

Chapter 316

1985 REPLACEMENT PART

Personal Income Tax

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GENERAL PROVISIONS

316.002 Short title. This chapter may be cited as the Personal Income Tax Act of 1969. As used in this chapter, the term "this chapter" refers only to the Personal Income Tax Act of 1969 [1969 c 493 §1]

316 005 [1953 c 304 §1, repealed by 1969 c 493 §99]

316.007 Policy. It is the intent of the Legislative Assembly, by the adoption of this chapter, in so far as possible, to make the Oregon personal income tax law identical in effect to the provisions of the federal Internal Revenue Code of 1954 relating to the measurement of taxable income of individuals, estates and trusts, modified as necessary by the state's jurisdiction to tax and the revenue needs of the state, to achieve this result by the application of the various provisions of the federal Internal Revenue Code relating to the definition of income, exceptions and exclusions therefrom, deductions (business and personal), accounting methods, taxation of trusts, estates and partnerships, basis, depreciation and other pertinent provisions relating to gross income as defined therein, modified as provided in this chapter, resulting in a final amount called "taxable income", and to impose a tax on residents of this state measured by taxable income wherever derived and to impose a tax on the income of nonresidents that is ascribable to sources within this state [1969 c 493 §2, 1971 s s c 4 §1]

316 010 [1953 c 304 §2, 1953 c 552 §1, repealed by 1969 c 493 §99]

316.012 Terms have same meaning as in federal laws. Any term used in this chapter has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required or the term is specifically defined in this chapter. Any reference in this chapter to the laws of the United States or to the Internal Revenue Code means the laws of the United States relating to income taxes or the Internal Revenue Code as they are amended on or before December 31, 1984, even where the amendments take effect or become operative after that date, except where the Legislative Assembly has specifically provided otherwise [1969 c 493 §3, 1971 s s c 4 §2, 1975 c 672 §3, 1983 c 162 §59, 1985 c 802 §1]

Note See note under 314 415

316.013 Determination of federal adjusted gross income. Unless the context requires otherwise and notwithstanding ORS 316 012, whenever, in the calculation of Oregon

taxable income, reference to the taxpayer's federal adjusted gross income is required to be made, the taxpayer's federal adjusted gross income shall be as determined under the provisions of the Internal Revenue Code as they may be in effect for the tax year of the taxpayer without any of the additions, subtractions or other modifications or adjustments required under this chapter [1985 c 802 §3a]

316.014 Determination of net operating loss, carryback and carryforward. (1) Notwithstanding ORS 316 012, in the computation of state taxable income the net operating loss, net operating loss carryback and net operating loss carryforward shall be the same as that contained in the Internal Revenue Code as it exists at the close of the tax year for which the return is filed and shall not be adjusted for any changes or modifications contained in this chapter or by the case law of this state

(2) In the case of a nonresident, the net operating loss deduction, net operating loss carryback and net operating loss carryforward shall be that described in subsection (1) of this section which is attributable to Oregon sources

(3) If any provision in ORS 316 047 or 316 127 appears to require an adjustment to a net operating loss, net operating loss carryback or net operating loss carryforward contrary to the provisions of this section, that adjustment shall not be made [1985 c 802 §18]

Note See note under 314 415

316 015 [1953 c 304 §3, 1953 c 552 §2, 1959 c 211 §3, 1959 c 593 §1 (referred and rejected), 1963 c 627 §2 (referred and rejected), repealed by 1969 c 493 §99, amended by 1969 c 520 §41]

316 016 [1973 c 119 §2, repealed by 1975 c 672 §8]

316 017 [1969 c 493 §3a, repealed by 1969 c 493 §3b]

316.018 Application of Payment-in-kind Tax Treatment Act of 1983. The Payment-in-kind Tax Treatment Act of 1983 (P L 98-4, as amended by section 1061 of P L 98-369) shall apply for purposes of determining Oregon taxable income under this chapter, notwithstanding that the Act is not part of the Internal Revenue Code [1985 c 802 §42]

316.019 Application of certain substantiation requirements of Internal Revenue Code; luxury automobiles and other mixed-use property. (1) Notwithstanding ORS 316 012 and 316 032, Oregon taxable income shall be determined using section 274 (d) of the Internal Revenue Code, and the regulations adopted thereunder, as that section and its regulations are in effect for the tax year of the taxpayer for federal income tax purposes

(2) Notwithstanding ORS 316 012 and 316 032, section 280F of the Internal Revenue Code, and the regulations adopted thereunder, as that section and its regulations are in effect and applicable for the tax year of the taxpayer for federal income tax purposes, shall apply in determining Oregon taxable income. This subsection shall apply to property placed in service on or after January 1, 1985, in tax years beginning on or after January 1, 1985 [1985 c 802 §46]

316 020 [1953 c 304 §4, repealed by 1969 c 493 §99]

316.021 Application of Deficit Reduction Act of 1984. (1) Notwithstanding ORS 316 012 (1983 Replacement Part), and subject to all other provisions of this chapter in effect and applicable to transactions occurring on or after January 1, 1984, the Deficit Reduction Act of 1984 (P L 98-369) insofar as it applies to transactions occurring on or after January 1, 1984, shall apply to the same transactions for Oregon tax purposes

(2)(a) If a deficiency is assessed against any taxpayer for a tax year for which subsection (1) of this section applies and the deficiency, or any portion thereof, is attributable to any retroactive treatment for Oregon tax purposes given P L 98-369 under subsection (1) of this section, then any interest or penalty assessed under ORS chapter 305, 314 or this chapter with respect to the deficiency or portion shall be canceled

(b) If a refund is due any taxpayer for a tax year for which subsection (1) of this section applies and the refund or any portion thereof is due the taxpayer on account of any retroactive treatment given P L 98-369 for Oregon tax purposes under subsection (1) of this section, then notwithstanding ORS 314 415 or other law, the refund shall be paid without interest

(3)(a) At the election of the taxpayer and if the taxpayer is required to file an Oregon return for a tax year beginning in 1985, any changes required on account of subsection (1) of this section for a tax year beginning prior to January 1, 1985, may be made either by filing an amended return or be made on a tax return filed for a tax year beginning in 1985 in the manner determined by the department by rule. An election made under this paragraph shall apply to all changes required on account of subsection (1) of this section

(b) Exercise of the election provided under paragraph (a) of this subsection shall not operate to modify any election made on the return to which the change relates or on the return in which the change is made unless otherwise provided by the department by rule

(c) If a taxpayer is not required to file an Oregon return for a tax year beginning in 1985 the taxpayer shall reflect the change in an amended return for the tax year to which the change relates

(d) If a taxpayer fails to make an election under paragraph (a) of this subsection, the department shall make any changes under paragraph (a) of this subsection on the return to which the change or changes relate within the period as specified for assessing a deficiency or claiming a refund as otherwise provided by law with respect to that return, or within one year after a 1985 return is filed, whichever period expires later [1985 c 802 §58]

316.022 General definitions. As used in this chapter, unless the context requires otherwise

(1) "Department" means the Department of Revenue

(2) "Director" means the Director of the Department of Revenue

(3) "Individual" means a natural person, including aliens and minors

(4) A "nonresident" means an individual who is not a resident of this state

(5) "Part-year resident" means an individual taxpayer who changes status during a tax year from resident to nonresident or from nonresident to resident

(6) "Taxable income" means the taxable income defined in subsections (a) and (b), section 63, Internal Revenue Code of 1954, with such additions, subtractions and adjustments as are prescribed by this chapter

(7) "Taxpayer" means any natural person, estate, trust, or beneficiary whose income is in whole or in part subject to the taxes imposed by this chapter, or any employer required by this chapter to withhold personal income taxes from the compensation of employes for remittance to the state [1969 c 493 §§4, 5, 6, 7, 9 and 1969 c 520 §42b, 1985 c 141 §2]

316 025 [1953 c 304 §5, repealed by 1957 c 632 §1 (314 075 and 314 080 enacted in lieu of 316 025, 316 030, 317 015 and 317 020)]

316.027 "Resident" defined. (1) "Resident" or "resident of this state" means

(a) An individual who is domiciled in this state unless the individual (A) maintains no permanent place of abode in this state, and (B) does maintain a permanent place of abode elsewhere, and (C) spends in the aggregate not more than 30 days in the taxable year in this state, or

(b) An individual who is not domiciled in this state but maintains a permanent place of abode in this state and spends in the aggregate more than 200 days of the taxable year in this state is presumed to be a resident unless the individual proves that the individual is in the state only for a temporary or transitory purpose

(2) For purposes of paragraph (b) of subsection (1) of this section, a fraction of a calendar day shall be counted as a whole day [1969 c 493 §8]

316 030 [1953 c 304 §6, repealed by 1957 c 632 §1 (314 075 and 314 080 enacted in lieu of 316 025, 316 030, 317 015 and 317 020)]

316.032 Department to administer law; policy as to federal conflicts and technical corrections. (1) The Department of Revenue shall administer and enforce this chapter

(2) Insofar as is practicable in the administration of this chapter, the department shall apply and follow the administrative and judicial interpretations of the federal income tax law. When a provision of the federal income tax law is the subject of conflicting opinions by two or more federal courts, the department shall follow the rule observed by the United States Commissioner of Internal Revenue until the conflict is resolved. Nothing contained in this section limits the right or duty of the department to audit the return of any taxpayer or to determine any fact relating to the tax liability of any taxpayer

(3) When portions of the Internal Revenue Code incorporated by reference as provided in ORS 316 007 or 316 012 refer to rules or regulations prescribed by the Secretary of the Treasury, then such rules or regulations shall be regarded as rules adopted by the department under and in accordance with the provisions of this chapter, whenever they are prescribed or amended

(4) When portions of the Internal Revenue Code incorporated by reference as provided in ORS 316 007 or 316 012 are later corrected by an Act of the United States Congress designated as an Act to make technical corrections, then notwithstanding the date that the Act becomes law, those portions of the Internal Revenue Code, as so corrected, shall be the portions of the Internal Revenue Code incorporated by reference as provided in ORS 316 007 or 316 012 [1969 c 493 §10, 1985 c 802 §1a]

Note See note under 314 415

316 035 [1953 c 304 §117, repealed by 1969 c 493 §99 and 1969 c 520 §49]

316.037 Imposition and rate of tax; tax on tax preference items. (1)(a) A tax is imposed for each taxable year on the entire tax-

able income of every resident of this state. The amount of the tax shall be determined in accordance with the following table

If the taxable income is	The tax is
Not over \$500	4% of taxable income
Over \$500 but not over \$1,000	\$20 plus 5% of the excess over \$500
Over \$1,000 but not over \$2,000	\$45 plus 6% of the excess over \$1,000
Over \$2,000 but not over \$3,000	\$105 plus 7% of the excess over \$2,000
Over \$3,000 but not over \$4,000	\$175 plus 8% of the excess over \$3,000
Over \$4,000 but not over \$5,000	\$255 plus 9% of the excess over \$4,000
Over \$5,000	\$345 plus 10% of the excess over \$5,000

(b) A tax is imposed for each taxable year upon the entire taxable income of every part-year resident of this state. The amount of the tax shall be computed under paragraph (a) of this subsection as if the part-year resident were a full-year resident and shall be multiplied by the ratio provided under ORS 316 117 to determine the tax on income derived from sources within this state

(c) A tax is imposed for each taxable year on the taxable income of every full-year nonresident that is derived from sources within this state. The amount of the tax shall be determined in accordance with the table set forth in paragraph (a) of subsection (1) of this section

(2) In addition to the tax imposed by subsection (1) of this section, a tax is imposed for each taxable year on the sum of the items of tax preference of every resident, and on the sum of the items of tax preference that are derived from sources within this state of every nonresident if

(a) The sum of the taxpayer's adjusted gross income derived from sources subject to the taxing jurisdiction of this state plus the taxpayer's items of tax preference described in paragraphs (2) and (3) of subsection (a) of section 57 of the Internal

Revenue Code of 1954 derived from sources subject to the taxing jurisdiction of this state is \$20,000 or more, and the sum of the items of tax preference is in excess of \$3,000, or

(b) The sum of the taxpayer's adjusted gross income derived from sources subject to the taxing jurisdiction of this state plus the taxpayer's items of tax preference described in paragraphs (2) and (3) of subsection (a) of section 57 of the Internal Revenue Code of 1954 derived from sources subject to the taxing jurisdiction of this state is less than \$20,000, and the sum of the items of tax preference are in excess of \$10,000

(3)(a) Except as provided in paragraph (b) of this subsection, the amount of the tax imposed by subsection (2) of this section shall be determined in accordance with the following table

If the sum of items of tax preference is Not over \$5,000	The tax is 1% of the excess over \$3,000
Over \$5,000 but not over \$7,000	\$20 plus 1-1/2% of the excess over \$5,000
Over \$7,000 but not over \$9,000	\$50 plus 2% of the excess over \$7,000
Over \$9,000 but not over \$12,000	\$90 plus 2-1/2% of the excess over \$9,000
Over \$12,000	\$165 plus 3% of the excess over \$12,000

(b) In the case of a husband or wife who files a separate return for the taxable year, the amount of the tax imposed by subsection (2) of this section shall be determined in accordance with the following table

If the sum of items of tax preference is Not over \$2,500	The tax is 1% of the excess over \$1,500
Over \$2,500 but not over \$3,500	\$10 plus 1-1/2% of the excess over \$2,500
Over \$3,500 but not over \$4,500	\$25 plus 2%

Over \$4,500 but not over \$6,000	of the excess over \$3,500 \$45 plus 2-1/2% of the excess over \$4,500
Over \$6,000	\$82 50 plus 3% of the excess over \$6,000

(4) As used in subsections (2) to (5) of this section

(a) "Adjusted gross income" means adjusted gross income as defined in section 62 of the Internal Revenue Code of 1954

(b) "Items of tax preference" include those items of tax preference listed in section 57 of the Internal Revenue Code of 1954 and shall be determined, if applicable, in a manner consistent with sections 57 and 58 of the Internal Revenue Code of 1954 and this chapter in accordance with rules adopted by the Department of Revenue. However, gain attributable to the sale of a farm if that farm has been owned and dwelt upon by the taxpayer for a period of five years immediately preceding the date of sale shall not be considered an item of tax preference

(5) In the case of a husband or wife who files a separate return for the taxable year, the \$20,000 amount specified in paragraph (a) of subsection (2) of this section shall be \$10,000 and the \$3,000 amount shall be \$1,500 and the \$10,000 amount specified in paragraph (b) of subsection (2) of this section shall be \$5,000 [1969 c 493 §11 1975 c 674 §1, 1977 c 872 §1, 1979 c 649 §1, 1983 c 684 §23, 1985 c 141 §1]

Note Section 2, chapter 2, Oregon Laws 1984 Special Session, provides

Sec 2 (1) This section applies only to those taxable years that begin on or after January 1, 1984, and prior to January 1, 1985. For taxable years beginning on or after January 1, 1985, the amount of the tax imposed upon a full-year nonresident individual, estate or trust under this chapter shall be determined as otherwise provided by this chapter and without regard to subsections (2) to (5) of this section

(2) Notwithstanding ORS 316.037 (1)(b) and 316.117, in the case of a full-year nonresident, the tax imposed under this chapter shall not be determined using, as required under ORS 316.037 (1)(b), the entire taxable income of the full-year nonresident and then prorating the amount of the tax to derive the portion of tax related to Oregon source income, but shall be determined using only that taxable income, as computed under subsections (3) and (4) of this section, of the full-year nonresident that is derived from sources within this state and applying the rates set forth in section 2, chapter 684, Oregon Laws 1983

(3) The taxable income for a full-year nonresident individual is adjusted gross income attributable to sources within

this state determined under ORS 316 127, with the modifications (except those provided under subsection (4) of this section) as otherwise provided under this chapter, less the deductions allowed under subsection (4) of this section

(4)(a) A full year nonresident individual shall be allowed the deduction for a standard deduction or itemized deductions allowable to a resident under ORS 316 695 (1) in the proportion provided in ORS 316 117

(b) A full-year nonresident individual shall be entitled to claim the personal exemptions as defined in section 151 of the Internal Revenue Code and this chapter, as modified by ORS 316 695 (2), in the proportion provided in ORS 316 117

(c) A full-year nonresident individual shall be allowed to deduct the sum of the amounts of any accrued federal income taxes and foreign country income taxes if authorized under ORS 316 690 but not in excess of \$7,000 (\$3,500 in the case of a husband and wife filing separate returns), in the proportion provided in ORS 316 117

(5) In the case of a full-year nonresident trust or estate, notwithstanding ORS 316 117 or other law, for purposes of this chapter, taxable income consists of items of income, gain, loss and deduction derived from or connected with sources in this state as defined and described in ORS 316 307 and the tax shall be computed in the same manner as in the case of an individual under ORS 316 272 and subsection (1) of this section

316.040 [1953 c 304 §7, repealed by 1969 c 493 §99]

316.042 Amount of tax where joint return used. In the case of a joint return of husband and wife, pursuant to ORS 316 122 (2) or pursuant to ORS 316 367, the tax imposed by ORS 316 037 (1) shall be twice the tax which would be imposed if the taxable income were cut in half For purposes of this section, a return of a head of household or a surviving spouse, as defined in subsection (b) of section 1 and subsection (b) of section 2 of the Internal Revenue Code, shall be treated as a joint return of husband and wife [1969 c 493 §12, 1975 c 674 §2]

316.047 Transitional provision to prevent doubling income or deductions. If any provision of the Internal Revenue Code or of this chapter requires that any amount be added to or deducted from federal gross income or the net income taxable under this chapter that previously had been added to or deducted from net income taxable under the Oregon law in effect prior to the taxpayer's taxable year as to which this chapter is first effective, then, in such event, appropriate adjustment shall be made to the net income for the year or years subject to this chapter so as to prohibit the double taxation or the double deduction of any such amount that previously had entered into the computation of taxable income Differences such as the difference in basis of property used by the taxpayer for federal and Oregon income tax returns and on account of the treatment of operating losses shall be resolved by

application of this principle However, the department, in its audit of a return, shall not apply any adjustment under this section which, in its opinion, if applied would result in an increase or decrease of tax liability of less than \$25. Where applicable, the provisions of ORS 314 275 shall be utilized [1969 c 493 §13]

316.048 Taxable income of resident.

The entire taxable income of a resident of this state is the federal taxable income of the resident as defined in the laws of the United States, with the modifications, additions and subtractions provided in this chapter [Formerly 316 062]

Note Sections 2 to 4, chapter 715, Oregon Laws 1985, provide

Sec. 2 As used in this 1985 Act, unless the context requires otherwise

(1) "Consideration" includes money, property or securities If consideration is for other than money, consideration shall mean the amount equal to the adjusted basis to the corporation of the property received reduced by any liability to which the property was subject or which was assumed by the corporation as of the time the property was received

(2) "Security" means any security as defined in ORS 59 015 (13)(a)

(3) "Small business corporation" means a corporation that

(a) Is organized in this state or authorized to transact business in this state under the Oregon Business Corporation Act and which has its primary place of business or commercial domicile in Oregon as determined under the administrative rule of the Department of Revenue

(b) Had total employment of no more than 200 employees, as measured by the number of employees covered by federal unemployment insurance on December 31 of the year preceding issuance of the small business stock, a majority of which employees were covered by Oregon unemployment insurance on December 31 of the year preceding acquisition of the small business stock However, if more than 50 percent of the outstanding equity securities of all classes are held by another corporation, the employment of the controlling corporation shall be counted as employment of the eligible corporation for purposes of this paragraph

(c) Had gross receipts for its tax year ending in the calendar year previous to the calendar year in which the tax year of the taxpayer claiming the credit under section 3 of this 1985 Act begins of which not more than 25 percent were obtained from royalties, rents, dividends, interest, annuities and sales and exchanges of property However, this restriction does not apply to companies whose primary business is the sale or development of computer software

(d) Is not engaged primarily in the business of managing, holding, buying or selling real property

(e) Has not issued small business securities for consideration in excess of \$1 million Any small business securities issued by affiliates of the corporation as defined in section 1504 of the Internal Revenue Code, as amended and in effect on December 31, 1984, shall be aggregated with the small

business securities issued by the corporation for purposes of the \$1 million limit

(4) "Small business security" means a security issued by a small business corporation and purchased by a taxpayer directly from the same small business corporation, or purchased by a taxpayer from an underwriter which is selling the securities as part of a plan to raise new debt or equity capital for the small business corporation. The Department of Revenue shall, upon request, designate those small business security issues which fit the definition set forth in this paragraph

Sec 3 If a small business security owned by a taxpayer is sold by the taxpayer, and within six months from the date of sale, another small business security is purchased by the taxpayer, gain from the sale shall only be recognized to the extent that the sales price of the small business security sold exceeds the cost of purchasing the new small business security. Federal taxable income shall be modified to the extent necessary to carry out the provisions of this section.

