agricultural and horticultural cooperatives.
- Exempt organizations.
- Homeowners associations.
- IC-DISCs.
- LLCs.
- Political organizations.
- Publicly traded partnerships.
- REMICs.

Corporations and partnerships not doing business in Oregon aren't subject to the minimum tax. See Page 5, "What form do I use?"

Line 20. Tax (greater of line 18 or line 19). Oregon tax is the greater of total calculated tax or minimum tax.

Line 21. Tax adjustments.

- **Installment sales interest.** If you owe interest on deferred tax liabilities with respect to installment obligations under ORS 314.302, enter the amount of interest as a positive number. Attach a schedule showing how you figured the interest.
- **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. The amount can be found on Schedule OC2, column g, "net tax." Enter the amount as a negative number.

Line 22. Tax before credits (line 20 plus line 21).

Credits

For a complete list and description of all Oregon corporation credits, including links to certifying agencies and forms, visit www.oregon.gov/dor/business, click on "Corporate Taxes" on the left navigation bar, then click on "2013 Credits" under "What's new for 2013". Credits requiring additional explanation are shown below.

Note: The credit for "contributions of computers or scientific equipment for research" isn't allowed to reduce minimum tax.

Important:

- All credit carryforwards are claimed on Schedule ASC-CORP.
- All carryforward amounts are claimed separately from current-year credits.
- Remember to attach any documentation required to be submitted to claim credits, including certifications.
- Taxpayers must take the full amount of a credit allowed per year (ORS 314.078).

Line 23. Pollution control facilities credit. 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.

Unexpired 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. _____

Lines 24-26. Energy credits. After July 1, 2011, the Oregon Business Energy Tax Credit (BETC) for renewable and conservation projects was replaced with three separate energy credits: the renewable energy contribution credit, the energy conservation project credit, and the energy transportation project credit. The Oregon Department of Energy is responsible for the certification of these new credits. More information is available on our website and on the Oregon Department of Energy website.

Line 27. Business energy credit. This credit is for final certifications received from the Department of Energy on or before December 31, 2012.

Line 28. Energy manufacturing facility credit. The renewable energy resource equipment manufacturing facility component of the business energy credit is claimed on line 28 of your Form 20. The Oregon Business Development Department (OBDD) administers and certifies this credit.

Line 29. Total other credits. Use Schedule ASC-CORP to report the amount and description of other credits not already reported on a specific line on your return. Use

the numeric description code from the list in Appendix A. The total of all other credits is entered on Form 20, line 29.

Line 30. Total credits (add lines 23 through 29). Most credits are used to offset the tax before credits on line 22.

Exception: The credit for “contributions of computers or scientific equipment for research” (Code 800) and “carryforward” (Code 900) aren’t allowed to be applied to minimum tax. If you’re claiming this credit or carryforward and must limit the credit deduction, attach an explanation and a schedule to your return that shows the current year and carryforward amounts. (ORS 317.151)

Line 31. Excise tax after credits (line 22 minus line 30). Enter -0- if line 30 is greater than line 22.

Line 32. LIFO benefit recapture. This amount is a subtraction from tax after credits. 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 32 as a subtraction from the tax after credits. Attach the computation schedule to the Oregon return.

On the LIFO benefits 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. The tax on LIFO benefit recapture will be in addition to the Oregon minimum tax, if any. (ORS 314.750)

Net excise tax

Line 33. Net excise tax (line 31 minus line 32). Don’t enter less than -0-.

Payments, penalty, interest, and UND

Line 34. 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’re 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 34.

Line 35. Withholding payments. If taxes were paid on the corporation's behalf, enter the amount on line 35.

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 aren't 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 doesn't 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, *Report of Tax Payments on Real Property Conveyances*, 150-101-183, or 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 us a signed *Oregon Affidavit for a Nonresident Owner of a Pass-through Entity*, or meets another exception listed in OAR 150-314.775. See instructions for Oregon Form OR-19, *Annual Report of Nonresident Owner Tax Payments*, 150-101-182, for more information.

Line 38. Penalty. To avoid penalty and interest, you must mail any tax payment owed by the **original** due date of the tax return. You must also mail your tax return by the original due date, or by the extended due date if you file with a valid extension attached.

Enter the following penalties on your return if they apply.

- **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.

Exception: You won't 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 us.

If you file with a valid extension but did not pay 90 percent of your tax by the original due date, you'll 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 39. Interest. You must pay interest on unpaid taxes if you don't pay the 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. If you file an amended return and have tax to pay, we'll charge interest starting the day after the due date of the original return until the date you pay in full.

Interest owed on tax starts the day after the due date of your original return and ends on the date of your payment. Interest is figured daily for a fraction of a month, based on a 365-day year. If your taxable income is changed because of a federal or state audit and you owe more tax, we'll charge interest from the due date of the original return to the date you pay in full.

Even if you get an extension to file, you'll owe interest if you pay after the return's original due date.

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, 2014	4%	0.3333%	0.0110%
January 1, 2013	4%	0.3333%	0.0110%
January 1, 2012	5%	0.4167%	0.0137%
January 1, 2011	5%	0.4167%	0.0137%

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 we 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 40. 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 doesn’t 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 42. Total due. See Filing checklist on page 8.