Sec 4 This Act applies to small business securities acquired during tax years beginning on or after January 1, 1986, and prior to January 1, 1990

316 049 [1977 c 755 §2, renumbered 316 777]

316 050 [1977 c 553 §2, renumbered 316 783]

316 051 [1977 c 390 §2, renumbered 316 788]

316 052 [1977 c 390 §3, 1979 c 691 §2 renumbered 316 794]

316 053 [1977 c 390 §4, renumbered 316 799]

316.054 Social Security benefits to be subtracted from federal taxable income.

(1) In addition to the other modifications to federal taxable income contained in this chapter, there shall be subtracted from federal taxable income the amount of any social security benefits, as defined in section 86 of the Internal Revenue Code (Title II social security or tier 1 railroad retirement benefits) included in gross income for federal income tax purposes under section 86 of the Internal Revenue Code

(2) Notwithstanding any provision to the contrary in ORS 316 012, for purposes of subsection (1) of this section, "Internal Revenue Code" means the Internal Revenue Code as it is amended and in effect or operative for the tax year of the taxpayer [1985 c 154 §2]

Note Section 3, chapter 154, Oregon Laws 1985, provides

Sec 3 Section 2 of this Act [ORS 316 054] applies to taxable years beginning on or after January 1, 1985

316 055 [1953 c 304 §8, 1953 c 552 §3, 1957 s s c 15 §1, 1963 c 627 §3 (referred and rejected), repealed by 1969 c 493 §99]

316 057 [1977 c 872 §8, renumbered 316 806]

316 058 [1977 c 872 §9, renumbered 316 812]

316 059 [1977 c 872 §10, renumbered 316 818]

316 060 [1953 c 304 §9, 1955 c 596 §1, part derived from 1955 c 596 §4, 1957 c 586 §1, 1957 s s c 15 §2, 1959 c 593 §2 (referred and rejected), 1965 c 627 §4 (referred and rejected), 1963 c 627 §4 (referred and rejected), repealed by 1969 c 493 §99, amended by 1969 c 520 §42]

316 061 [1979 c 887 §2, renumbered 316 824]

316 062 [1969 c 493 §14, renumbered 316 048]

316 063 [1979 c 887 §§3, 4 renumbered 316 832]

316 064 [1979 c 707 §2, renumbered 316 838]

316 065 [1953 c 304 §10, repealed by 1959 c 593 §14 (referred and rejected), repealed by 1963 c 627 §23 (referred and rejected), repealed by 1969 c 493 §99]

316 066 [1973 c 753 §2, repealed by 1979 c 414 §7]

316 067 [1969 c 493 §15, 1971 c 686 §12, 1971 c 736 §1, 1973 c 1 §1, 1973 c 88 §1, 1973 c 402 §18, 1973 c 753 §3, 1977 c 784 §1, 1979 c 414 §5, 1979 c 4.16 §1, 1979 c 579 §7 1983 c 381 §1, renumbered 316 680]

316 068 [1975 c 672 §§2, 3, a, 10b, 13, subsection (7) enacted as 1975 c 650 §2, 1977 c 795 §10, 1977 c 872 §12, 1978 c 9 §1, 1979 c 240 §1, 1979 c 436 §6, 1981 c 679 §1, 1981 c 896 §1, 1983 c 684 §6, renumbered 316 695]

316 069 [1981 c 778 §34, renumbered 316 744]

316 070 [1953 c 304 §13, repealed by 1969 c 493 §99]

316 071 [1981 c 801 §2, renumbered 316 690]

316 072 [1969 c 467 §6, 1979 c 376 §1, 1981 c 705 §1 renumbered 316 685]

316.073 Tax rebates. The amount of any tax rebate, grant or other payment paid directly by the Federal Government to a taxpayer under section 6428 of the Internal Revenue Code of 1954 as amended by Public Law 94-12, March 29, 1975, shall be exempt from the tax imposed by this chapter [1975 c 672 §12]

316.074 Exemption for service in Vietnam on missing status. (1) Any compensation or gratuity received from any source by any individual by reason of civilian or military service on and after February 28, 1961, during the Vietnam conflict, for any month during any part of which such individual is in a missing status as a result of that conflict, is exempt from tax under this chapter. Any such compensation or gratuity is exempt from tax without regard to

(a) The identity of the recipient of the compensation or gratuity,

(b) The death of the individual whose service in a missing status results in payment of the compensation or the gratuity, or

(c) A date of death established for the individual whose service in a missing status results in payment of the compensation or the gratuity

(2) As used in this section

(a) "Compensation" does not include any pension or retirement allowance

(b) "Missing status" means the status of an individual who is carried or determined to be in a status of missing; missing in action, interned in a foreign country, captured, beleaguered or besieged by a hostile force, or detained in a foreign country against the will of the individual. "Missing status" does not include the status of an individual for a period during which the individual is officially determined to be absent from a post of duty without authority.

(3) If income exempt from tax under this section has been included on a return resulting in a tax paid to the State of Oregon, the person who filed the return, a surviving spouse or the executor as defined in ORS 118.005, may apply for a refund of any tax paid on such income. Notwithstanding ORS 314.415, a claim for refund may be made any time prior to June 30, 1981.

(4) In addition to the income tax relief provided by subsections (1), (2) and (3) of this section, any provision in the laws of the United States or in the Internal Revenue Code of 1954 providing income tax relief for returning prisoners of war, persons in a missing status, their spouses, heirs, devisees or executors shall apply to the measurement of the taxable income of individuals, estates and trusts under this chapter in the same taxable year as that provided in such federal laws [1973 c 475 §§2, 3, 1975 c 672 §4]

316 075 [1953 c 304 §11, 1953 c 522 §4, 1959 c 593 §3 (referred and rejected), 1963 c 627 §5 (referred and rejected), repealed by 1969 c 493 §99]

316.076 Deduction for physician in medically disadvantaged area. (1) Any person who becomes licensed under ORS chapter 677 on or after January 1, 1974, and prior to January 1, 1982, and enters the practice of medicine in any medically disadvantaged area of this state may deduct as an expense from income earned from the practice of medicine an amount equal to the annual expense incurred for each year in attending medical school, including tuition, fees, living expenses and other actual and necessary expenses, but not to exceed \$10,000 for any year.

(2) In order to qualify for the exemption granted by subsection (1) of this section, the person must apply to the department on or before April 15, following the first tax year for which the deduction is claimed on a form prescribed by the department and accompanied by evidence from the Board of Medical Examiners for the State of Oregon that the area in which the person is practicing was medically disadvantaged when the physician entered practice there.

(3) The deduction authorized by subsection (1) of this section shall be applicable for four tax years [1973 c 644 §6, 1979 c 699 §1]

316 077 [1969 c 493 §16, renumbered 316 697]

CREDITS

Note. Sections 2 and 7, chapter 700, Oregon Laws 1985, provide

Sec 2 (1) A resident individual who is a licensee of the Oregon Liquor Control Commission authorized to serve alcoholic liquor for consumption on the licensed premises shall be allowed a credit against the taxes otherwise due under this chapter, based upon the cost of providing alternative transportation. The amount of the credit shall not exceed \$100 annually.

(2) To qualify for the credit under this section

(a) The credit must be claimed for the year for which alternative transportation costs are claimed and is in lieu of a business deduction for the same expenses.

(b) The taxpayer who is allowed the credit must be the person who actually expended funds for providing the transportation either directly or by participation in a nonprofit organization.

(3) The credit allowed in any one year shall not exceed the tax liability of the taxpayer.

(4) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, but may not be carried forward for any tax year thereafter.

(5) A husband and wife who file separate returns for a taxable year may each claim a share of the tax credit that would have been allowed on a joint return in proportion to the contribution of each.

(6) If a change in the taxable year of a taxpayer occurs as described in ORS 316.215, or if the department terminates the taxpayer's taxable year under ORS 314.440, the credit allowed under this section shall be prorated or computed in a manner consistent with ORS 316.215.

(7) If the taxpayer is a shareholder of a Subchapter S corporation that has elected to take the credit on behalf of its shareholders as provided in section 4 of this 1985 Act, the credit shall be computed and afterwards apportioned to each shareholder on the basis of the shareholder's pro rata share of the corporation's cost of the alternative transportation. In all other respects, the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law.

(8) As used in this section and section 4 of this 1985 Act, "alternative transportation" means transportation between the business establishment of the licensee and the residence of a patron who requires for purposes of public safety that transportation be provided by another person.

(9) The Department of Revenue shall adopt rules applicable to substantiation of the credit allowed under this section.

Sec 7 The provisions of sections 2 and 4 of this Act apply to tax years beginning on and after January 1, 1986, and prior to January 1, 1990

316.078 Tax credit for household and dependent care. (1) A resident individual shall be allowed a credit against the tax otherwise due under this chapter in an amount equal to 40 percent of the credit the taxpayer is entitled to and claims as a credit on the federal income tax return of the taxpayer, pursuant to section 21 of the Internal Revenue Code as of December 31, 1984, relating to expenses for household and dependent care services necessary for gainful employment

(2) A nonresident individual shall be allowed the credit computed in the same manner and subject to the same limitations as the credit allowed a resident by subsection (1) of this section. However, the credit shall be prorated using the proportion provided in ORS 316 117

(3) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable years under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316 215

(4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117 [1975 c 672 §15a, 1977 c 872 §3, 1979 c 691 §4, 1983 c 684 §9, 1985 c 802 §4]

Note: See note under 314 415

316.079 Credit for certain disabilities. A \$50 credit, against income taxes owed, shall be allowed a taxpayer who as of the close of the taxable year has suffered a permanent and complete loss of function of both legs or both arms or one leg and one arm as certified to by a public health officer. The certificate shall be in a form prescribed by the department and shall be filed with the first return in which the credit is claimed [1973 c 120 §2]

316 080 [1953 c 304 §12, renumbered 316 475]

316 081 [1973 c 503 §15, 1975 c 705 §11, 1981 c 502 §1, renumbered 316 844]

316.082 Credit for taxes paid another state. (1) A resident individual shall be allowed a credit against the tax otherwise due under this chapter for the amount of any income tax imposed on the individual for the taxable year by another state of the United States or the District of Columbia on income derived from sources therein and that is also subject to tax under this chapter

(2) The credit provided under this section shall not exceed the proportion of the tax otherwise due under this chapter that the amount of the adjusted gross income of the taxpayer derived from sources in the other taxing jurisdiction bears to the entire adjusted gross income of the taxpayer as modified by this chapter.

(3) The department shall provide by rule the procedure for obtaining credit provided by this section and the proof required

(4) No credit allowed under this section or ORS 316.292 shall be applied in calculating tax due under this chapter if the tax upon which the credit is based has been claimed as a deduction, unless the tax is restored to income on the Oregon return [1969 c 493 §17, 1981 c 801 §3]

316.083 Exception to ORS 316.081. ORS 316.844 shall not apply in any case in which a carryover basis for certain property acquired from a decedent dying after December 31, 1976, is provided by section 1023 of the Internal Revenue Code (Tax Reform Act of 1976) [1977 c 666 §35]

316.084 Credit for fish habitat improvement. (1) A resident individual shall be allowed a credit against the taxes otherwise due under this chapter, based upon the cost of a fish habitat improvement project certified under ORS 496 260. The amount of the credit shall be 25 percent of the amount certified

(2) To qualify for the credit under this section

(a) The fish habitat improvement project must have been given final certification by the State Department of Fish and Wildlife as provided in ORS 496 260

(b) The credit must be claimed for the year in which final certification for the project is granted

(c) The taxpayer who is allowed the credit must be the person who actually expended funds for construction or installation of the project

(d) The fish habitat improvement project must not be required by existing federal or state statute

(3) The credit allowed in any one year shall not exceed the tax liability of the taxpayer

(4) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise any credit not used in that

second succeeding tax year may be carried forward and used in the third succeeding tax year and any credit not used in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter

(5) A nonresident shall be allowed the credit under this section in the proportion provided in ORS 316 117

(6) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117

(7) A husband and wife who file separate returns for a taxable year may each claim a share of the tax credit that would have been allowed on a joint return in proportion to the contribution of each

(8) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable year under ORS 314 440, the credit allowed under this section shall be prorated or computed in a manner consistent with ORS 316 215

(9) If the taxpayer is a shareholder of a Subchapter S corporation that has elected to take the credit on behalf of its shareholders as provided in ORS 317 133, the credit shall be computed and afterwards apportioned to each shareholder on the basis of the shareholder's pro rata share of the corporation's cost of the fish habitat improvement project. In all other respects, the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law

(10) The tax claim for tax credit shall be substantiated by submission, with the tax return, of the State Department of Fish and Wildlife notice of final project certification [1981 c 720 §16, 1983 c 684 §10]

316.085 Personal credit; recomputing credit annually. (1) For taxable years beginning on or after January 1, 1985, there shall be allowed a personal credit against taxes otherwise due under this chapter. The credit shall equal \$85 multiplied by the number of personal exemptions claimed under section 151 of the Internal Revenue Code

(2)(a) A nonresident shall be allowed the credit provided under subsection (1) of this section computed in the same manner and subject to

the same limitations as the credit allowed to a resident of this state. However, the credit shall be prorated using the proportion provided in ORS 316 117

(b) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable year under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316 215

(c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316.117

(3) For each taxable year beginning on or after January 1, 1987, the Department of Revenue shall recompute the dollar amount of the personal credit allowed for state personal income tax purposes. The computation shall be as follows:

(a) Divide the Portland Consumer Price Index for the average of the first six months of the current calendar year by the Portland Consumer Price Index for the average of the first six months of 1986

(b) Recompute the dollar amount of the personal credit by multiplying \$85 by the appropriate indexing factor determined as provided in paragraph (a) of this subsection. Round off the amount obtained under this paragraph to the nearest \$1

(4) As used in subsection (3) of this section, "Portland Consumer Price Index" means the Consumer Price Index for All Urban Consumers (Portland -- all items) as published by the Bureau of Labor Statistics of the United States Department of Labor [1985 c 345 §§2, 3]

316.086 Credit for connection to geothermal heating system. (1) As used in this section

(a) "Cost of connecting to a geothermal heating system" includes, but is not limited to, the cost of acquisition and installation of connecting pipe and other fixtures or equipment within a dwelling or between a dwelling and a trunk line necessary to allow a dwelling to utilize the services provided by a geothermal heating district.

(b) "Dwelling" means real or personal property within the state inhabited as the principal residence of an owner or renter and which is occupied at the time the dwelling is connected to a geothermal heating system provided by a geothermal heating district.

(2) A resident individual shall be allowed a credit against taxes otherwise due under this chapter, based upon the cost of connecting to a geothermal heating system provided by a geothermal heating district

(3) To qualify for the credit under this section

(a) The dwelling must be connected to a geothermal heating system provided by a geothermal heating district on or after October 3, 1979;

(b) The taxpayer who is allowed the credit must be the owner or contract purchaser of the dwelling served by the geothermal heating system, and

(c) The taxpayer must claim the credit in the tax year during which the cost of connecting to the geothermal heating system provided by a geothermal heating district was incurred

(4) The taxpayer who is allowed the credit shall not be entitled to more than one credit under this section in any one taxable year

(5) The credit allowed under this section for any dwelling shall not exceed the lesser of

(a) Twenty-five percent of the actual cost of connecting to a geothermal heating system, or

(b) \$1,000

(6) A credit under this section may be claimed by a taxpayer for connecting to a geothermal heating system in those tax years which begin on or after January 1, 1980, but prior to January 1, 1990

(7) The credit allowed in any one year shall not exceed the tax liability of the taxpayer

(8) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, and any credit not used in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter

(9) A nonresident shall be allowed the credit under this section in the proportion provided in ORS 316 117

(10) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable year under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316 215

(11) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117

(12) A husband and wife who file separate returns for a taxable year may each claim a share of the tax credit that would have been allowed on a joint return in proportion to the contribution of each. However, a husband or wife living in his or her separate principal residence may claim the tax credit in the same amount as permitted a single person

(13) Any amount used as the basis for a tax credit under ORS 316 116 shall not be used as a basis for a tax benefit under this section [1979 c 733 §2, 1983 c 684 §11]

316.087 Federal income tax credit for the elderly or permanently and totally disabled. (1) A resident individual shall be allowed a credit against the tax otherwise due under this chapter in an amount equal to 15 percent of the credit for the elderly or the permanently and totally disabled which the taxpayer is entitled to and claims as a credit on the federal income tax return of the taxpayer, pursuant to section 22 of the Internal Revenue Code as of December 31, 1984

(2) A nonresident individual shall be allowed the credit computed in the same manner and subject to the same limitations as the credit allowed a resident by subsection (1) of this section. However, the credit shall be prorated using the proportion provided in ORS 316 117

(3) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable years under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316 215

(4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117 [1969 c 493 §18, 1971 c 736 §2, 1977 c 872 §4, 1979 c 691 §5, 1980 c 684 §12, 1985 c 802 §5]

Note See note under 314 415

316.088 Credit for weatherization. (1) As used in this section.

(a) "Dwelling" means real or personal property within the state inhabited as the principal residence of an owner or renter and which is occupied at the time weatherization materials are installed "Dwelling" includes a mobile home as defined in ORS 446 003, a floating home as defined in ORS 488 705 and an individual unit within multiple unit residential housing It does not include a recreational vehicle as defined in ORS 446 003

(b) "Weatherization materials" means items primarily designed to improve the efficiency of space heating and energy utilization of a dwelling Such items include, but are not limited to, caulking, weatherstripping and other infiltration preventative materials, ceiling and wall insulation, crawl space insulation, vapor barrier materials, timed thermostats, insulation of heating ducts and hot water pipes and water heaters in unheated spaces, storm doors and windows, double glazed windows and dehumidifiers "Weatherization materials" includes mobile home weatherization materials

(c) "Mobile home weatherization materials" means items primarily designed to improve the efficiency of space heating and energy utilization of a dwelling. Such items include, but are not limited to, caulking, weatherstripping and other infiltration preventative materials, floor insulation, ground cover, timed thermostats, insulation of heating ducts, hot water pipes and water heaters in unheated spaces, storm doors and windows, double glazed windows and dehumidifiers

(2)(a) A resident individual shall be allowed a credit against the taxes otherwise due under this chapter, based upon the cost of purchasing and installing weatherization materials in the dwelling

(b) The Department of Energy shall furnish to the department a specific list of items which qualify as "weatherization materials" under this section Wherever necessary, the list shall include any qualifications as to quality, quantity or other relevant standards which are necessary requirements as to the item before it meets the test of improving the efficiency of space heating and energy utilization of a dwelling In addition, the Department of Energy shall identify from time to time additional weatherization materials that qualify under this section A list shall be provided to the department prior to January 1, 1980, and prior to January 1 of each year thereafter for purposes of determining what items qualify for the tax credit in the next calendar year For purposes of the 1977, 1978 and 1979 tax years, the items previously listed in the rules of the Department

of Revenue in effect for such years shall qualify as "weatherization materials"

(3) To qualify for the credit under this section

(a) The weatherization materials must be installed in a mobile home or floating home on or after January 1, 1979, and in other dwellings on or after October 4, 1977 The weatherization materials also must

(A) In all cases other than that listed in subparagraph (B) of this paragraph, be installed before January 1, 1981, or

(B) If the taxpayer owns a dwelling heated by fuel oil, be installed in that dwelling before September 1, 1981

(b) A statement certifying compliance with the requirements of this section, in a form prescribed by the department, must accompany the tax return in which the credit is claimed

(c) The taxpayer who is allowed the credit under this section must be the owner of the dwelling in which the weatherization materials are installed or the purchaser of the dwelling under a recorded instrument of sale at the time such materials are installed

(4) The taxpayer who is allowed the credit shall be entitled to a credit under this section for only one dwelling in any one taxable year

(5) The credit allowed under this section for any dwelling shall not exceed the lesser of

(a) Twenty-five percent of the actual cost of the acquisition and installation of the weatherization materials, or

(b) \$125

(6)(a) A credit under this section may be claimed by a taxpayer for weatherization materials in those tax years which begin on or after January 1, 1977, but before

(A) January 1, 1981, if the credit is claimed for the purchase of weatherization materials and the installation of those materials in a dwelling not heated by fuel oil, or

(B) January 1, 1982, if the credit is claimed for the purchase of weatherization materials and the installation of those materials in a dwelling heated by fuel oil

(b) Notwithstanding paragraph (a) of this subsection, a credit under this section may be carried forward as provided in subsection (9) of this section

(7) The credit allowed in any one taxable year shall not exceed the tax liability of the taxpayer

(8) The total amount of credits allowed under this section for any particular dwelling shall not exceed \$125

(9) 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. Any credit remaining unused on such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, and any credit not used in that third succeeding year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

(10) A nonresident shall be allowed the credit computed in the same manner and subject to the same limitations as the credit allowed a resident by this section. However, the credit shall be prorated using the proportion provided in ORS 316 117.

(11) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable year under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316 215.

(12) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117.

(13) A husband and wife who file separate returns for a taxable year may each claim a share of the tax credit that would have been allowed on a joint return in proportion to the contribution of each. However, a husband or wife living in his or her separate principal residence may claim the tax credit in the same amount as permitted a single person.

(14) The dollar amount of costs allowed as a credit under this section shall not be allowed as a deduction for purposes of computation of state taxable income, nor shall the dollar amount of the costs allowed as a credit be added to the basis of the property for purposes of depreciation or computation of gain or loss on sale or other disposition of the property.

(15) Any amount of assistance, aid, grant, refund or subsidized loan for weatherization

materials received under the laws or regulations of this state and any amount used as the basis for a tax benefit for weatherization materials for state income tax purposes under state law or regulation other than ORS 308 690 and this section shall not be used as a basis for a tax benefit under this section [1977 c 811 §2, 1979 c 534 §1, 1981 c 894 §1, 1983 c 684 §13]

316.089 Definitions for ORS 316.091.

As used in ORS 316 091 and section 2, chapter 521, Oregon Laws 1985

(1) "Gleaning" means the harvesting in Oregon of an agricultural crop or a portion of a crop grown primarily to be sold for cash that is donated by the grower of the crop to a gleaning cooperative at such a time that the crop is still usable as food for human beings and

(a) The grower of the crop has supplied any crop contract quota with the wholesale or retail buyer, or

(b) If the grower of the crop is a party to a contingent supply contract, the wholesale or retail buyer reduces the crop quota that was reasonably anticipated to be supplied by the grower, or

(c) Harvesting the crop for sale in the normal course of business is no longer economically feasible, and

(d) The crop would otherwise go to waste

(2) "Gleaning cooperative" means a nonprofit federally tax exempt organization that is organized to provide and distribute produce to individuals who meet the low-income eligibility guidelines of the federal State Community Services Program established pursuant to the federal Community Services Act of 1974 (Public Law 93-744)

(3) "Wholesale market price" means the market price for the produce determined either by

(a) The amount paid to the grower by the last previous cash buyer of the particular crop, or

(b) In the event there is no previous cash buyer, a market price determined by the gleaning cooperative based upon the market price of the nearest regional wholesale buyer or the regional u-pick market price [1977 c 852 §2, 1979 c 622 §2, 1985 c 521 §3]

Note Section 6, chapter 521, Oregon Laws 1985, provide

Sec 6 Sections 2 and 5 and the amendments to ORS 316 089 by section 3 of this Act apply to donations of crops made in tax years beginning on or after January 1, 1986, and prior to January 1, 1993

316.091 Credit for crop gleaning. (1) An individual who is a grower of a crop and who

permits the gleaning of the crop shall be allowed a credit against the taxes otherwise due under this chapter

(a) In the case of a donation made under circumstances described in ORS 316 089 (1)(a) and (b), the amount of the credit shall be 10 percent of the value of the quantity of the crop donated computed at the wholesale market price

(b) In the case of a donation made under circumstances described in ORS 316 089 (1)(c) and (d), the amount of the credit shall be 10 percent of the value of the quantity of the crop donated computed at the wholesale market price that the grower would have received had the quantity of the crop donated been salable

(2) At the time of donation, the director, supervisor or other appropriate official of the gleaning cooperative to which a donation is made shall supply to the grower of the crop donated two copies of a form prescribed by the Department of Revenue. The forms shall contain

(a) The name and address of the grower,

(b) The description and quantity of the donated crop,

(c) The signature of the director, supervisor or other appropriate official of the gleaning cooperative verifying that the produce was or will be distributed to low-income individuals meeting the guidelines described in ORS 316 089 (2),

(d) The wholesale market price determined by the gleaning cooperative, in the event there is no previous cash buyer of the crop; and

(e) Other information required by the Department of Revenue by rule

(3) Tax claim for tax credit shall be substantiated by submission with the tax return, of the form described in subsection (2) of this section, a statement verified by the taxpayer that the donation was made under circumstances described in ORS 316 089 (1) and a copy of an invoice or other statement identifying the price received by the grower for the crops of comparable grade or quality if there is a previous cash buyer

(4) Any tax credit otherwise allowable under this section for a tax year beginning on or after January 1, 1985, which is not used by the taxpayer in a particular tax year may be carried forward and offset against the taxpayer's tax liability for the next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried

forward for any tax year thereafter [1977 c 852 §3, 1979 c 622 §3, 1985 c 630 §1]

316.092 [1969 c 493 §19, repealed by 1973 c 402 §30]

316.093 Qualified economic development investment credit. (1) A credit against the taxes otherwise due under this chapter, based upon the amount of the qualified investment which has been certified under ORS 280 610 to 280 670, shall be allowed

(2) To qualify for the credit under this section

(a) The qualified investment must be made in accordance with the provisions of ORS 280 610 to 280 670 and the rules adopted thereunder and a certificate issued thereunder,

(b) The taxpayer who is allowed the credit must be the owner or contract purchaser of the trade or business that makes the qualified investment, or a person who, as a lessee or pursuant to an agreement, conducts the trade or business that makes the qualified investment,

(c) The taxpayer must claim the credit in the tax year during which the qualified investment is placed in service,

(d) The actual cost of the qualified investment must be \$25,000 or more, and

(e) The property acquired, constructed, reconstructed or improved must have an estimated useful life of three years or more

(3) A credit under this section may be claimed by a taxpayer for a qualified investment in those tax years which begin on or after January 1, 1978

(4)(a) Subject to paragraphs (b) to (d) of this subsection, the amount of the credit allowed under this section for the taxable year shall be equal to 10 percent of the cost of the qualified investment

(b) For purposes of paragraph (a) of this subsection, if the useful life of the qualified investment is three years or more, but less than five years, the cost of the qualified investment shall be an amount determined by multiplying the actual cost of the qualified investment by 33-1/3 percent

(c) For purposes of paragraph (a) of this subsection, if the useful life of the qualified investment is five years or more, but less than seven years, the cost of the qualified investment shall be an amount determined by multiplying the actual cost of the qualified investment by 66-2/3 percent

(d) For purposes of paragraph (a) of this subsection, if the useful life of the qualified

investment is seven years or more, the cost of the qualified investment shall be its actual cost

(5) The credit provided by this section shall be in addition to and not in lieu of any depreciation or amortization deduction for the qualified investment to which the taxpayer otherwise may be entitled under this chapter and the credit shall not affect the computation of basis for the qualified investment under this chapter

(6) The credit allowed in any one taxable year shall not exceed the tax liability of the taxpayer

(7) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried forward for any tax year thereafter

(8) The Department of Revenue may require independent proof of the actual cost of the acquisition, construction, reconstruction or improvement for which a credit is claimed under this section

(9) If property for which a credit has been allowed under this section is sold, exchanged, transported or otherwise disposed of for use outside an eligible area before the end of the useful life of such property

(a) The taxpayer who was allowed the credit shall give notice thereof to the Director of the Economic Development Department, who shall revoke the certificate for the qualified investment relating to such property and shall so notify the Department of Revenue, and

(b) For the taxable year of disposition, the Department of Revenue shall add to the taxes of such taxpayer otherwise due under this chapter, an amount equal to the difference between

(A) The amount of the credit which has been allowed under this section, and

(B) The amount of the credit which would have been allowed under this section if the useful life of the property for which a credit was allowed had been estimated for a period commensurate with a period ending next preceding the date of disposition of such property

(10) If the taxpayer is a shareholder of a Subchapter S corporation that has elected to take tax credit relief pursuant to ORS 280.650 (9), the credit shall be computed using the shareholder's

pro rata share of the corporation's certified cost of the qualified investment. In all other respects, the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law [1977 c 839 §8, 1979 c 412 §5a]

316.094 Credit for reforestation of underproductive forest lands. (1) A credit against the taxes otherwise due under this chapter shall be allowed in an amount equal to 10 percent of reforestation project costs actually paid or incurred to reforest underproductive Oregon forest lands. Such costs include, but are not limited to site preparation and tree planting. Subject to subsection (5) of this section

(a) One-half of the credit shall be taken in the tax year in which the State Forester, after physical inspection of the forest land, issues a preliminary certificate certifying that the land qualifies as underproductive Oregon forest land and that the reforestation project undertaken meets the requirements of this section and the specifications established by the State Forester and the costs appear to be reasonable, and

(b) One-half of the credit shall be taken in the tax year in which the State Forester, after further physical inspection of the land and project, certifies that the new forest is established in accordance with the specifications of the State Forester

(2) No credit shall be allowed under either paragraph (a) or (b) of subsection (1) of this section unless written certification containing the following statements accompanies the claim for the credit or is otherwise filed with the department

(a) A statement by the State Forester that the land and project meet the preliminary specifications established by the State Forester or that the new forest is established, whichever is applicable at the time

(b) A statement by the landowner or person in possession of the land that the land within the project area will be used for the primary purpose of growing and harvesting trees of an acceptable species

(c) A statement that the landowner or person in possession of the land is aware that maintenance practices, including release, may be needed to insure that a new forest is established and will remain established

(3) For purposes of this section, reforestation project costs shall not include

(a) Costs paid or incurred to reforest any forest land that has been commercially logged to the extent that reforestation is required under the Oregon Forest Practices Act, except costs paid or

incurred to reforest forest land following a hardwood harvest, conducted for the purposes of converting underproductive forest lands, as determined by administrative rule

(b) That portion of costs or expenses paid through a federal or state cost share program

(c) Those costs paid or incurred to grow Christmas trees or ornamental trees, shrubs or plants

(d) Any costs paid or incurred to purchase or otherwise acquire the land

(e) The cost of purchase or other acquisition of tools and equipment with a useful life of more than one year

(4) To qualify for the credit

(a) The project must be completed to specifications approved by the State Forester

(b) The taxpayer's portion of the project costs must be \$500 or more

(c) The taxpayer must be a private individual, group, Indian tribe or other native group, association or other nonpublic legal entity owning, purchasing under recorded contract of sale or leasing at least 10 but not over 2,000 acres of Oregon commercial forest land

(5) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried forward for any tax year thereafter. In all cases the taxpayer must be the person who made the investment into the project

(6) The credit provided by this section shall be in addition to and not in lieu of any depreciation or amortization deduction to which the taxpayer otherwise may be entitled with respect to the reforestation project and the credit shall not affect the computation of basis for the property

(7) In compliance with ORS 183.310 to 183.550, the Department of Revenue and the State Forestry Department may adopt rules consistent with law for carrying out the provisions of this section

(8) As used in this section, "underproductive Oregon forest lands" means Oregon commercial forest lands not meeting the minimum stocking standards of the Oregon Forest Practices Act

(9) If, for any reason other than those specified in subsection (10) of this section, a new forest is not established by the last day of the second taxable year following the taxable year in which the preliminary certificate was issued, the State Forester shall so report to the Department of Revenue. The report filed under this subsection shall be the basis for the department to recover any credit granted under paragraph (a) of subsection (1) of this section. If, however, the new forest is not established within the time required by this subsection on account of the reasons specified in subsection (10) of this section, any credit allowed under paragraph (a) of subsection (1) of this section and subsection (5) of this section shall not be recovered but no further credit as provided under paragraph (b) of subsection (1) of this section and subsection (5) of this section shall be allowed

(10) Subject to requalification under this section in the manner applicable for the original claim, a taxpayer may claim an additional credit or credits for reestablishing a new planting in the event that the new forest is destroyed by a natural disaster or is not established for reasons beyond the control of the taxpayer, if the measures taken in completing the original or earlier project would normally have resulted in establishing the minimum number of trees per acre anticipated by the project [1979 c 578 §7, 1985 c 749 §1]

Note Section 3, chapter 749, Oregon Laws 1985 provides

Sec 3 (1) ORS 316.094 and 317.102 (1983 Replacement Parts) apply to projects completed in tax years beginning on or after January 1, 1980, and prior to January 1, 1985

(2) ORS 316.094 and 317.102, as amended by sections 1 and 2 of this Act, and section 5 of this Act apply to all reforestation project costs paid or incurred in connection with a reforestation project for which a preliminary certificate is issued in a tax year beginning on or after January 1, 1985 and prior to January 1, 1990. For all prior tax years, the law applicable for those years shall remain in full force for the purposes of assessment, imposition and collection of the personal and corporate income and excise tax laws and for all interest, penalties or forfeitures that have accrued or may accrue with respect to those taxes

316.097 Credit for pollution control facility. (1) A credit against taxes imposed by this chapter for a pollution control facility or facilities certified under ORS 468.170 shall be allowed if the taxpayer qualifies under subsection (4) of this section

(2) For a facility certified under ORS 468.170, the maximum credit allowed in any one tax year shall be the lesser of the tax liability of the taxpayer or one-half of the certified cost of the facility multiplied by the certified percentage

allocable to pollution control, divided by the number of years of the facility's useful life. The number of years of the facility's useful life used in this calculation shall be the remaining number of years of useful life at the time the facility is certified but not less than one year or more than 10 years.

(3) To qualify for the credit the pollution control facility must be erected, constructed or installed in accordance with the provisions of ORS 468 165 (1)

(4)(a) The taxpayer who is allowed the credit must be

(A) The owner of the trade or business that utilizes Oregon property requiring a pollution control facility to prevent or minimize pollution,

(B) A person who, as a lessee or pursuant to an agreement, conducts the trade or business that operates or utilizes such property, or

(C) A person who, as an owner, lessee or pursuant to an agreement, owns, leases or has a beneficial interest in a pollution control facility used for resource recovery as defined in ORS 459 005. Such person may, but need not, operate such facility or conduct a trade or business that utilizes property requiring such a facility. If more than one person has an interest under this subparagraph in a resource recovery facility, and without regard to ORS 468 170 (9), one or more persons receive a certificate, such person or persons may allocate all or any part of the certified cost of such facility among any persons and their successors or assigns having an interest under this subparagraph. Such allocation shall be evidenced by a written statement signed by the person or persons receiving the certificate and designating the persons to whom the certified costs have been allocated and the amount of certified cost allocated to each, this statement shall be filed with the Department of Revenue not later than the final day of the first tax year for which a tax credit is claimed pursuant to such agreement. In no event shall the aggregate certified costs allocated between or among more than one person exceed the amount of the total certified cost of the facility. As used in this paragraph, "owner" includes a contract purchaser, and

(b) The facility must be owned or leased during the tax year by the taxpayer claiming the credit, except as otherwise provided in subparagraph (C) of paragraph (a) of this subsection, and must have been in use and operation during the tax year for which the credit is claimed.

(5) Regardless of when the facility is erected, constructed or installed, a credit under this section may be claimed by a taxpayer

(a) For a facility qualifying under ORS 468 165 (1)(a) or (b), only in those tax years which begin on or after January 1, 1967

(b) For a facility qualifying under ORS 468 165 (1)(c), in those tax years which begin on or after January 1, 1973

(c) For a facility qualifying under ORS 468 165 (1)(d), in those tax years which begin on or after January 1, 1984

(6) For a facility certified under ORS 468 170, the maximum total credit allowable shall not exceed one-half of the certified cost of the facility multiplied by the certified percentage allocable to pollution control.

(7) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the facility to which the taxpayer otherwise may be entitled under this chapter for such year.

(8) Upon any sale, exchange, or other disposition of a facility, notice thereof shall be given to the Environmental Quality Commission who shall revoke the certification covering such facility as of the date of such disposition. The transferee may apply for a new certificate under ORS 468 170, but the tax credit available to such transferee shall be limited to the amount of credit not claimed by the transferor. The sale, exchange or other disposition of shares in an electing small business corporation as defined in section 1371 of the Internal Revenue Code or of a partner's interest in a partnership shall not be deemed a sale, exchange or other disposition of a facility for purposes of this subsection.

(9) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried forward for any tax year thereafter. Credits may be carried forward to and used in a tax year beyond the years specified in ORS 468 170.

(10) The taxpayer's adjusted basis for determining gain or loss shall not be further decreased by any tax credits allowed under this section.

(11) If the taxpayer is a shareholder of an electing small business corporation, the credit shall be computed using the shareholder's pro rata share of the corporation's certified cost of

the facility. In all other respects, the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law [See 316 480, 1973 c 831 §8, 1977 c 795 §11, 1977 c 866 §10, 1979 c 691 §6, 1981 c 408 §1, 1983 c 637 §6]

316.099 Personal credit for handicapped child. (1) As used in this section, unless the context requires otherwise

(a) "Early intervention services" means programs of treatment and habilitation designed to address a child's developmental deficits in sensory, motor, communication, self-help and socialization areas

(b) "Handicapped child" means a child from the age of identification of the handicap to the age of 18 who has been determined eligible for early intervention services or is diagnosed for the purposes of special education as being autistic, trainable mentally retarded, multihandicapped, deaf-blind, orthopedically impaired or other health impaired, all as defined by the Department of Education

(c) "Special education" means specially designed instruction to meet the unique needs of a handicapped child, including regular classroom instruction, instruction in physical education, home instruction and instruction in hospitals, institutions and special schools

(2) The Department of Education shall adopt rules further defining "handicapped child" for purposes of this section. A diagnosis obtained for the purposes of entitlement to special education or early intervention services shall serve as the basis for a claim for the additional credit allowed under subsection (3) of this section

(3) In addition to the personal credit allowed by this chapter for state personal income tax purposes for a dependent child of the taxpayer, there shall be allowed an additional personal credit for a handicapped child if the child is a handicapped child at the close of the tax year. The amount of the credit shall be equal to the amount allowed as the personal credit for the dependent child for state personal income tax purposes for the tax year

(4) Each taxpayer qualifying for the additional personal credit allowed by this section may claim the credit on the personal income tax return. However, the claim shall be substantiated by any proof of entitlement to the credit as may be required by the department by rule [1985 c 531 §2]

316.102 Credit for political contributions. (1) Unless a taxpayer has claimed a deduction for a political contribution on the tax-

payer's federal tax return for the taxable year, a credit against taxes shall be allowed for voluntary contributions in money made in the taxable year

(a) To a national political party as defined in section 24 of the Internal Revenue Code or to a committee thereof or to a minor political party as defined in ORS 248 008,

(b) To or for the use of a candidate for federal, state or local elective office whose name is listed on a primary, general or special election ballot in this state, or who has filed, or on behalf of whom has been filed in this state a declaration of candidacy or a certificate of nomination as provided by law or a copy of the candidate's nominating petition filed pursuant to ORS chapter 249, or

(c) To any trust, committee, association or organization (whether or not incorporated) organized and operated exclusively for any part or all of the following purposes

(A) Influencing, or attempting to influence, the nomination or election of one or more individuals who are candidates for nomination or election to any federal, state or local elective public office to be voted upon within this state if used by the trust, committee, association or organization to further the candidacy of an individual or individuals for nomination or election to such office, or

(B) Supporting or opposing ballot measures or questions to be voted upon within this state if the trust, committee, association or organization has certified the name of its political treasurer to the filing officer in the manner provided by law

(2) The credit allowed by subsection (1) of this section shall be the lesser of

(a) One-half of the total contribution, not to exceed \$25 on a separate return, one-half of the total contribution, not to exceed \$50 on a joint return, or

(b) The tax liability of the taxpayer

(3) Tax claim for tax credit shall be substantiated by submission, with the tax return, of official receipts of the candidate, agent, trust, committee, association or organization to whom contribution was made [1969 c 432 §2, 1973 c 119 §3, 1975 c 177 §1, 1977 c 268 §1, 1979 c 190 §413, 1985 c 802 §6]

Note See note under 314 415

316.103 Credit for investment for recycling plastics. (1) A credit against taxes imposed by this chapter for the capital investments certified under ORS 468 940 shall be allowed if the taxpayer qualifies under subsection (4) of this section

(2) A taxpayer shall be allowed a tax credit under this section each year for five years begin-

ning in the year the capital investment receives final certification under ORS 468 940. The maximum credit allowed in any one tax year shall be the lesser of the tax liability of the taxpayer or 10 percent of the certified cost of the taxpayer's investment.