Special instructions

- If you owe penalty or interest and have an overpayment on line 37, and your overpayment is less than total penalty and interest, then fill in the result of line 41 minus line 37, on line 42.
- If you mail a check or money order to pay tax, penalties, or interest **separate** from filing your tax return, include Form 20-V. (Form 20-V must include a payment, don’t send unless a check or money order is included.)

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.

Appendix A

Corporation Form 20

2013 Schedule ASC-CORP Codes

Other Additions

Description	Code	Description	Code
Alternative fuel vehicle fund (auction).....	148	IRC §139A federal subsidies for prescription drugs ...	123
Bad debt reserve federal exceeding Oregon.....	156	IRC §631(a) treatment of timber not recognized by Oregon.....	162
Capital construction fund.....	152	Long-term care insurance premiums.....	163
Charitable donations not allowed for Oregon.....	132	Losses of nonunitary corporations.....	164
Child Care Office contributions.....	153	Net federal capital loss deduction.....	165
Claim of right income repayment.....	173	QPAI deductions.....	102
Contributions of computers or scientific equipment.....	154	Qualified research and development credit.....	167
Deferred gain from out-of-state disposition of property.....	118	REITs and RICs.....	168
Dependent care credits.....	155	Renewable energy development contributions (auction).....	175
Depletion (percentage in excess of cost).....	166	Safe harbor lease agreements.....	169
Depreciation differences.....	174	Trust for Cultural Development Account contributions.....	170
Film production development contributions.....	157	University venture development fund contributions.....	171
Gain or loss on disposition of depreciable property... 158		Unused business credits.....	122
Income from sources outside U.S.	159		
Individual development accounts credit.....	113		
Inventory costs.....	161		

Other Subtractions

Description	Code	Description	Code
Bad debt reserve Oregon exceeding federal.....	359	IC-DISC commission payments (DISC formed before 01/02/2014).....	366
Cancellation of debt (COD) income §108(i).....	365	Inventory costs.....	357
Charitable contribution.....	351	Land donation or bargain sale of land to educational institutions.....	350
Deferred gain from out-of-state disposition of property.....	352	Losses from outside U.S.	358
Depletion (Oregon in excess of federal allowance)....	362	Manufactured dwelling park tenant payments.....	344
Depreciation differences.....	353	Oregon Investment Advantage.....	342
Federal credits.....	354	REITs and RICs.....	360
Federal investment tax credit on certain assets.....	355	Sale of manufactured dwelling park.....	338
Film production labor rebate.....	336		
Gain or loss on sale of depreciable property.....	356		

Other Credits

Description	Code	Description	Code
Agricultural workforce housing construction.....	712	Child Care Office contributions carryforward.....	905
Agricultural workforce housing construction carryforward.....	912	Claim of right.....	706
Alternative fuel vehicle fueling stations carryforward.....	401	Contributions of computers or scientific equipment for research.....	800
Alternative fuel vehicle fund (auction).....	753	Contributions of computers or scientific equipment for research carryforward.....	900
Biomass production or collection.....	743	Crop donation carryforward.....	403
Biomass production or collection carryforward.....	943	Dependent care assistance (employer provided).....	707
Business energy conservation facilities carryforward.....	903	Dependent care assistance (employer provided) carryforward.....	907
Child Care Office contributions.....	705	Dependent care facilities (employer provided).....	801

Other Credits *(continued)*

Description	Code	Description	Code
Dependent care facilities (employer provided) carryforward	901	Long-term rural enterprise zone facilities	804
Diesel engine replacement carryforward	404	Long-term rural enterprise zone facilities carryforward.....	904
Diesel engine repower or retrofit carryforward	405	Mile-based or time-based motor vehicle insurance	805
Electronic commerce in enterprise zone or city	710	Pollution control facilities carryforward.....	925
Electronic commerce in enterprise zone or city carryforward	910	Qualified equity investment.....	806
Employee and dependent scholarship program payments.....	711	Qualified equity investment carryforward	906
Employee and dependent scholarship program payments carryforward	911	Qualified research activities	819
Energy conservation project carryforward.....	950	Qualified research activities carryforward.....	919
Energy manufacturing facility carryforward.....	948	Qualified research alternative	813
Energy transportation project carryforward.....	951	Qualified research alternative carryforward.....	913
Farm machinery and equipment income carryforward	407	Reforestation carryforward	410
Film production development contributions.....	737	Renewable energy development contribution carryforward	949
Film production development contributions carryforward.....	937	Reservation enterprise zone	728
Fish screening devices	714	Trust for Cultural Development Account contributions	722
Fish screening devices carryforward.....	914	University venture development fund contributions	739
Individual development accounts	715	University venture development fund contributions carryforward	939
Individual development accounts carryforward	915	Voluntary removal of riparian land from farm production carryforward.....	411
Lender's credit: affordable housing	802	Weatherization lender's credit carryforward.....	917
Lender's credit: affordable housing carryforward.....	902	Wolf depredation.....	818
Lender's credit: agricultural workforce housing.....	803	Wolf depredation carryforward	918
Lender's credit: energy conservation carryforward ...	409		
Long-term care insurance	716		

Items with a specific line on the form don't have a code. See Form 20.