(3) To qualify for the credit the capital investment must be made in accordance with the provisions of ORS 468 935.

(4)(a) The taxpayer who is allowed the credit must be

(A) The owner of the business that manufactures a reclaimed plastic product,

(B) A person who, as a lessee or pursuant to an agreement, conducts the business that manufactures a reclaimed plastic product, or

(C) A person who, as an owner, lessee or pursuant to an agreement, owns, leases or has a beneficial interest in a business that manufactures a reclaimed plastic product. Such person may, but need not, operate or conduct such a business that manufactures a reclaimed plastic product. If more than one person has an interest under this subparagraph in a qualifying business and one or more persons receive a certificate, such person or persons may allocate all or any part of the certified investment cost among any persons and their successors or assigns having an interest under this subparagraph. Such allocation shall be evidenced by a written statement signed by the person or persons receiving the certificate and designating the persons to whom the certified investment costs have been allocated and the amount of certified investment cost allocated to each. This statement shall be filed with the Department of Revenue not later than the final day of the first tax year for which a tax credit is claimed pursuant to such agreement. In no event shall the aggregate certified investment costs allocated between or among more than one person exceed the amount of the total certified cost of the capital investment. As used in this paragraph, "owner" includes a contract purchaser,

(b) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except as otherwise provided in subparagraph (C) of paragraph (a) of this subsection, and must have been manufacturing a reclaimed plastic product during the tax year for which the credit is claimed, and

(c) The reclaimed plastic used to manufacture the reclaimed plastic product must not be an industrial waste generated by the person claiming the tax credit, but must be purchased from a plastic recycler other than the person claiming the tax credit.

(5) A credit under this section may be claimed by a taxpayer for a manufacturing business receiving final certification of a capital investment under ORS 468 940 only if the investment is made on or after January 1, 1986, but before January 1, 1989.

(6) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the capital investment to which the taxpayer otherwise may be entitled under this chapter for such year.

(7) Upon any sale, exchange, or other disposition of a qualifying business, notice thereof shall be given to the Environmental Quality Commission who shall revoke the certification covering the capital investment of such business as of the date of such disposition. The transferee may apply for a new certificate under ORS 468.940, but the tax credit available to such transferee shall be limited to the amount of credit not claimed by the transferor. The sale, exchange or other disposition of shares in an electing small business corporation as defined in section 1361 of the Internal Revenue Code or of a partner's interest in a partnership shall not be deemed a sale, exchange or other disposition of a business for purposes of this subsection.

(8) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year and any credit not used in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter. Credits may be carried forward to and used in a tax year beyond the years specified in ORS 468 935.

(9) The taxpayer's adjusted basis for determining gain or loss shall not be further decreased by any tax credits allowed under this section.

(10) If the taxpayer is a shareholder of an electing small business corporation, the credit shall be computed using the shareholder's pro rata share of the corporation's certified cost of investing in equipment necessary to manufacture a reclaimed plastic product. In all other respects, the allowance and effect of the tax credit shall

apply to the corporation as otherwise provided by law [1985 c 684 §12]

316.105 [1953 c 304 §14, 1953 c 552 §5, repealed by 1969 c 493 §99]

316.106 [1967 c 274 §7, repealed by 1969 c 493 §99]

316.107 Federal tax credits allowable only as specified. No credits applied directly to the income tax calculated for federal purposes pursuant to the Internal Revenue Code shall be applied in calculating the tax due under this chapter except those prescribed in this chapter [1969 c 493 §20, 1973 c 402 §19, 1985 c 802 §7]

316.108 [1967 c 118 §2, repealed by 1969 c 493 §99]

316.109 Credit for tax by another jurisdiction on sale of residential property.

(1) For taxable years beginning on and after January 1, 1979, if gain on the sale of residential property is taxed under this chapter the adjusted basis of the property for purposes of this chapter shall be the same as its adjusted basis for federal income tax purposes

(2) A credit against the tax otherwise due under this chapter shall be allowed to the taxpayer for the amount of any taxes imposed on the taxpayer by another state of the United States, a foreign country or the District of Columbia which tax is attributable to gain which is subject to tax as described in subsection (1) of this section

(3) The amount of the credit allowed under subsection (2) of this section shall not exceed the amount of the gain taxed by the other taxing jurisdiction multiplied by eight percent

(4) The Department of Revenue shall provide by rule the procedure for obtaining credit provided by subsection (2) of this section and the proof required

(5) No credit allowed under subsection (2) of this section shall be applied in calculating tax due under this chapter if the tax upon which the credit is based has been claimed as a deduction for Oregon personal income tax purposes, unless the tax is restored to income on the Oregon return [1979 c 579 §2, 1981 c 705 §2]

316.110 [1953 c 304 §15, 1953 c 552 §6, 1957 c 582 §1, 1961 c 506 §1, 1963 c 253 §1, repealed by 1969 c 493 §99]

316.111 [1965 c 360 §2, repealed by 1969 c 493 §99]

316.112 [1959 c 211 §2, 1963 c 627 §5 (referred and rejected), repealed by 1969 c 493 §99]

316.113 [1967 c 61 §2, repealed by 1969 c 493 §99]

316.114 [1967 c 449 §2, repealed by 1969 c 493 §99]

316.115 [1953 c 304 §16, 1959 c 555 §1, subsection (4) derived from 1959 c 555 §2, repealed by 1969 c 493 §99]

316.116 Credit for alternative energy device. (1) A resident individual shall be

allowed a credit against the taxes otherwise due under this chapter, based upon the cost of the alternative energy device which has been certified under ORS 469 160 to 469 180

(2)(a) To qualify for the credit under this section

(A) The alternative energy device must be constructed, installed and operated in accordance with the provisions of ORS 469 160 to 469 180 and a certificate issued thereunder,

(B) The taxpayer who is allowed the credit must be the owner or contract purchaser of the dwelling or dwellings served by the alternative energy device or the tenant of the owner or of the contract purchaser,

(C) Except as provided in paragraph (b) of this subsection, the taxpayer who is allowed the credit must use the dwelling or dwellings served by the alternative energy device as a principal or secondary residence, and

(D) The credit must be claimed for the tax year during which the alternative energy device which has been certified under ORS 469 160 to 469 180 first is placed in service. However, for tax years beginning on or after January 1, 1982, the credit may be claimed for the tax year in which the application for preliminary certification is filed with the Department of Energy if the system is operational by April 1 of the next following tax year

(b) Notwithstanding the requirements of subparagraph (C) of paragraph (a) of this subsection, a taxpayer who otherwise qualifies for the credit allowed under this section but who does not use the dwelling or dwellings served by the alternative energy device as a principal or secondary residence, shall be allowed the credit if the taxpayer rents or leases the dwelling or dwellings to a tenant who uses the dwelling or dwellings as a principal or secondary residence

(3) The taxpayer who is allowed the credit shall not be entitled to more than one credit under this section for any one taxable year

(4) For collective or noncollective investment, the credit allowed under this section for each dwelling shall not exceed the lesser of the portion of the actual cost of the acquisition, construction and installation of the alternative energy device paid by the taxpayer, multiplied by 25 percent or

(a) \$1,000 per dwelling utilizing the alternative energy device for tax years beginning on or after January 1, 1978, but before January 1, 1986,

(b) \$500 per dwelling utilizing the alternative energy device for tax years beginning on or after January 1, 1986, but before January 1, 1988, and

(c) \$250 per dwelling utilizing the alternative energy device for tax years beginning on or after January 1, 1988, but before January 1, 1990.

(5) Except as provided under subsection (8) of this section, a credit under this section may be claimed by a taxpayer for an alternative energy device for those tax years which begin on or after January 1, 1978, but before January 1, 1990.

(6) The credit provided by this section shall not affect the computation of basis for the dwelling or dwellings under this chapter.

(7) The credit allowed in any one year shall not exceed the tax liability of the taxpayer

(8) 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. Any credit remaining unused in such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, and any credit not used in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter

(9) A nonresident shall be allowed the credit under this section in the proportion provided in ORS 316 117.

(10) If a change in the taxable year of a taxpayer occurs as described in ORS 316 215, or if the department terminates the taxpayer's taxable year under ORS 314 440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 316.215

(11) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316 117

(12) A husband and wife who file separate returns for a taxable year may each claim a share of the tax credit that would have been allowed on a joint return in proportion to the contribution of each. However, a husband or wife living in his or her separate principal residence may claim the tax credit in the same amount as permitted a single person

(13) As used in this section, unless the context requires otherwise:

(a) "Collective investment" means an investment by two or more taxpayers for the acquisition, construction and installation of an alternative energy device for one or more dwellings

(b) "Dwelling" has the meaning given in ORS 469 160

(c) "Noncollective investment" means an investment by an individual taxpayer for the acquisition, construction and installation of an alternative energy device for one or more dwellings

(14) As used in this section, "taxpayer" includes a transferee of a preliminary certificate under ORS 469 175 (6) who subsequently obtains a final certificate [1977 c 195 §8, 1979 c 670 §2, 1981 c 894 §3, 1983 c 684 §14, 1983 c 768 §1]

Note. Sections 2 and 7, chapter 438, Oregon Laws 1985, provide

Sec 2 (1) As used in this section

(a) "Commercial fisherman" means a person licensed to take fish commercially under the laws of this or another state

(b) "Fair market value" means the purchase price actually paid for fish of the same species on the date the weigh-backs are landed

(c) "Fish" means fish or shellfish for use for human consumption

(d) "Weigh-backs" means fish taken by a commercial fisherman that are too small or uneconomical to process or are cosmetically imperfect so as to be unacceptable for purchase by a wholesaler, canner or other fish processor

(2) A credit is allowed against the taxes otherwise due under this chapter to

(a) A commercial fisherman who contributes or aids, assists or causes to be contributed through a person described in paragraph (b) of this subsection, weigh-backs to a gleaning cooperative, as defined in ORS 316 089, or to an officially designated recipient member of Oregon Food Share, a private nonprofit corporation

(b) A wholesaler, canner or other fish processor who accepts weigh-backs from a commercial fisherman or agent of a commercial fisherman and delivers or causes the weigh-backs to be delivered to a gleaning cooperative, as defined in ORS 316 089, or to an officially designated recipient member of Oregon Food Share, a private nonprofit corporation

(3) The amount of the credit allowed to each taxpayer described under subsection (2) of this section is five percent of the fair market value of the weigh backs contributed during the tax year of the taxpayer

(4) 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. Any credit remaining unused on such next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, and

any credit not used in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year thereafter

(5) If the taxpayer is a shareholder of an S corporation that has elected the tax credit relief under section 4 of this 1985 Act, the tax credit shall be computed using the shareholder's pro rata share of the credit. In all other respects the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law

(6) At the time of a contribution made as described under subsection (2) of this section, the director, supervisor or other appropriate official of the gleaning cooperative or Oregon Food Share to which the contribution is made shall supply to the commercial fisherman or wholesaler, canner or other fish processor, two copies of a form prescribed by the Department of Revenue. The form shall

(a) Contain the name and address of the commercial fisherman, wholesaler, canner or other fish processor

(b) Describe the species of the weigh-backs contributed and specify the amount or quantity contributed

(c) Specify the purchase price actually paid for fish of the same species as the weigh-backs on the date the weigh-backs were landed

(d) Contain any other information required by the Department of Revenue by rule

(e) Be signed by the director, supervisor or other appropriate official of the gleaning cooperative or Oregon Food Share

(7) Tax claim for tax credit under this section shall be substantiated by submission with the tax return, of the form described in subsection (6) of this section, a statement verified by the taxpayer that the contribution was made as described in subsection (2) of this section and a copy of a receipt or other statement identifying the price paid for fish of the same species as the weigh-backs on the date the weigh-backs were landed

Sec 7 This Act applies to tax years beginning on or after January 1, 1985, and prior to January 1, 1994

TAXATION OF NONRESIDENTS

316.117 Proration between Oregon income and other income for nonresidents, part-year residents and trusts. (1) Except as provided under subsection (2) of this section, the proportion for making a proration for nonresident taxpayers of the standard deduction or itemized deductions, the personal exemptions and any accrued federal or foreign income taxes, or for part-year resident taxpayers of the amount of the tax, between Oregon source income and income from all other sources is the federal adjusted gross income of the taxpayer from Oregon sources divided by the taxpayer's federal adjusted gross income from all sources. If the numerator of the fraction described in this subsection is greater than the denominator, the pro-

portion of 100 percent shall be used in the proration required by this section. As used in this subsection, "federal adjusted gross income" means the federal adjusted gross income of the taxpayer with the additions, subtractions and other modifications to federal taxable income contained in this chapter that relate to adjusted gross income

(2) For part-year resident trusts, the proration made under this section shall be made by reference to the taxable income of the fiduciary [1969 c 493 §21, 1971 c 672 §1, 1973 c 269 §1, 1975 c 672 §5, 1977 c 872 §5, 1981 c 801 §4, 1983 c 684 §15, 1985 c 141 §5]

316.122 Separate or joint determination of income for husband and wife. (1) If the federal taxable income of husband and wife (both nonresidents of this state or one being a resident and the other a nonresident) is determined on separate federal returns, their taxable incomes in this state shall be separately determined

(2) If the federal taxable income of husband and wife (at least one of whom is not a full-year resident) is determined on a joint federal return, their taxable income in this state shall be separately determined, unless they elect to file a joint return, in which case their tax shall be determined in this state as if both were full-year residents [1969 c 493 §22, 1985 c 802 §8]

Note See note under 314.415

316.125 [1953 c 304 §17, repealed by 1969 c 493 §99]

316.127 Income of nonresident from Oregon sources. (1) The adjusted gross income of a nonresident derived from sources within this state is the sum of the following

(a) The net amount of items of income, gain, loss and deduction entering into the nonresident's federal adjusted gross income that are derived from or connected with sources in this state including (A) any distributive share of partnership income and deductions and (B) any share of estate or trust income and deductions, and

(b) The portion of the modifications, additions or subtractions to federal taxable income provided in this chapter that relate to adjusted gross income derived from sources in this state, including any modifications attributable to the nonresident as a partner

(2) Items of income, gain, loss and deduction derived from or connected with sources within this state are those items attributable to

(a) The ownership or disposition of any interest in real or tangible personal property in this state, and

(b) A business, trade, profession or occupation carried on in this state

(3) Income from intangible personal property, including annuities, dividends, interest and gains from the disposition of intangible personal property, constitutes income derived from sources within this state only to the extent that such income is from property employed in a business, trade, profession or occupation carried on in this state

(4) Deductions with respect to capital losses, net long-term capital gains, and net operating losses shall be based solely on income, gains, losses and deductions derived from or connected with sources in this state, under regulations to be prescribed by the department, but otherwise shall be determined in the same manner as the corresponding federal deductions

(5) Notwithstanding subsection (3) of this section, the distributed and undistributed taxable income of an electing small business corporation for federal income tax purposes derived from or connected with sources in this state does constitute income derived from sources within this state for a nonresident individual who is a shareholder of such a corporation, and a net operating loss of such corporation derived from or connected with sources in this state does constitute a loss or deduction connected with sources in this state for such a nonresident individual

(6) If a business, trade, profession or occupation is carried on partly within and partly without this state, the determination of net income derived from or connected with sources within this state shall be made by apportionment and allocation under ORS 314 605 to 314 670

(7) Compensation paid by the United States for service in the Armed Forces of the United States performed by a nonresident does not constitute income derived from sources within this state [1969 c 493 §23, 1971 c 672 §2, 1973 c 269 §2, 1975 c 705 §4, 1983 c 684 §15a]

316.130 Determination of taxable income of full-year nonresident. (1) The taxable income for a full-year nonresident individual is adjusted gross income attributable to sources within this state determined under ORS 316 127, with the modifications (except those provided under subsection (2) of this section) as otherwise provided under this chapter, less the deductions allowed under subsection (2) of this section

(2)(a) A full-year nonresident individual shall be allowed the deduction for a standard deduction or itemized deductions allowable to a resident

under ORS 316 695 (1) in the proportion provided in ORS 316 117

(b) A full-year nonresident individual shall be entitled to claim the personal exemptions as defined in section 151 of the Internal Revenue Code and this chapter, as modified by ORS 316 695 (2), in the proportion provided in ORS 316 117

(c) A full-year nonresident individual shall be allowed to deduct the amount of any accrued federal income taxes and foreign country income taxes as provided in ORS 316 690 in the proportion provided in ORS 316 117 [1985 c 141 §4]

316 135 [1979 c 554 §2, renumbered 316 752]

316 136 [1979 c 554 §3, renumbered 316 758]

316 137 [1979 c 554 §4, renumbered 316 765]

316 138 [1979 c 554 §5, renumbered 316 771]

ADDITIONAL CREDITS

(Energy Conservation Facilities)

316.140 Credit for energy conservation facility. (1) A credit is allowed against the taxes otherwise due under this chapter, based upon the certified cost of the facility during the period for which that facility is certified under ORS 469 185 to 469 225 The credit allowed in each of the first two tax years in which the credit is claimed shall be 10 percent of the certified cost of the facility, but shall not exceed the tax liability of the taxpayer The credit allowed in each of the succeeding three years shall be five percent of the certified cost, but shall not exceed the tax liability of the taxpayer

(2) The facility must be in Oregon and owned during the tax year by the taxpayer claiming the credit

(3) A credit under this section may be claimed by a taxpayer for a facility only in those tax years which begin on and after January 1, 1980

(4) The maximum total credit or credits allowed for a facility under this section to eligible taxpayers shall not exceed 35 percent of the certified cost of such facility

(5) Upon any sale, termination of the lease, exchange or other disposition of the facility, notice thereof shall be given to the Director of the Department of Energy who shall revoke the certificate covering the facility as of the date of such disposition The transferee, or upon re-leasing of the facility, the lessor, may apply for a new certificate under ORS 469 215, but the tax credit available to that transferee shall be limited to the

amount of credit not claimed by the transferor or, for a lessor, the amount of credit not claimed by the lessor under all previous leases

(6) 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. Any credit remaining unused in that next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise, any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried forward for any tax year thereafter. Credits may be carried forward to and used in a tax year beyond the years specified in subsection (1) of this section only as provided in this subsection.

(7) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the facility to which the taxpayer otherwise may be entitled under this chapter for such year.

(8) The taxpayer's adjusted basis for determining gain or loss shall not be decreased by any tax credits allowed under this section.

(9) If the taxpayer is a shareholder of a Subchapter S corporation, the credit shall be computed using the shareholder's pro rata share of the corporation's certified cost of the facility. In all other respects, the allowance and effect of the tax credit shall apply to the corporation as otherwise provided by law.

(10) A credit under the provisions of this section shall not be allowed to

(a) A public utility, as defined in ORS 757 005, that retails electricity or natural gas to more than 100 customers,

(b) A people's utility district, as defined in ORS 261 010, a municipal utility or a cooperative utility that retails electricity or natural gas to more than 100 customers, or

(c) A subsidiary or an affiliated interest, as defined in ORS 757 015, of a public utility described in paragraph (a) of this subsection [1979 c 512 §12, 1981 c 894 §10]

316.141 Other grants or credits as offset to cost of facility. If a taxpayer obtains a grant or tax credit from the Federal Government other than an investment credit granted under section 46 of the Internal Revenue Code of 1954 as it reads on August 22, 1981, in connection with a facility which has been certified by the Director of the Department of Energy, the certified cost of the facility shall be reduced on a dollar for dollar

basis. Any income tax credits which such taxpayer would be entitled to under ORS 316 140 to 316 142 and 469 185 to 469 225 after any such reduction shall not be reduced by such federal grants or tax credits. Taxpayers applying for federal grants or credits shall notify the Department of Revenue by certified mail within 30 days of each such application, and of the receipt of any such grant. [1979 c 512 §15, 1981 c 894 §11]

316.142 Credit limited if facility financed in part by governmental body; ineligibility of recipients of other credits or tax relief. (1) If a facility eligible for a credit under ORS 316 140 is financed in part by any governmental or quasi-governmental body or municipal corporation, as defined in ORS 297 405, a tax credit may be claimed only on the portion of the cost that is privately financed.

(2) A taxpayer is eligible to participate in both this tax credit program and low interest, government-sponsored loans.

(3) A taxpayer who receives a tax credit or ad valorem tax relief on a pollution control facility or an alternate energy device under ORS 307 405, 316 097 or 316 116 is not eligible for a tax credit on the same facility or device under ORS 316 140 to 316 142 and 469 185 to 469 225 [1979 c 512 §16, 17, 1981 c 894 §12]

316 145 [1979 c 561 §4, renumbered 316 849]

(Costs in Lieu of Nursing Home Care)

316.147 Definitions for ORS 316.147 to 316.149. As used in ORS 316 147 to 316 149, unless the context requires otherwise

(1) "Eligible taxpayer" includes any individual who must pay taxes otherwise imposed by this chapter and

(a) Who pays or incurs expenses for the care of a "qualified individual," as defined in subsection (2) of this section, through a payment method determined by rule of the Department of Revenue, and

(b) Who has a "household income," as defined by ORS 310 630, for the taxable year, not to exceed the maximum amount of household income allowed in ORS 310 640 for a homeowner or renter refund.

(2) "Qualified individual" includes an individual at least 60 years of age on the date that the expenses described in paragraph (a) of subsection (1) of this section are paid or incurred by the eligible taxpayer.

(a) Whose household income, as defined by ORS 310 630 (7) and (8), does not exceed \$7,500

for the calendar year in which the taxable year of the taxpayer begins,

(b) Who is eligible for home care services under Oregon Project Independence provided by the Department of Human Resources,

(c) Who is certified by the Department of Human Resources, and

(d) Whose care or any portion thereof is not paid for under ORS chapter 414 [1979 c 494 §2]

316.148 Credit for expenses in lieu of nursing home care; limitation. (1) A credit against the taxes otherwise due under this chapter shall be allowed to an eligible taxpayer with respect to food, clothing, medical care and transportation expenses paid or incurred by the taxpayer during the taxable year on behalf of a qualified individual in order that the qualified individual is not placed or maintained in a nursing home unnecessarily. The amount of the credit shall be \$250 or eight percent of the expenses paid or incurred during the taxable year, whichever is less

(2) No credit shall be allowed under this section for expenses paid or incurred for any period of time in which the qualified individual is a resident in a nursing home or is receiving aid from Oregon Project Independence [1979 c 494 §3]

316.149 Evidence of eligibility for credit. Evidence of payments made or expenses incurred that form the basis of the credit allowed under ORS 316 147 to 316 149 shall be submitted to the Department of Revenue in accordance with any rules adopted by the department relative to the submission of evidence of such payments [1979 c 494 §4]

316 150 [1979 c 414 §2, renumbered 316 854]

COLLECTION OF TAX AT SOURCE OF PAYMENT

316.160 [1953 c 304 §18, 1965 c 26 §3, repealed by 1969 c 493 §99]

316.162 Definitions for ORS 316.162 to 316.212. As used in ORS 316 162 to 316 212

(1) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under ORS 316.182, except that if no such certificate is in effect, the number of withholding exemptions claimed is considered to be zero

(2) "Wages" means remuneration for services performed by an employe for an employer, including the cash value of all remuneration paid in any medium other than cash, except that "wages" does not include remuneration paid

(a) For active service in the Armed Forces of the United States as to which no withholding is required by the Internal Revenue Code

(b) To an employe of a common carrier to the extent that sections 1512 and 11504, title 49, United States Code prohibits the remuneration from withholding for state income taxes

(c) For domestic service in a private home, a local college club or a local chapter of a college fraternity or sorority

(d) For casual labor not in the course of the employer's trade or business

(e) To an employe whose services to the employer consist solely of labor in connection with the planting, cultivating or harvesting of seasonal agricultural crops if the total amount paid to such employe is less than \$300 annually

(f) To seamen who are exempt from garnishment, attachment or execution under title 46 of the United States Code

(g) To persons temporarily employed as emergency forest fire fighters

(h) To employes' trusts exempt from tax under provisions of the federal Internal Revenue Code

(i) For services performed by a duly ordained, commissioned or licensed minister of a church in the exercise of the minister's ministry or by a member of a religious order in the exercise of religious duties required by such order, which duties are not commercial in nature

(3) "Employer" means.

(a) A person who is in such relation to another person that the person may control the work of that other person and direct the manner in which it is to be done, or

(b) An officer or employe of a corporation, or a member or employe of a partnership, who as such officer, employe or member is under a duty to perform the acts required of employers by ORS 316 167, 316 182, 316 197, 316 202 and 316 207 [1969 c 493 §24, 1971 c 690 §1, 1973 c 229 §1, 1977 c 604 §1, 1981 c 705 §3, 1985 c 87 §3]

316.164 When surety bond required of employer; enforcement. (1) Except as provided in subsection (3) of this section, if the department makes the findings required under subsection (2) of this section, the department may require any employer subject to ORS 316 162 to 316 212, except the state or its political subdivisions, to post a surety bond with the department, to secure future payment of amounts required to be withheld and paid over to the department under ORS 316 162 to 316 212. The

bond shall be in an amount equal to the amounts required to be withheld upon the wages paid or estimated to be paid by the employer for a period of four calendar quarters. The bond shall be in a form acceptable to the department. Posting of the bond shall not relieve the employer from withholding and paying over amounts based on wages paid by the employer under any provision of ORS 316 162 to 316 212. The department may, in its discretion, at any time apply such bond or part thereof to the delinquencies or indebtedness of the employer arising under any provision of ORS 316 162 to 316 212 and accruing after the date the bond was posted. Appeal of an action of the department under this section shall not relieve an employer of the requirement during the pendency of the appeal.

(2) Before requiring an employer to post a bond under subsection (1) of this section, the department shall determine that the employer has failed to make payment to the department of amounts required to be withheld and paid over under any provision of ORS 316 162 to 316 212 for at least three calendar quarters, and the total amount of delinquent payments exceeds \$2,500, exclusive of interest or penalties. For purposes of this subsection, a payment shall not be considered delinquent if the employer's liability to withhold is subject to appeal to the director.

(3) The department shall not require a bond to be posted under this section if the employer elects to notify the department of the times of payment of wages to the employees of the employer, and, notwithstanding ORS 316 197, to pay over amounts withheld within three banking days after the dates the wages were paid.

(4) Before requiring an employer to post a bond or make payment of amounts required to be withheld in the manner prescribed in subsection (3) of this section, the department shall attempt to obtain payment of delinquent amounts through other methods of collection, however, the department is not required to seize or sell real or personal property in order to comply with the requirements of this subsection.

(5) Any bond required under subsection (1) of this section shall become the sole property of the department and shall be held by the department to guarantee payment of withholding taxes by the employer. The bond shall be held for the benefit of the State of Oregon, subject only to the provisions of subsection (6) of this section. The bond shall be prior to all other liens, claims or encumbrances and shall be exempt from any process, attachment, garnishment or execution.

(6) If an employer ceases to be an employer subject to ORS 316 162 to 316 212, the depart-

ment shall, upon receipt of all payments due from the employer for withheld amounts, cancel any bond given under this section. Such bonds held for the benefit of the State of Oregon shall first be applied to any indebtedness or deficiencies due from the employer under ORS 316 162 to 316 212 and accruing after the date the bond was posted before any return is made to the employer. The employer shall have no interest in such bond prior to full compliance with this section and all provisions of ORS 316 162 to 316 212.

(7) If an employer required to post a bond or make payment of amounts withheld in the manner prescribed under this section makes full payment of all delinquent amounts due and owing at the time the bond or accelerated payment schedule was required and makes payment of amounts due under ORS 316 162 to 316 212 and files returns required in connection with those payments in a timely manner for the succeeding four calendar quarters, the department shall release the employer from the requirement to post the bond or make accelerated payments of amounts withheld.

(8) If any employer fails to comply with subsections (1) to (7) of this section, the Oregon Tax Court, upon commencement of an action by the department for that purpose, may order the employer to post the required bond or make accelerated payments of amounts withheld. The employer's failure to obey an order of the court is punishable by contempt. If the Oregon Tax Court determines that an order of compliance enforceable by contempt proceedings will not assure the payment of withheld taxes by the employer, the court may enjoin the employer from further employing individuals in this state or continuing in business therein until the employer has complied with subsection (1) to (7) of this section. [1985 c 406 §2, 3]

316 165 [1953 c 304 §19, repealed by 1969 c 493 §99]

316.167 Withholding of tax required; elective provisions for agricultural employes; liability of supplier of funds to employer for taxes. (1) Every employer at the time of the payment of wages to any employe shall deduct and retain from such wages an amount determined, at the employer's election, either (a) by a "percentage method" withholding table or (b) by "wage bracket" withholding tables, prepared and furnished under the rules and regulations of the department. However, in the case of wages paid to an employe whose services to the employer consist solely of labor in connection with the planting, cultivating or harvesting of seasonal agricultural crops, the employer may

elect to withhold two percent of the total wages paid without regard to any withholding exemptions

(2) Except in the case of an agricultural employe, the amount withheld shall be computed on the basis of the total amount of the wages and the number of withholding exemptions claimed by the employe, without deduction for any amount withheld

(3) If a lender, surety or other person who supplies funds to or for the account of an employer for the purpose of paying wages of the employes of such employer has actual notice or knowledge that such employer does not intend to or will not be able to make timely payment or deposit of the tax required to be deducted and withheld, such lender, surety or other person shall be liable to the State of Oregon in a sum equal to the taxes together with interest which are not timely paid over to the department. Such liability shall be limited to the principal amount supplied by such lender, surety or other person, and any amounts so paid to the department shall be credited against the liability of the employer

(4) With the approval of the Executive Department, the department may enter into contracts with banking institutions including but not limited to Federal Reserve Banks, incorporated banks, trust companies, domestic building and loan associations, savings and loan associations or credit unions authorizing them to receive as financial agents of the department any tax required to be withheld and paid to the department [1969 c 493 §25, 1975 c 394 §1, 1977 c 604 §2, 1982 ss 1 c 1 §1]

316 170 [1953 c 304 §20, repealed by 1969 c 493 §99]

316.172 Tax withholding tables to be prepared by department. (1) The department shall prepare a table for use with the percentage method that provides for the deduction and withholding of a tax equal to a specific percent (to be determined by the department) of the amount by which the wages for a given payroll period (daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannually or annually, as the case may be) exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption for each payroll period (such amount being determined by the department for each such period). The determinations of the department shall result, so far as is practicable, in withholding from the employe a sum substantially equivalent to the amount of the tax that the employe will be required to pay under this chapter upon such wages. To accomplish this purpose, the department may make special provi-

sion for employes who are in the state for limited periods of time

(2) The department shall prepare tables for use in computing withholding of tax by wage brackets. The wage brackets shall be graduated so that the amount withheld is, as far as practicable, substantially equivalent to the amount of the tax that the employe will be required to pay under this chapter upon such wages [1969 c 493 §26, 1973 c 402 §20]

316 175 [1953 c 304 §21, repealed by 1969 c 493 §99]

316.177 Withholding exemptions. An employe shall be entitled to the same number of withholding exemptions as the number of withholding exemptions to which the employe is entitled for federal income tax withholding purposes. An employer may rely upon the number of federal withholding exemptions claimed by the employe, except where the employe claims a different number of withholding exemptions in this state [1969 c 493 §27]

316 180 [1953 c 304 §22, repealed by 1969 c 493 §99]

316.182 Exemption certificate. An employer shall use the exemption certificate filed by the employe with the employer under the income tax withholding provisions of the Internal Revenue Code for determining the number of withholding exemptions to be used in computing the tax to be withheld under ORS 316 167 and 316 172. However, the department may require such exemption certificate to be filed on a form prescribed by the department in any circumstance where the department finds that the exemption certificate filed under the Internal Revenue Code does not properly reflect the number of withholding exemptions allowable under this chapter, except no exemption certificate need be procured from an employe whose wages consist of wages as defined in ORS 316 162 (2)(e) [1969 c 493 §28]

316 185 [1953 c 304 §23, 1955 c 129 §1 subsection (5) derived from 1955 c 129 §2, 1965 c 26 §4, repealed by 1969 c 493 §99]

316.187 Amount withheld is in payment of employe's tax. The amounts deducted from the wages of an employe during any calendar year in accordance with ORS 316 167 and 316 172 shall be considered to be in part payment of the tax on such employe's income for the taxable year which begins within such calendar year, and the return made by the employer pursuant to ORS 316 202 shall be accepted by the department as evidence in favor of the employe of the amounts so deducted from the employe's wages [1969 c 493 §29]

316.189 Withholding of state income taxes from certain periodic payments. (1) As used in this section

(a) "Commercial annuity" means an annuity, endowment or life insurance contract issued by an insurance company authorized to transact insurance in the State of Oregon

(b) "Department" means the Oregon Department of Revenue

(c) "Designated distribution" means any distribution or payment from or under an employer deferred compensation plan, an individual retirement plan or a commercial annuity "Designated distribution" does not include any amount treated as wages as defined in ORS 316 162, the portion of any distribution or payment that is not includable in the gross income of the recipient or any distribution or payment made under section 404 (k)(2) of the Internal Revenue Code

(d) "Employer deferred compensation plan" means any pension, annuity, profit-sharing or stock bonus plan or other plan deferring the receipt of compensation

(e) "Individual retirement plan" means an individual retirement account described in section 408 (a) of the Internal Revenue Code or an individual retirement annuity described in section 408 (b) of the Internal Revenue Code

(f) "Nonperiodic distribution" means any designated distribution which is not a periodic payment

(g) "Payor" means any payor of a designated distribution doing business in or making payments or distributions from sources in this state

(h) "Periodic payment" means a designated distribution which is an annuity or similar periodic payment

(i) "Plan administrator" means a plan administrator as described in section 414 (g) of the Internal Revenue Code, who is the administrator of a plan created by an Oregon employer

(j) "Qualified total distribution" means any designated distribution made under a retirement or annuity plan described in section 401 (a) or 403 (a) of the Internal Revenue Code, which consists of the balance to the credit of the employe, exclusive of accumulated deductible employe contributions, made within one taxable year of the recipient

(2)(a) The payor of any periodic payment shall withhold from such payment the amount which would be required to be withheld from such payment under ORS 316 167 if the payment were wages paid by an employer to an employe. The

time and manner of payment of withheld amounts to the department shall be the same as that required under ORS 316 197 for withholding of income taxes from wages

(b) The payor of any nonperiodic distribution shall withhold from such distribution an amount determined under tables prescribed by the department

(c) The maximum amount to be withheld under this section on any designated distribution shall not exceed 10 percent of the amount of money and the fair market value of other property received in the distribution. If the distribution is not subject to withholding for federal income tax purposes under section 3405 of the Internal Revenue Code, it shall not be subject to withholding under this section

(3)(a) Except as provided in paragraph (b) of this subsection, the payor of a designated distribution shall withhold and be liable for payment of amounts required to be withheld under this section

(b) In the case of any plan described in section 401 (a) or section 403 (a) of the Internal Revenue Code, or section 301 (d) of the Tax Reduction Act of 1975, the plan administrator shall withhold and be liable for payment of amounts required to be withheld under this section, unless the plan administrator has directed the payor to withhold the tax and has provided the payor with the information required by rule of the department

(4)(a) An individual may elect to have no withholding by a payor under subsection (2) of this section. If an individual has elected to have no federal withholding from payments or distributions described in this section the individual shall be deemed to have elected no withholding for state purposes, unless the individual notifies the payor otherwise

(b) An election made under this subsection shall be effective as provided under rules promulgated by the department. The rules required under this paragraph shall provide the manner in which an election may be revoked and when such revocation shall be effective

(5) The payor of any periodic payment or nonperiodic distribution shall give notice to the payee of the right to make an election to have no state withholding from the payment or distribution. The department shall provide by rule for the time and manner of giving the notice required under this subsection

(6) Any rules permitted or required to be promulgated by the department under this sec-

tion shall, insofar as is practicable, be consistent with corresponding provisions of section 3405 of the Internal Revenue Code and regulations promulgated thereunder

(7) Any designated distribution shall be treated as if it were wages paid by an employer to an employe within the meaning of ORS 316 162 to 316 212 for all other purposes of ORS 316 162 to 316 212. In the case of any designated distribution not subject to withholding by reason of an election under subsection (4) of this section, the amount withheld shall be treated as zero [1985 c 87 §9]

Note 316 189 was added to and made a part of ORS chapter 316 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation

316 190 [Amended by 1953 c 304 §24, 1955 c 92 §1, subsection (3) derived from 1955 c 92 §2, repealed by 1969 c 493 §99]

316.191 Withholding taxes at time and in manner other than required by federal law. Notwithstanding the provisions of ORS 316 197

(1) When adherence to the federal withholding system creates an undue burden on an employer, the employer may request and the department may permit that taxes be withheld and paid over within a time and in a manner other than that required under federal law

(2) If the department permits the modification of the time and manner of withholding and payment of taxes under this section the method of withholding and payment permitted shall, whenever possible, provide for withholding and payment in a manner similar to that required for other employers required to deduct and retain similar amounts of income taxes from wages paid to their employes in Oregon

(3) The department shall adopt rules establishing the manner in which an employer may request a modification under this section, and may by rule prescribe a modification of the time and manner of withholding and payment of taxes in such instances as it considers necessary. The department may adopt by rule any exceptions to federal withholding requirements that have been adopted by the Internal Revenue Service [1985 c 87 §2]

316 192 [1969 c 493 §30, 1971 c 333 §2, repealed by 1985 c 602 §7]

316.193 Withholding of state income taxes from federal retired pay for members of uniformed services. (1) The Department of Revenue may enter into an agreement with the

appropriate United States agency or instrumentality for the voluntary withholding of state income taxes from the retired pay of members of the uniformed services under the provisions of section 654, Public Law 98-525. The department is hereby authorized to do all acts and comply with any requirements necessary to enable retired members of the uniformed services to elect voluntary withholding of state income taxes from their retired pay

(2) The department may establish by rule a minimum monthly amount to be withheld and paid over for any member electing voluntary withholding of state income taxes under an agreement entered into under subsection (1) of this section

(3) Notwithstanding ORS 314 835 or 314 840, the department may disclose to the Department of Defense the name, address or social security number of any member electing voluntary withholding of state income taxes whenever necessary to enable the Department of Defense to implement such withholding under the terms of an agreement entered into under subsection (1) of this section

(4) As used in this section

(a) "Member" means any person retired from a regular or reserve component of one of the uniformed services, who has Oregon personal income tax liability in connection with the receipt of retired pay

(b) "Retired pay" means pay and benefits received based on conditions of the federal retirement law, pay grade, years of service, date of retirement, transfer to Fleet Reserve or Fleet Marine Corps Reserve or disability

(c) "Uniformed services" means the Army, Navy, Air Force, Marine Corps, Coast Guard, commissioned corps of the United States Public Health Service and the commissioned corps of the National Oceanic and Atmospheric Administration [1985 c 87 §8]

Note 316 193 was added to and made a part of ORS chapter 316 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation

316 195 [1953 c 304 §25, repealed by 1969 c 493 §99]

316.196 Withholding of state income taxes from federal retirement pay for civil service annuitant. (1) The Department of Revenue may enter into an agreement with the United States Office of Personnel Management for the voluntary withholding of state income taxes from the retirement pay of United States civil service annuitants under the provisions of

section 1705 of Public Law 97-35 The department is hereby authorized to do all acts and comply with any requirements necessary to enable retired United States civil servants to elect voluntary withholding of state income taxes from their retirement pay

(2) The department shall establish by rule a procedure under which a United States civil service annuitant may request voluntary withholding under an agreement entered into under subsection (1) of this section The procedure may include a minimum monthly amount to be withheld and paid over to the state

(3) Notwithstanding ORS 314 835 or 314 840, the department may disclose to the United States Office of Personnel Management the name, address or social security number of any United States civil service annuitant electing voluntary withholding of state income taxes whenever necessary to enable the United States Office of Personnel Management to implement such withholding under the terms of an agreement entered into under subsection (1) of this section

(4) As used in this section

(a) "Civil service annuitant" means any person retired from the federal civil service who has Oregon personal income tax liability in connection with the receipt of retirement pay "Civil service annuitant" includes a survivor annuitant within the meaning of Title 5, United States Code, section 8331

(b) "Retirement pay" means regular, recurring monthly annuity payments received based on conditions of federal retirement law, but does not include retired pay as defined in ORS 316 193 [1985 c 87 §7]

Note 316 196 was added to and made a part of ORS chapter 316 by legislative action but was not added to any smaller series therein See Preface to Oregon Revised Statutes for further explanation

316.197 Payment to department by employer; interest on delinquent payments.

(1)(a) Except as provided under ORS 316 191 or paragraphs (b) and (c) of this subsection, within the time that each employer is required to pay over taxes withheld for federal income tax purposes for any period, the employer shall pay over to the department or to a financial agent of the department the amounts required to be withheld under ORS 316 167 and 316 172 for the same period Any employer not required to withhold federal income taxes for any period but who is required to deduct and retain amounts from wages paid to an employe under ORS 316 167 and 316 172 for the same period shall pay over to the

department or financial agent of the department, taxes withheld for the period, within the time and in the manner, as if the employer were required to withhold taxes for the period under federal law

(b) If the amount of withheld taxes under ORS 316 167 and 316 172 does not exceed \$50 per month, the amounts withheld and reports required may be submitted to the department semiannually

(c) Notwithstanding the provisions of paragraph (a) of this subsection, any employer of agricultural employes who is not required to withhold federal income taxes for any period but who is required to deduct and retain amounts from wages paid to those employes under ORS 316 167 and 316 172 shall pay over to the department, or financial agent of the department, taxes so withheld at the same time and for the same period for which the employer is required to pay over employer and employe taxes under chapter 21 of the Internal Revenue Code (Federal Insurance Contributions Act)

(2) Every amount so paid over shall be accounted for as part of the collections under this chapter No employe has any right of action against an employer in respect of any moneys deducted from wages and paid over in compliance or intended compliance with this section

(3) If any amount required to be withheld and paid over to the department is delinquent, interest shall accrue at the rate prescribed under ORS 305 220 on that amount from the last day of the month following the end of the calendar quarter within which the amount was required to be paid to the department to the date of payment The provisions of this subsection shall not relieve any employer from liability for a late payment penalty under any other provision of law [1969 c 493 §31, 1975 c 594 §1, 1982 s s 1 c 1 §2, 1983 c 697 §1, 1985 c 87 §4]

316 200 [1953 c 304 §26, 1965 c 26 §5, repealed by 1969 c 493 §99]

316.202 Reports by employer; effect of failure to report. (1) With each payment made to the department, every employer shall deliver to the department, on a form prescribed by the department showing the total amount of withheld taxes in accordance with ORS 316 167 and 316 172, and supply such other information as the department may require The employer is charged with the duty of advising the employe of the amount of moneys withheld, in accordance with such regulations as the department may prescribe, using printed forms furnished or approved by the department for such purpose

(2) Other than employers permitted to file semiannual returns, every employer shall submit

a quarterly return to the department on a form provided by it showing the number of payments made, the withheld taxes paid during the quarter and an explanation of federal withholding taxes as computed by the employer. Such report shall be filed with the department on or before the last day of the month following the end of such quarter, except that all employers who deposited or paid all taxes when due shall have 10 additional days to file.

(3) The employer shall make an annual return to the department on forms provided or approved by it, summarizing the total compensation paid and the tax withheld for each employee during the calendar year and shall file the same with the department before February 16 of the year following that for which report is made. Failure to file the annual report without reasonable excuse on or before the 30th day after notice has been given to the employer of failure subjects the employer to a penalty of \$100.

(4) Notwithstanding the provisions of subsection (2) of this section, employers of agricultural employes may submit returns annually showing the number of payments made and the withheld taxes paid [1969 c 493 §32, 1973 c 83 §1, 1982 s s 1 c 1 §3, 1983 c 697 §2]

316.205 [1953 c 304 §27, repealed by 1957 c 632 §1 (314 280 enacted in lieu of 316 205 and 317 180)]

316.207 Liability for tax; warrant for collection. (1) Every employer who deducts and retains any amount under ORS 316 162 to 316 212 shall hold the same in trust for the State of Oregon and for the payment thereof to the department in the manner and at the time provided in ORS 316 162 to 316 212.

(2) At any time the employer fails to remit any amount withheld, the department may enforce collection by the issuance of a distraint warrant for the collection of the delinquent amount and all penalties, interest and collection charges accrued thereon. Such warrant shall be issued, recorded and proceeded upon in the same manner and shall have the same force and effect as is prescribed with respect to warrants for the collection of delinquent income taxes.

(3)(a) Notwithstanding the provisions of ORS 314 835, 314 840 or 314 991, if more than one officer or employe of a corporation or more than one member or employe of a partnership may be held liable for payment of withheld taxes, the department may require any or all of the officers, members or employes who may be held liable to appear before the department for a joint determination of liability. The department shall notify each officer, member or employe of the

time and place set for the determination of liability.

(b) Each person notified of a joint determination under this subsection shall appear and present such information as is necessary to establish that person's liability or no liability for payment of withheld taxes to the department. If any person notified fails to appear, the department shall make its determination on the basis of all the information and evidence presented. The department's determination shall be binding on all persons notified and required to appear under this subsection.

(c) If an appeal is taken to the Oregon Tax Court pursuant to ORS 305 560 by any person determined to be liable for unpaid withholding taxes under this subsection, each person required to appear before the department under this subsection shall be impleaded by the plaintiff and made a party to the action before the tax court and shall make available to the Oregon Tax Court such information as was presented before the department, as well as such other information as may be presented to the court. If any person required to appear before the court under this subsection fails or refuses to appear or bring such information in part or in whole, or is outside the jurisdiction of the tax court, the court shall make its determination on the basis of all the evidence introduced. All such evidence shall constitute a public record and shall be available to the parties and the court notwithstanding ORS 314 835, 314 840 or 314 991. The determination of the tax court shall be binding on all persons made parties to the action under this subsection.

(d) Nothing in this section shall be construed to preclude a determination by the department or the Oregon Tax Court that more than one officer, employe or member are jointly liable for unpaid withholding taxes [1969 c 493 §33, 1985 c 406 §4]

316.209 Applicability of ORS 316.162 to 316.212 when services performed by qualified real estate agent or direct seller.

(1) For purposes of ORS 316 162 to 316 212, in the case of services performed as a qualified real estate agent or as a direct seller

(a) The individual performing the services shall not be treated as an employe, and

(b) The person for whom the services are performed shall not be treated as an employer.

(2) As used in this section, "qualified real estate agent" means any individual if

(a) The individual is a real estate licensee under ORS 696 010 to 696 490,

(b) Substantially all of the remuneration (whether or not paid in cash) for the services

performed by the individual as a real estate licensee is directly related to sales or other output (including the performance of services) rather than to the number of hours worked, and

(c) The services performed by the individual are performed pursuant to a written contract between the individual and the real estate broker, real estate appraiser or real estate organization for whom the services are performed and the contract provides that the individual will not be treated as an employe with respect to the services for Oregon tax purposes

(3) As used in this section, "direct seller" means any individual if

(a) The individual is

(A) Engaged in the trade or business of selling, or soliciting the sale of, consumer products to any buyer on a buy-sell basis, a deposit-commission basis or any similar basis, which the department prescribes by rule, for resale by the buyer or any other person, in the home or otherwise than in a permanent retail establishment, or

(B) Engaged in the trade or business of selling, or soliciting the sale of, consumer products in the home or otherwise than in a permanent retail establishment,

(b) Substantially all the remuneration (whether or not paid in cash) for the performance of the services described in paragraph (a) of this subsection is directly related to sales or other output (including the performance of services) rather than to the number of hours worked, and

(c) The services performed by the individual are performed pursuant to a written contract between the individual and the person for whom the services are performed and the contract provides that the individual will not be treated as an employe with respect to the services for Oregon tax purposes [1983 c 597 §3]

316.210 [1953 c 304 §28, repealed by 1957 c 632 §1 (314 285 enacted in lieu of 316 210 and 317 185)]

316.212 Application of penalties, misdemeanors and jeopardy assessment; employer as taxpayer. The provisions of the income tax laws in ORS chapters 305 and 314 and this chapter, relating to penalties, misdemeanors and jeopardy assessments, apply to employers subject to the provisions of ORS 316 162 to 316 212, and for these purposes any amount deducted or required to be deducted and remitted to the department under ORS 316 162 to 316 212 is considered the tax of the employer and with respect to such amount the employer is considered as a taxpayer. [1969 c 493 §34, 1982 s s c 16 §10, 1985 c 87 §5]

ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

316.215 Period for computation of taxable income. (1) For purposes of the tax imposed by this chapter, a taxpayer's taxable year shall be the same as the taxable year for federal income tax purposes

(2) If a taxpayer's taxable year is changed for federal income tax purposes, the taxable year for purposes of the tax imposed by this chapter shall be similarly changed. If a change in taxable year results in a taxable period of less than 12 months, the personal deductions and the personal credits allowed by this chapter shall be prorated under rules adopted by the department

(3) Notwithstanding subsections (1) and (2) of this section, if the department terminates the taxpayer's taxable year under ORS 314 440 (relating to tax in jeopardy), the tax shall be computed for the period determined by such action [1969 c 493 §35, 1975 c 672 §6, 1978 c 9 §2, 1985 c 345 §5]

316.217 Accounting method. (1) For purposes of the tax imposed by this chapter, a taxpayer's method of accounting shall be the same as the method of accounting for federal income tax purposes. If no method of accounting has been regularly used by the taxpayer, taxable income for purposes of this chapter shall be computed under such method that in the opinion of the department fairly reflects income

(2) If a taxpayer's method of accounting is changed for federal income tax purposes, the method of accounting for purposes of this chapter shall similarly be changed and used in the first return filed after such change is effective. ORS 314 275 applies to the degree applicable [1969 c 493 §36]

316.222 Adjustments to prevent duplications or omissions. In computing a taxpayer's taxable income for any taxable year under a method of accounting different from the method under which the taxpayer's taxable income for the previous year was computed, there shall be taken into account those adjustments which are determined, under regulations prescribed by the department, to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted. [1969 c 493 §37]

316.227 Effect of accounting change. (1) If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, any additional tax that results

from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were ratably allocated and included for the taxable year of the change and the preceding taxable years, not in excess of two, during which the taxpayer used the method of accounting from which the change is made, under ORS 314 275

(2) If a taxpayer's method of accounting is changed from an accrual to an instalment method, any additional tax for the year of such change of method and for any subsequent year that is attributable to the receipt of instalment payments properly accrued in a prior year, shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such instalment payments, under regulations prescribed by the department [1969 c 493 §38]

ESTATES AND TRUSTS

(Generally)

316 255 [1953 c 304 §29, repealed by 1959 c 581 §1 (316 256 enacted in lieu of 316 255)]

316 256 [1959 c 581 §2 (enacted in lieu of 316 255), subsection (4) derived from 1959 c 581 §11, repealed by 1969 c 493 §99]

316 257 [1963 c 435 §4, repealed by 1969 c 493 §99]

316 258 [1961 c 225 §2, repealed by 1969 c 493 §99]

316 260 [1953 c 304 §30, repealed by 1969 c 493 §99]

316 265 [1953 c 304 §31, 1953 c 552 §7, repealed by 1959 c 581 §3 (316 266 enacted in lieu of 316 265)]

316 266 [1959 c 581 §4 (enacted in lieu of 316 265), last sentence derived from 1959 c 581 §11, last sentence of subsection (6) enacted as 1961 c 225 §3, 1969 c 103 §1, repealed by 1969 c 493 §99]

316.267 Application of chapter to estates and certain trusts. The tax imposed by this chapter on individuals applies to the taxable income of estates and trusts, except for trusts taxed as corporations under ORS chapter 317 or 318 [1969 c 493 §39, 1973 c 115 §3]

316 270 [1953 c 304 §32, repealed by 1969 c 493 §99]

316.272 Computation and payment on estate or trust. The taxable income of an estate or trust shall be computed in the same manner as in the case of an individual except as otherwise provided by this chapter. The tax shall be paid by the fiduciary [1969 c 493 §40, 1983 c 684 §21]

316 275 [1953 c 304 §33, 1959 c 591 §19, subsection (2) derived from 1959 c 591 §21, repealed by 1969 c 493 §99]

316.277 Associations taxable as corporations exempt from chapter. (1) An association, trust or other unincorporated organization that is taxable as a corporation for

federal income tax purposes is not subject to tax under this chapter, but is taxable as a corporation under ORS chapter 317 or 318, or both, as provided therein

(2) An association, trust, or other unincorporated organization that is not taxable as a corporation for federal income tax purposes but by reason of its purposes or activities is exempt from federal income tax except with respect to its unrelated business taxable income, is taxable under this chapter on such federally taxable income [1969 c 493 §41, 1973 c 402 §21]

316.279 Treatment of business trusts and business trusts income. A domestic or foreign business trust of the type defined in ORS 128 560 is subject to tax under ORS chapter 317 or 318 and amounts distributed by it to its shareholders shall be treated as distributions by a corporation for the purposes of ORS chapters 316, 317 and 318 [1973 c 115 §2]

316 280 [1953 c 304 §34, 1953 c 552 §8, 1955 c 256 §1, paragraph (d) of subsection (6) of 1957 Replacement Part derived from 1955 c 256 §2, repealed by 1959 c 581 §5 (316 281 enacted in lieu of 316 280)]

316 281 [1959 c 581 §6 (enacted in lieu of 316 280), subsection (8) derived from 1959 c 581 §11, 1965 c 99 §1, repealed by 1969 c 493 §99]

(Resident Estates and Trusts)

316.282 Definitions for ORS 316.282 to 316.298. (1) A "resident trust" means a trust of which the fiduciary is a resident of Oregon, or a trust the administration of which is carried on in Oregon

(2) "Resident estate" means an estate of which the fiduciary was appointed by an Oregon court or the administration of which is carried on in Oregon

(3) The "taxable income" of a resident estate or trust means its federal taxable income modified by the addition or subtraction, as the case may be, of its share of the fiduciary adjustment determined under ORS 316 287 [1969 c 493 §§42, 43]

316.285 [1953 c 304 §35, repealed by 1959 c 581 §7 (316 286 enacted in lieu of 316 285)]

316 286 [1959 c 581 §8 (enacted in lieu of 316 285), subsection (6) derived from 1959 c 581 §11, repealed by 1969 c 493 §99]

316.287 "Fiduciary adjustment" defined; shares proportioned. (1) The "fiduciary adjustment" is the net amount of the modifications to federal taxable income described in this chapter (ORS 316 697 being applicable if the estate or trust is a beneficiary of another estate or trust) that relates to its items of income or deduction of an estate or trust

(2) The respective shares of an estate or trust and its beneficiaries (including solely for the purpose of this allocation, nonresident beneficiaries) in the fiduciary adjustment shall be in proportion to their respective shares of federal distributable net income of the estate or trust. If the estate or trust has no federal distributable net income for the taxable year, the share of each beneficiary in the fiduciary adjustment shall be in proportion to the share of the estate or trust income of the beneficiary for such year, under state law or the terms of the instrument, that is required to be distributed currently and any other amounts of such income distributed in such year. Any balance of the fiduciary adjustment shall be allocated to the estate or trust.

(3) The department may by regulation authorize the use of such other methods of determining to whom the items comprising the fiduciary adjustment shall be attributed, as may be appropriate and equitable, on such terms and conditions as the department may require. [1969 c 493 §44, 1975 c 705 §6]

316.290 [1953 c 304 §36, repealed by 1959 c 581 §9 (316.291 enacted in lieu of 316.290)]

316.291 [1959 c 581 §10 (enacted in lieu of 316.290), subsection (4) derived from 1959 c 581 §11, repealed by 1969 c 493 §99]

316.292 Credit for taxes paid another state. A resident estate or trust shall be allowed the credit provided in ORS 316.082 (relating to an income tax imposed by another state) except that the limitation shall be computed by reference to the taxable income of the estate or trust [1969 c 493 §45, 1985 c 802 §10]

316.295 [1953 c 304 §37, 1965 c 202 §1, repealed by 1969 c 493 §99]

316.296 [1965 c 154 §2, repealed by 1969 c 493 §99]

316.297 [1963 c 343 §2, repealed by 1969 c 493 §99]

316.298 Accumulation distribution credit. (1) A resident beneficiary of a trust whose adjusted gross income includes all or part of an accumulation distribution by such trust, as defined in section 665 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due under this chapter for all or a proportionate part of any tax, paid by the trust under this chapter for any preceding taxable year, that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the Internal Revenue Code.

(2) The credit under this section shall not reduce the tax otherwise due from the beneficiary under this chapter to an amount less than would

have been due if the accumulation distribution or part thereof were excluded from the adjusted gross income of the beneficiary [1969 c 493 §46]

316.299 [1965 c 178 §2, repealed by 1969 c 493 §99]

(Nonresident Estates and Trusts)

316.302 Definitions for ORS 316.302 to 316.317. A "nonresident estate or trust" means an estate or trust that is not a resident. [1969 c 493 §47]

316.305 [1953 c 304 §38, 1963 c 283 §2, 1963 c 627 §7 (referred and rejected), repealed by 1969 c 493 §99]

316.306 [1955 c 608 §2, repealed by 1969 c 493 §99]

316.307 Income of nonresident estate or trust. For purposes of ORS 316.302 to 316.317.

(1) Items of income, gain, loss and deduction mean those derived from or connected with sources in this state.

(2) Items of income, gain, loss and deduction entering into the definition of federal distributable net income include such items from another estate or trust of which the first estate or trust is a beneficiary.

(3) The source of items of income, gain, loss or deduction shall be determined under regulations prescribed by the department in accordance with the general rules in ORS 316.127 as if the estate or trust were a nonresident individual.

(4) The income of a nonresident estate or trust consists of.

(a) Its share of items of income, gain, loss and deduction that enter into the federal definition of distributable net income,

(b) Increased or reduced by the amount of any items of income, gain, loss or deduction that are recognized for federal income tax purposes but excluded from the federal definition of distributable net income of the estate or trust;

(c) Less the amount of the deduction for its federal exemption [1969 c 493 §48, 1983 c 684 §22]

316.310 [1953 c 304 §39, 1957 c 18 §1, repealed by 1969 c 493 §99]

316.312 Determination of Oregon share of income. (1) The share of a nonresident estate or trust of items of income, gain, loss and deduction entering into the definition of distributable net income and the share for purpose of ORS 316.127 of a nonresident beneficiary of any estate or trust in estate or trust income, gain, loss and deduction shall be determined as follows

(a) To the amount of items of income; gain, loss and deduction that enter into the definition of distributable net income there shall be added or subtracted, as the case may be, the modifications to federal taxable income described in this chapter to the extent they relate to items of income, gain, loss and deduction that also enter into the definition of distributable net income. No modification shall be made under this section that has the effect of duplicating an item already reflected in the definition of distributable net income.

(b) The amount determined under paragraph (a) of this subsection shall be allocated among the estate or trust and its beneficiaries (including, solely for the purpose of this allocation, resident beneficiaries) in proportion to their respective shares of federal distributable net income. The amounts so allocated have the same character as for federal income tax purposes. If an item entering into the computation of such amounts is not characterized for federal income tax purposes, it has the same character as if realized directly from the source from which realized by the estate or trust, or incurred in the same manner as incurred by the estate or trust.

(c) If the estate or trust has no federal distributable net income for the taxable year, the share of each beneficiary in the net amount determined under paragraph (a) of this subsection shall be in proportion to the beneficiary's share of the estate or trust income for such year, under state law or the terms of the instrument, that is required to be distributed currently and any other amounts of such income distributed in such year. Any balance of such net amount shall be allocated to the estate or trust.

(2) The department may by regulation establish such other method or methods of determining the respective shares of the beneficiaries and of the estate or trust in its income derived from sources in this state, and in the modifications related thereto, as may be appropriate and equitable [1969 c 493 §49, 1975 c 705 §7]

316 315 [1953 c 304 §10, 1955 c 285 §1, subsection (4) of 1955 Replacement Part derived from 1955 c 285 §2, 1957 c 540 §1, 1959 c 593 §4 (referred and rejected), 1963 c 627 §8 (referred and rejected), 1967 c 127 §1, repealed by 1969 c 493 §99]

316.317 Credit to beneficiary for accumulation distribution. A nonresident beneficiary of a trust whose adjusted gross income derived from sources in this state includes all or part of an accumulation distribution by such trust, as defined in section 665 of the Internal Revenue Code, shall be allowed a credit

against the tax otherwise due under this chapter, computed in the same manner and subject to the same limitation as provided by ORS 316 298 with respect to a resident beneficiary [1969 c 493 §50]

316 320 [1953 c 304 §41, 1957 c 73 §1, 1965 c 410 §5, repealed by 1969 c 493 §99]

316 325 [1953 c 304 §42, repealed by 1969 c 493 §99]

316 330 [1953 c 304 §43, 1955 c 580 §1, repealed by 1969 c 493 §99]

316 335 [1953 c 304 §44, 1957 s s c 15 §3, repealed by 1969 c 493 §99]

316.336 [1961 c 608 §2, repealed by 1969 c 493 §99]

316 337 [1957 c 16 §2, repealed by 1969 c 493 §99]

316 340 [1953 c 304 §45, 1953 c 552 §9, 1955 c 589 §1, repealed by 1969 c 493 §99]

PARTNERS AND PARTNERSHIPS

316.342 Partnership not taxable. A partnership as such is not subject to the tax imposed by this chapter. Persons carrying on business as partners are liable for the tax imposed by this chapter only in their separate or individual capacities [1969 c 493 §1]

316 345 [1953 c 304 §46, 1953 c 552 §10, 1959 c 593 §5 (referred and rejected), 1963 c 627 §9 (referred and rejected), 1965 c 337 §1, repealed by 1969 c 493 §99]

316.347 Partnership income has same character as under federal law. (1) Each item of partnership income, gain, loss or deduction has the same character for a partner under this chapter as it has for federal income tax purposes. If an item is not characterized for federal income tax purposes, it has the same character for a partner as if realized directly from the source from which realized by the partnership or incurred in the same manner as incurred by the partnership.

(2) If a partner's distributive share of an item of partnership income, gain, loss or deduction is determined for federal income tax purposes by a special provision in the partnership agreement with respect to such item, and the principal purpose of such provision is the avoidance or evasion of tax under this chapter, the partner's distributive share of such item and any modification required with respect thereto shall be determined in accordance with the partner's distributive share of the taxable income or loss of the partnership generally (that is, exclusive of those items requiring separate computation under section 702 of the Internal Revenue Code) [1969 c 493 §52]

316 350 [1953 c 304 §47, repealed by 1969 c 493 §99]

316.352 Income of nonresident partner. (1) In determining the adjusted gross

income of a nonresident partner of any partnership, there shall be included only that part derived from or connected with sources in this state of the partner's distributive share of items of partnership income, gain, loss and deduction entering into the federal adjusted gross income of the partner, as such part is determined under regulations prescribed by the department in accordance with the general rules in ORS 316 127

(2) In determining the sources of a nonresident partner's income, no effect shall be given to a provision in the partnership agreement which

(a) Characterizes payments to the partner as being for services or for the use of capital, or allocated to the partner, as income or gain from sources outside this state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside this state to partnership income or gain from all sources, except as authorized in subsection (4) of this section, or

(b) Allocates to the partner a greater proportion of a partnership item of loss or deduction connected with sources in this state than the proportionate share of the partner, for federal income tax purposes, of partnership loss or deduction generally, except as authorized in subsection (4) of this section

(3) Any modification to federal taxable income described in this chapter that relates to an item of partnership income, gain, loss or deduction, shall be made in accordance with the partner's distributive share, for federal income tax purposes of the item to which the modification relates, but limited to the portion of such item derived from or connected with sources in this state

(4) The department may, on application, authorize the use of such other methods of determining a nonresident partner's portion of partnership items derived from or connected with sources in this state, and the modifications related thereto, as may be appropriate and equitable, on such terms and conditions as it may require

(5) A nonresident partner's distributive share of items of income, gain, loss or deduction shall be determined under ORS 316 347 (1) The character of partnership items for a nonresident partner shall also be determined under ORS 316 347 (1) The effect of a special provision in a partnership agreement, other than a provision referred to in subsection (2) of this section, having as a principal purpose the avoidance or eva-

sion of tax under this chapter, shall be determined under ORS 316 347 (2) [1969 c 493 §53, 1975 c 705 §8]

316 353 [1957 s s c 15 §6, subsection (6) derived from 1957 s s c 15 §8, 1959 c 92 §1, 1963 c 627 §12 (referred and rejected), 1965 c 410 §6, repealed by 1969 c 493 §99]

316 355 [1953 c 304 §48, repealed by 1969 c 493 §99]

316 360 [1953 c 304 §49, repealed by 1969 c 493 §99]

RETURNS; PAYMENTS

316.362 Persons required to make returns. (1) An income tax return with respect to the tax imposed by this chapter shall be made by the following

(a) Every resident individual

(A) Who is required to file a federal income tax return for the taxable year, or

(B) Who has federal net income of more than \$600 if single or more than \$1,200 if married, or

(C) Who, having attained the age of 65 before the close of a taxable year, has federal net income of more than \$1,200 if single, more than \$1,800 if married and the spouse of the individual has not attained the age of 65, or more than \$2,400, if both have attained the age of 65, before the close of the taxable year

(b) Every nonresident individual

(A) who has federal gross income from sources in this state of more than \$600 if single and \$1,200 if married, or

(B) Who, having attained the age of 65 before the close of a taxable year, has federal gross income from sources within this state of more than \$1,200 if single, more than \$1,800 if married and the spouse of the individual has not yet attained the age of 65, or more than \$2,400 if both have attained the age of 65, before the close of the taxable year, or

(C) Who has any taxable income

(c) Every resident estate or trust that is required to file a federal income tax return

(d) Every nonresident estate that has federal gross income of \$600 or more for the taxable year from sources within this state

(e) Every nonresident trust that for the taxable year has from sources within this state any taxable income, or gross income of \$600 or more regardless of the amount of taxable income

(2) Nothing contained in this section shall preclude the department from requiring any individual, estate or trust to file a return when, in the judgment of the department, a return should be filed [1969 c 493 §54, 1983 c 740 §90]

316.363 Returns; instructions. The instructions to the individual state income tax return form required to be filed by this chapter shall

(1) Be written in simple words used in their commonly understood senses that convey meanings clearly and directly,

(2) Be written in primarily simple, rather than compound or complex, sentences that are as short as possible,

(3) Limit the use of definitions to definitions of words that cannot be properly explained or qualified in the text,

(4) Include an index at the beginning of the instructions to provide a useful guide to the use of the form. The index shall give a comprehensive listing of return form parts in a logical sequence, and the index listings shall clearly state the contents of each section,

(5) Have the text of the instructions printed in roman type at least as large as 10-point modern type, two points leaded,

(6) Have margins that are adequate for purposes of readability, and have a line length of the text not exceeding four inches for a column,

(7) Have section headings printed in a contrasting color, typeface or size, and

(8) Be printed so that the contrast and legibility of the ink and paper used is substantially the equivalent of black ink on white paper [1977 c 736 §2]

316.364 Flesch reading ease score for instructions. (1) The instructions to an individual state income tax return form shall have a total Flesch Reading Ease Score of 60 or higher

(2) As used in this section

(a) "Flesch Reading Ease Score" means $206.835 - (x + y)$ where x equals average sentence length multiplied by 1.015 and y equals average word length multiplied by 84.6

(b) "Average sentence length" means the total number of words in the instructions to the state income tax return form divided by the total number of sentences in the instructions

(c) "Average word length" means the total number of syllables in the instructions to the state income tax return form divided by the total number of words in the instructions [1977 c 736 §3]

316.365 [1953 c 304 §50, 1953 c 552 §11, 1957 c 586 §15, 1959 c 593 §6 (referred and rejected), 1961 c 411 §1, 1963 c 627 §13 (referred and rejected), repealed by 1969 c 493 §99]

316.367 Joint return by husband and wife. A husband and wife may make a joint

return with respect to the tax imposed by this chapter even though one of the spouses has neither gross income nor deductions, except that

(1) No joint return shall be made under this chapter if the spouses are not permitted to file a joint federal income tax return,

(2) If the federal income tax liability of either spouse is determined on a separate federal return, their income tax liabilities under this chapter shall be determined on separate returns,

(3) If the federal income tax liabilities of husband and wife are determined on a joint federal return, they shall file a joint return under this chapter and their tax liabilities shall be joint and several, and

(4) If neither spouse is required to file a federal income tax return and either or both are required to file an income tax return under this chapter, they may elect to file separate or joint returns and pursuant to such election their liabilities shall be separate or joint and several [1969 c 493 §55, 1985 c 802 §9]

Note See note under 314.415

316.369 Relief from liability for erroneous items of one spouse. (1) If a joint return has been made under this chapter for a taxable year and on the return there is a substantial understatement of tax attributable to grossly erroneous items of one spouse, upon compliance with subsection (2) of this section, the other spouse shall be relieved of liability for tax, including interest, penalties and other amounts, for the taxable year and to the extent that the liability is attributable to the grossly erroneous items

(2) To qualify for relief from liability for tax under subsection (1) of this section, the other spouse must establish

(a) If the Internal Revenue Service has made a determination under section 6013(e) of the Internal Revenue Code, for the same taxable year, that the determination relieved the spouse from liability for federal taxes, or

(b) If the Internal Revenue Service has not made a determination under section 6013(e) of the Internal Revenue Code with respect to the spouse, the spouse would be qualified to be relieved of liability for federal taxes for the same taxable year under section 6013(e) of the Internal Revenue Code and the regulations issued thereunder [1983 c 627 §2, 3, 1985 c 802 §9a]

Note See note under 314.415

316.370 [1953 c 304 §51, repealed by 1969 c 493 §99]

316.372 Minor to file return; unpaid tax assessable against parent. A minor shall

file a return and include therein all items of income, including income attributable to personal services, and such income shall not be included on the return of the parent. All expenditures by the parent or the minor attributable to such income are considered to have been paid or incurred by the minor. However, any tax assessed against the minor, to the extent, attributable to income from personal services, if not paid by the minor, for all purposes shall be considered as having also been properly assessed against the parent. For the purposes of this section the term "parent" includes an individual who is entitled to the services of a minor by reason of having parental rights and duties in respect of such minor [1969 c 493 §56]

316 375 [1953 c 304 §52, 1957 c 16 §3, repealed by 1969 c 493 §99]

316.377 Individual under disability.

An income tax return for an individual who is unable to make a return by reason of minority or other disability shall be made and filed by a duly authorized agent of the individual, guardian, conservator, fiduciary or other person charged with the care of the person or property of the individual other than a receiver in possession of only a part of the individual's property [1969 c 493 §57, 1985 c 761 §13]

316 380 [1953 c 304 §53, repealed by 1969 c 493 §99]

316.382 Returns by fiduciaries. (1) An income tax return, in the name of the decedent, for any deceased individual shall be made and filed by a personal representative or other person charged with the care of the property, and this duty extends to any unfiled return prior to decedent's death. The tax shall be levied upon and collected from the estate. A final return of a decedent shall be due when it would have been due if the decedent had not died.

(2) The income tax return of an estate or trust shall be made and filed by the fiduciary thereof, whether the income is taxable to the estate or trust or to the beneficiaries thereof. If two or more fiduciaries are acting jointly, the return may be made by any one of them [1969 c 493 §58, 1975 c 705 §9]

316 385 [1963 c 435 §2, repealed by 1969 c 493 §99]

316.387 Final account of a fiduciary; tax settlement. (1) No final account of a fiduciary shall be allowed by any court unless the account shows, and the judge of the court finds, that all taxes imposed by this chapter upon the fiduciary that have been payable have been paid, and that all taxes that may become due are secured by bond, deposit or other security acceptable to the department. No order closing an estate

shall be entered unless the fiduciary files with the clerk of the court the department's certificate of release, or shows that 60 days have elapsed since the mailing to the department of a request for such release and that the department has not filed any objection to the final account.

(2) For the purpose of facilitating the settlement and distribution of estates held by fiduciaries, the department, on behalf of the state, may agree upon the amount of taxes at any time due or to become due from such fiduciaries under this chapter with respect to a tax return or returns of or for a decedent individual or an estate or trust, and payment in accordance with such agreement shall be in full satisfaction of the taxes to which the agreement relates [1969 c 493 §59, 1971 c 333 §3]

316 390 [1963 c 435 §3, repealed by 1969 c 493 §99]

316.392 Notice of qualification of receiver and others. Every receiver, trustee in bankruptcy, assignee for benefit of creditors or other like fiduciary, shall give notice of qualification as such to the department, as may be required by regulation [1969 c 493 §60]

316 397 [1969 c 493 §61, 1971 c 332 §1, 1975 c 672 §7, 1978 c 9 §3, 1981 c 801 §5, repealed by 1983 c 684 §24]

316 402 [1969 c 493 §62, repealed by 1971 c 332 §2]

316 405 [1975 c 410 §2, 1967 c 110 §1, repealed by 1969 c 493 §99]

316 406 [1959 c 591 §21, repealed by 1965 c 410 §7]

316.407 Time and place for filing returns and paying tax. (1) The income tax return required by this chapter shall be filed with the department on or before the 15th day of the fourth month following the close of the taxpayer's taxable year. A person required to make and file a return under this chapter, without assessment, notice or demand, shall pay any tax due thereon to the Department of Revenue on or before the date fixed for filing such return (determined without regard to any extension of time for filing the return).

(2) The tax may be paid with uncertified check during such time and under such regulations as the department shall prescribe, but if a check so received is not paid by the bank on which it is drawn the taxpayer by whom such check is tendered remains liable for the payment of the tax and for all legal penalties the same as if the check had not been tendered [1969 c 493 §63, 1971 c 354 §6, 1975 c 593 §18, 1979 c 470 §1, 1980 s s c 7 §23]

316 408 [1959 c 591 §2, 1963 c 388 §3, 1963 c 627 §14 (referred and rejected), repealed by 1965 c 410 §7]

316 410 [1959 c 591 §3, repealed by 1965 c 410 §7]

316 411 [1963 c 388 §2, 4, repealed by 1965 c 410 §7]

316 412 [1959 c 591 §4, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 414 [1959 c 591 §5, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 415 [1965 c 410 §3, repealed by 1969 c 493 §99]

316.417 Date return considered made or advance payment made. (1) A return filed before the last day prescribed by law for the filing thereof is considered as filed on the last day. An advance payment of any portion of the tax made at the time the return was filed is considered as made on the last day prescribed by law for the payment of the tax or, if the taxpayer elected to pay the tax in instalments, on the last day prescribed for the payment of the first instalment. The last day prescribed by law for filing the return or paying the tax shall be determined without regard to any extension of time granted the taxpayer by the department.

(2) ORS 305 820 applies to returns filed by mail and to due dates that fall on a Saturday, Sunday or legal holiday [1969 c 493 §64]

316 420 [1959 c 591 §6, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 422 [1969 c 493 §65, repealed by 1971 c 354 §7]

316 425 [1965 c 410 §4, repealed by 1969 c 493 §99]

316 426 [1959 c 591 §7, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 430 [1959 c 591 §8, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 432 [1959 c 591 §9, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 434 [1959 c 591 §10, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 436 [1959 c 591 §11, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 438 [1959 c 591 §12, repealed by 1963 c 627 §23 (referred and rejected), repealed by 1965 c 410 §7]

316 440 [1959 c 591 §13, repealed by 1965 c 410 §7]

316 442 [1959 c 591 §14, repealed by 1965 c 410 §7]

316 444 [1959 c 591 §15, repealed by 1965 c 410 §7]

316 446 [1959 c 591 §16, repealed by 1965 c 410 §7]

316 448 [1959 c 591 §17, repealed by 1965 c 410 §7]

316 450 [1959 c 591 §18, repealed by 1965 c 410 §7]

316 454 [1965 c 248 §3, repealed by 1969 c 493 §99]

316 455 [1953 c 304 §54, 1953 c 552 §12, 1955 c 596 §2, 1957 c 586 §2, 1957 s s c 15 §4, 1963 c 486 §1, 1963 c 627 §15 (referred and rejected), 1965 c 248 §1, repealed by 1969 c 493 §99]

316.457 Department may require copy of federal return. If directed to do so by the department, through regulations or instructions upon the state income tax return form, every

taxpayer required by this chapter to file an income tax return with the department shall also file with such return a true copy of the federal tax return filed by the taxpayer pursuant to the requirements of the Internal Revenue Code for the same taxable year. The department may, in its discretion, promulgate regulations or instructions that permit taxpayers to submit specified excerpts from federal returns in lieu of submitting copies of the entire federal return. The federal return or any part thereof required to be filed with the state income tax return is incorporated in and shall be a part of the state income tax return. [1969 c 493 §66, 1977 c 872 §6]

316.462 Change of election. Any election expressly authorized by this chapter may be changed on such terms and conditions as the department may prescribe by regulation [1969 c 493 §67]

316.467 Partnership information return; penalty. (1) Every partnership having a resident partner or having any income derived from sources in this state, determined in accordance with the applicable rules as in the case of a nonresident individual, shall make a return for the taxable year setting forth all items of income, gain, loss and deduction, and the names and addresses of the individuals (whether residents or nonresidents) who would be entitled to share in the net income, if distributed, and the amount of the distributive share of each individual, and such other pertinent information as the department may prescribe by regulations and instructions. Such return shall be filed on or before the 15th day of the fourth month following the close of each taxable year. For purposes of this section, "taxable year" means a year or period which would be a taxable year of the partnership if it were subject to tax under this chapter.

(2) If a partnership transacting business in this state is required to make a return under subsection (1) of this section and fails to file the return or files a return which fails to show the information required under subsection (1) of this section, the department shall assess a penalty against the partnership in the amount specified in subsection (3) of this section for each month or part of a month during which the failure continues.

(3) The amount of the penalty imposed under subsection (2) of this section shall be determined by the department by rule. However, the amount of the penalty imposed for each month shall not exceed the product of \$50 multiplied by the number of persons who were partners in the partnership during any part of the taxable year,

and the total amount of the penalty shall not exceed five times the monthly penalty

(4) The penalty imposed under this section is in addition to any other penalty provided by law. Any partnership against which a penalty is assessed under this section may appeal to the director as provided in ORS 305.275. If the penalty is not paid within 10 days after the department's order becomes final, the department may record the order and collect the amount assessed in the same manner as income tax deficiencies are recorded and collected under ORS 314.430.

(5) The department may waive all or any part of the penalty imposed under this section if the failure was due to reasonable cause. [1969 c 493 §68, 1985 c 602 §14]

316.472 Tax treatment of common trust fund; information return required.

(1) The tax treatment of common trust funds and participants therein, under this chapter, is governed by the provisions of the Internal Revenue Code.

(2) Every bank or trust company maintaining a common trust fund shall make a return to the department for each tax year, stating specifically, with respect to such fund, the items of gross income and deductions, and shall include in the return information sufficient to identify the trusts and estates entitled to share in the net income of the common trust fund and the amount of the proportionate share of each such participant. The return shall be made at such time as is designated by the department. [1969 c 493 §69]

316.475 [Formerly 316.080, amended by 1961 c 218 §1, repealed by 1969 c 493 §99]

316.480 [1967 c 592 §7, 1969 c 340 §2, repealed by 1969 c 493 §99, see 316.097]

316.485 Arts Development Fund contribution from refund. (1) Resident individual taxpayers who file an Oregon income tax return and who will receive a tax refund from the Department of Revenue may designate that a contribution be made to the Arts Development Fund by marking the appropriate box printed on the return pursuant to subsection (2) of this section.

(2) The Department of Revenue shall print on the face of the Oregon income tax form for residents a space for taxpayers to designate that a contribution be made to the Arts Development Fund from their income tax refund. The space for designating the contribution shall provide for checkoff boxes in the amount of \$1, \$5, \$10 or other dollar amount. [1981 c 411 §1]

Note 316.485 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 316 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

DISTRIBUTION OF REVENUE

316.502 Distribution of revenue to General Fund; working balance. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts available generally to meet any expense or obligation of the State of Oregon lawfully incurred.

(2) A working balance of unreceipted revenue from the tax imposed by this chapter may be retained for the payment of refunds, but such working balance shall not at the close of any fiscal year exceed the sum of \$1 million.

(3) Moneys are continuously appropriated to the Department of Revenue to make the refunds authorized under subsection (2) of this section. [1969 c 493 §70, 1977 c 761 §2]

316.505 [1953 c 304 §55, 1953 c 552 §13, 1955 c 596 §3, subsection (3) derived from 1955 c 596 §4, 1957 c 586 §3, 1963 c 627 §16 (referred and rejected), repealed by 1969 c 493 §99]

316.510 [1953 c 304 §56, 1957 c 586 §4, repealed by 1969 c 493 §99]

316.512 [1965 c 592 §2, repealed by 1969 c 493 §99]

316.513 [1965 c 592 §3, repealed by 1969 c 493 §99]

316.515 [1953 c 304 §57, repealed by 1969 c 493 §99]

316.520 [1953 c 304 §58, repealed by 1957 c 632 §1 (314.355 enacted in lieu of 316.520)]

316.525 [1953 c 304 §59, repealed by 1969 c 493 §99]

316.530 [1953 c 304 §60, repealed by 1969 c 493 §99]

316.535 [1953 c 304 §61, repealed by 1957 c 632 §1 (314.360 enacted in lieu of 316.535)]

316.540 [1953 c 304 §62, repealed by 1969 c 493 §99]

316.545 [1953 c 304 §63, repealed by 1957 c 632 §1 (314.385 enacted in lieu of 316.545 and 317.355)]

316.550 [1953 c 304 §64, repealed by 1957 c 632 §1 (314.365 enacted in lieu of 316.550 and 317.365)]

316.555 [1953 c 304 §65, repealed by 1957 c 632 §1 (314.370 enacted in lieu of 316.555)]

PAYMENT OF ESTIMATED TAXES

316.557 "Estimated tax" defined. As used in ORS 316.557 to 316.589, "estimated tax" means the amount of income tax imposed under this chapter for the taxable year, as estimated by the individual, minus the sum of any credits as estimated by the individual against tax provided by this chapter. [1980 s s c 7 §4, 1985 c 603 §4]

316.559 Application of ORS 316.557 to 316.589 to estates and trusts. ORS 316 557 to 316 589 do not apply to an estate or trust [1980 s s c 7 §9]

316 560 [1953 c 304 §66, repealed by 1957 c 632 §1 (314 295 enacted in lieu of 316 560 and 317 375)]

316.563 When declaration of estimated tax required; exception; effect of short tax year; content; amendment. (1) Except as provided in subsection (2) of this section, every individual shall declare an estimated tax for the taxable year if

(a) The gross income for the taxable year can be reasonably expected to include more than \$1,000 from sources other than wages as defined in ORS 316 162 (2), or

(b) The gross income for the taxable year can be reasonably expected to exceed

(A) \$20,000 in the case of

(i) A single individual, including a head of household as defined in section 2 (b) of the Internal Revenue Code of 1954, or a surviving spouse as defined in section 2 (a) of the Internal Revenue Code of 1954, or

(ii) A married individual entitled under ORS 316 567 to file a joint declaration with a spouse, but only if the spouse has not received wages, as defined in ORS 316 162 (2) for the taxable year, or

(B) \$10,000 in the case of a married individual entitled under ORS 316 567 to file a joint declaration with a spouse, but only if each spouse has received wages as defined in ORS 316 162 (2) for the taxable year, or

(C) \$5,000 in the case of a married individual not entitled under ORS 316 567 to file a joint declaration with a spouse

(2) No declaration is required if the estimated tax as defined in ORS 316 557 is less than \$100

(3) An individual with a taxable year of less than 12 months shall make a declaration in accordance with rules adopted by the department

(4) An individual may amend the declaration filed during the taxable year under rules prescribed by the department

(5) The declaration shall contain information required by the department by rule [1980 s s c 7 §2, 2a, 5, 8, 1981 c 678 §1a]

316 565 [1953 c 304 §67, repealed by 1957 c 632 §1 (314 380 enacted in lieu of 316 565 and 317 380)]

316.567 Joint declaration of husband and wife; liability; effect on nonjoint

returns. (1) Except as provided in subsection (2) of this section, a husband and wife may make a single declaration jointly under ORS 316 557 to 316 589. The liability of the husband and wife making such a declaration shall be joint and several

(2) A husband and wife may not make a joint declaration

(a) If either the husband or the wife is a nonresident alien,

(b) If they are separated under a decree of divorce or of separate maintenance, or

(c) If they have different taxable years

(3) If a husband and wife make a joint declaration but not a joint return for the taxable year, the husband and wife may, in such manner as they may agree, and after giving notice of the agreement to the department

(a) Treat the estimated tax for the year as the estimated tax of either the husband or of the wife, or

(b) Divide the estimated tax between them

(4) If a husband and wife fail to agree, or fail to notify the department of the manner in which they agree, to the treatment of estimated tax for a taxable year for which they make a joint declaration but not a joint return, the payments shall be allocated between them according to rules adopted by the department. Notwithstanding ORS 314 835, 314 840 or 314 991, the department may disclose to either the husband or the wife the information upon which an allocation of estimated tax was made under this section [1980 s s c 7 §3, 1985 c 603 §5]

Note See note under 314 415

316.569 When declaration required of nonresident. No declaration shall be required of a nonresident individual under ORS 316 557 to 316 589 unless

(1) Withholding under this chapter is made applicable to the wages, as defined in ORS 316 162, of the nonresident individual, or

(2) The nonresident individual has income, other than compensation for personal services subject to deduction and withholding under ORS 316 162, which is effectively connected with the conduct of a trade or business within this state [1980 s s c 7 §10, 1985 c 603 §6]

316 570 [1953 c 304 §68, 1957 c 586 §16, 1959 c 632 §1, 1961 c 504 §2, 1969 c 166 §6, repealed by 1969 c 493 §99]

316.573 When individual not required to file declaration. (1) An individual need not file a declaration of estimated tax required by ORS 316 563 (1), if

(a) The estimated gross income of the individual from farming or fishing, including oyster farming, for the taxable year is at least two-thirds of the total estimated gross income from all sources for the taxable year, or

(b) The gross income of the individual from farming or fishing, including oyster farming, shown on the return of the individual in the preceding taxable year is at least two-thirds of the total gross income from all sources shown on such return

(2) For purposes of computing gross income under this section, an individual who is a stockholder of one or more electing small business corporations for federal income tax purposes shall consider his or her share of the gross income of the electing small business corporation as his or her individual income. The electing small business corporation gross income shall be classed as farming, fishing, nonfarming or nonfishing as the case may be in carrying out the provisions of this section [1980 ss c 7 §12]

316.575 [1953 c 304 §69, 1955 c 595 §1, repealed by 1957 c 586 §19]

316.577 Date of filing declaration.

Except as provided in ORS 316.573, declarations of estimated tax required by ORS 316.563 (1) from individuals who are neither farmers nor fishermen for the purpose of that section shall be filed for tax years beginning on or after January 1, 1982, on or before April 15 of the taxable year, except that if the requirements of ORS 316.563 (1) are first met

(1) After April 1 and before June 2 of the taxable year, the declaration shall be filed on or before June 15 of the taxable year,

(2) After June 1 and before September 2 of the taxable year, the declaration shall be filed on or before September 15 of the taxable year, or

(3) After September 1 of the taxable year, the declaration shall be filed on or before January 15 of the succeeding year [1980 ss c 7 §11, 1981 c 678 §2, 1983 c 162 §64]

316.575 Amount of estimated tax to be paid with declaration; instalment schedule; prepayment of instalment. (1) For taxable years beginning on or after January 1, 1982, an individual shall pay the estimated tax, with respect to which a declaration is required under ORS 316.563 (1), as provided in subsections (2) to (6) of this section

(2) If the declaration is filed on or before April 15 of the taxable year, the estimated tax shall be paid in four equal instalments. The first instalment shall be paid at the time of the filing of

the declaration, the second and third on June 15 and September 15 of the taxable year, and the fourth on January 15 of the succeeding year

(3) If the declaration is filed after April 15 and not after June 15 of the taxable year, and is not required by ORS 316.577 to be filed on or before April 15 of the taxable year, the estimated tax shall be paid in three equal instalments. The first instalment shall be paid at the time of the filing of the declaration, the second on September 15 of the calendar year, and the third on January 15 of the succeeding taxable year

(4) If the declaration is filed after June 15 and not after September 15 of the taxable year, and is not required by ORS 316.577 to be filed on or before June 15 of the taxable year, the estimated tax shall be paid in two equal instalments. The first instalment shall be paid at the time of filing of the declaration, and the second on January 15 of the succeeding taxable year

(5) If the declaration is filed after September 15 of the taxable year and is not required by ORS 316.577 to be filed on or before September 15 of the taxable year, the estimated tax shall be paid in full at the time of filing of the declaration

(6) If the declaration is filed after the time prescribed in ORS 316.577, subsections (3) to (5) of this section shall not apply. Instead, there shall be paid at the time of filing all instalments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in ORS 316.577, and the remaining instalments shall be paid at the times at which, and in the amounts in which, they would have been payable if the declaration had been so filed

(7) If a taxpayer does not file a declaration but files a return on or before January 31 of the succeeding year and pays in full the amount stated as due on the return

(a) If the declaration is not required to be filed during the taxable year, but is required to be filed on or before January 15, the return shall be considered as the declaration, and

(b) If the tax shown on the return, as reduced by the sum of the credits against the tax provided by this chapter, is greater than the estimated tax shown in an earlier declaration, or in the last amendment thereof, the return shall be considered as the amendment of the declaration permitted by ORS 316.563 (4) to be filed on or before January 15

(8) In the application of this section to a taxable year beginning on any date other than January 1, there shall be substituted for the 15th

or last day of the month specified in this section, the 15th or last day of the corresponding month

(9) An individual may pay an instalment of the estimated tax before the date prescribed for its payment

(10) Any payment of estimated tax received by the department for which the taxpayer has made no designation of the instalment to which the payment is to be applied, shall first be applied to underpayments of estimated tax due for any prior instalment due for the taxable year. Any excess amount shall be applied to the instalment that next becomes due after the payment was received [1980 s s c 7 §§16, 20, 1981 c 678 §3, 1985 c 603 §7]

Note See note under 314 415

316 580 [1953 c 304 §70, 1955 c 595 §2, 1957 c 586 §17, renumbered 316 751]

316.583 Effect of payment of estimated tax or instalment; credit for overpayment of prior year taxes. (1) Payment of the estimated income tax or any instalment shall be considered payment on account of the income taxes imposed by this chapter for the taxable year

(2) The department may adopt rules which enable the taxpayer or department to credit against the estimated income tax the amount the taxpayer or the department determines to be an overpayment of the income tax for a preceding taxable year [1980 s s c 7 §§19, 21]

316 585 [1953 c 304 §71, 1955 c 595 §3, 1957 c 586 §18, renumbered 316 770]

316.587 Effect of underpayment of estimated tax; computation of underpayment. (1) Except as provided in subsection (4) of this section, if an individual makes an underpayment of estimated tax, interest shall accrue at the rate established under ORS 305 220 for each month, or fraction thereof, on the amount underpaid for the period the estimated tax or any instalment remains unpaid. The penalty provisions contained in ORS chapter 314 for underpayment of tax shall not apply to underpayments of estimated tax under ORS 316 557 to 316 589

(2) For purposes of subsection (1) of this section, the amount of underpayment shall be

(a) When an individual files a return, the excess of the amount of the instalment which would be due if the estimated tax were equal to 80 percent of the tax shown on the return for the taxable year over any amount of the instalment paid on or before the last date prescribed for the payment, or

(b) When no return is filed, the excess of the amount of the instalment which would be due if the estimated tax were equal to 80 percent of the tax for the taxable year over any amount of the instalment paid on or before the last date prescribed for the payment

(3) The period of underpayment shall run from the date the instalment was due to the earlier of the following dates

(a) The 15th day of the fourth month following the close of the taxable year, or

(b) With respect to any portion of the underpayment, the date on which the portion is paid

(4) Interest accruing under subsection (1) of this section shall not be imposed if the individual was a resident of this state throughout the preceding taxable year and had no tax liability for that year, and the preceding taxable year was a taxable year of 12 months, or if the total of all payments of estimated tax made on or before the last date prescribed for the payment of such instalment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were the lesser of.

(a) The tax shown on the return of the individual for the preceding taxable year, if the return showing a liability for tax was filed by the individual for the preceding taxable year and the preceding taxable year was a taxable year of 12 months, or

(b) An amount equal to 80 percent of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the instalment is required to be paid

(5) For purposes of this section, the estimated tax shall be computed without any reduction for the amount of credit estimated to be allowed to the individual for the taxable year under ORS 316 187. The amount of the credit allowed under ORS 316 187 for the taxable year shall be considered a payment of estimated tax. An equal part of the credit shall be considered paid on each instalment date for the taxable year, unless the taxpayer establishes the date on which all amounts were actually withheld, in which case the amount so withheld shall be considered payment of estimated tax on the dates on which the amounts were actually withheld

(6) For purposes of subsections (2) and (4) of this section, the term "tax" means the tax imposed by this chapter minus any credits against tax allowed by this chapter, other than the credit against tax provided by ORS 316 187 [1980 s s c 7 §22, 1982 s s 1 c 16 §21, 1985 c 603 §8]

Note See note under 314 415

316.589 Application to short tax years and tax years beginning on other than January 1. (1) The application of ORS 316 557 to 316 589 to taxable years of less than 12 months shall be in accordance with rules adopted by the Department of Revenue

(2) In the application of ORS 316 557 to 316 589 to a taxable year beginning on any date other than January 1 there shall be substituted, for the months specified in ORS 316.557 to 316 589, the months which correspond thereto [1980 s s c 7 §§14, 15, 1985 c 603 §9]

316.590 [1953 c 304 §72, repealed by 1969 c 493 §99]

316 605 [1953 c 304 §73, 1955 c 590 §1, repealed by 1957 c 632 §1 (314 405 enacted in lieu of 316 605 and 317 405)]

316 610 [1953 c 304 §74, 1953 c 552 §14, 1957 c 17 §1, repealed by 1957 c 632 §1 (314 410 enacted in lieu of 316 610 and 317 410)]

316 615 [1953 c 304 §75, 1953 c 552 §15, 1955 c 583 §1, 1957 c 23 §1, repealed by 1957 c 632 §1 (314 415 enacted in lieu of 316 615 and 317 415)]

316 620 [1953 c 304 §76, 1955 c 355 §1, repealed by 1957 c 632 §1 (314 420 enacted in lieu of 316 620, 317 370 and 317 420)]

316 625 [1953 c 304 §77, repealed by 1957 c 632 §1 (314 425 enacted in lieu of 316 625 and 317 425)]

316 630 [1953 c 304 §78, repealed by 1957 c 632 §1 (314 430 enacted in lieu of 316 630 and 317 430)]

316 635 [1953 c 304 §79, repealed by 1957 c 632 §1 (314 435 enacted in lieu of 316 635 and 317 435)]

316 640 [1953 c 304 §80, repealed by 1957 c 632 §1 (314 440 enacted in lieu of 316 640, 317 440 and 317 445)]

316 645 [1953 c 304 §81, 1961 c 504 §3, repealed by 1969 c 166 §8 and 1969 c 493 §99]

316 650 [1953 c 304 §82, 1953 c 552 §16, repealed by 1957 c 632 §1 (314 445 enacted in lieu of 316 650 and 317 455)]

316 655 [1953 c 304 §83, 1953 c 552 §17, repealed by 1957 c 632 §1 (subsections (1) and (2) of 314 450 enacted in lieu of 316 655 and 317 460)]

316 660 [1953 c 304 §84, repealed by 1957 c 632 §1 (314 455 enacted in lieu of 316 660 and 317 465)]

316 665 [1953 c 304 §85, 1953 c 552 §18, 1955 c 588 §1, repealed by 1957 c 632 §1 (314 460 enacted in lieu of 316 665 and 317 470)]

316 670 [1953 c 304 §86, repealed by 1957 c 632 §1 (314 465 enacted in lieu of 316 670 and 317 475)]

316 675 [1953 c 304 §87, 1953 c 552 §19, repealed by 1957 c 632 §1 (314 470 enacted in lieu of 316 675 and 317 480)]

MODIFICATIONS TO TAXABLE INCOME GENERALLY

316.680 Modification of taxable income. (1) There shall be subtracted from federal taxable income

(a) The interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includable in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States. However, the amount subtracted under this section shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this section, and by any expenses incurred in the production of interest or dividend income described in this section to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income

(b) The amount of any federal income taxes accrued by the taxpayer during the taxable year as described in ORS 316.685, less the amount of any refunds of federal taxes previously accrued for which a tax benefit was received

(c) Amounts received by a retiree, or the surviving spouse of a retiree in the taxable year in compensation for or on account of personal services rendered in prior years, from a pension, annuity, retirement or similar fund under a public retirement system established by the United States, including the retirement system for the performance of service in the Armed Forces of the United States, or by this state or any municipal corporation or political subdivision of this state (but excluding the Public Employees' Retirement System established by ORS chapter 237). In the case of a public retirement system established by the United States, including the retirement system for the performance of service in the Armed Forces of the United States, the maximum amount excludable from taxable income from such pensions or annuities shall be in the amount of \$3,400. However, if the taxpayer is under 62, the \$3,400 subtraction is reduced dollar for dollar to the extent of any earned income, as defined in subsection (3) of this section, received during the taxable year. If the taxpayer receives \$25,000 or more of household income, as defined in ORS 310 630, the subtraction is zero

(d) The amount of any payments received from the Public Employees' Retirement Fund under ORS 237 001 to 237 315 which are exempt from state taxation under ORS 237 201

(e) Compensation (other than pension or retirement pay) received for active service performed by a member of the Armed Forces of the United States in an amount not to exceed \$3,000 per annum

(f) For taxable years open to audit on October 5, 1973, the amount of any deferred income which

was added to federal taxable income for state tax purposes under paragraph (e) of subsection (2) of this section in a prior taxable year and which is now added to federal taxable income. For purposes of this paragraph, the amount subtracted shall not exceed the amount of gain now reported on the federal return. If the gain is a capital gain or subject to capital gain treatment, the adjustments under this paragraph shall be similar to the adjustments made under paragraph (e) of subsection (2) of this section in the prior year.

(g) For taxable years beginning on and after January 1, 1972, any expenses under ORS 118.070 (6) that have not been deducted in computing federal taxable income and have not been and will not be claimed as deductions for Oregon inheritance tax purposes under ORS 118.070.

(2) There shall be added to federal taxable income

(a) Interest or dividends on obligations or securities of any foreign state or of a political subdivision or authority of any foreign state

(b) Interest or dividends on obligations of any authority, commission, instrumentality and territorial possession of the United States which by the laws of the United States are exempt from federal income tax but not from state income taxes

(c) The amount of any federal estate taxes allocable to income in respect of a decedent not taxable by Oregon

(d) The amount of any allowance for depletion in excess of the taxpayer's adjusted basis in the property depleted, deducted on the taxpayer's federal income tax return for the taxable year, pursuant to sections 613, 613A, 614, 616 and 617 of the Internal Revenue Code

(e) For taxable years beginning on and after January 1, 1969, the amount of any gain which is deferred for tax recognition purposes upon the voluntary or involuntary conversion or exchange of tangible real or personal property where the property newly acquired by the taxpayer has a situs outside the jurisdiction of the State of Oregon. However, for taxable years beginning on and after January 1, 1979, this paragraph shall not apply to the principal residence newly acquired by the taxpayer even if its situs is outside the jurisdiction of the State of Oregon.

(f) For taxable years beginning on and after January 1, 1972, any expenses under ORS 118.070 (6) that have been or will be claimed as deductions for Oregon inheritance tax purposes in an amount not to exceed the deductions actually claimed by the taxpayer on the federal income tax return for the same taxable year.

(g) For taxable years beginning on or after January 1, 1985, the dollar amount deducted under section 151 of the Internal Revenue Code for personal exemptions for the taxable year.

(3) In the case of amounts received from the retirement system for or on account of performance of service in the Armed Forces of the United States as described in paragraph (c) of subsection (1) of this section the \$3,400 exclusion shall be granted only to taxpayers age 65 or older and such exclusion is further reduced dollar for dollar to the extent of any earned income received during the taxable year. "Earned income" means salaries, wages, or professional fees and other amounts received as compensation for personal services rendered, past or present, but does not include amounts received from such retirement system. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income producing factors only 50 percent of the income from such trade or business shall be considered to be from personal services.

(4) As used in paragraph (c) of subsection (1) of this section, "surviving spouse" means any person to whom the retiree was married at the time of death and who is a recipient of compensation from the pension, annuity, retirement or similar fund on account of the marriage.

(5) Discount and gain or loss on retirement or disposition of obligations described under paragraph (a) of subsection (2) of this section issued on or after January 1, 1985 shall be treated for purposes of this chapter in the same manner as under sections 1271 to 1283 and other pertinent sections of the Internal Revenue Code as if the obligations, although issued by a foreign state or a political subdivision of a foreign state, were not tax exempt under the Internal Revenue Code [Formerly 316.067, 1985 c 345 §7, 1985 c 802 §11].

Note Sections 2 and 3, chapter 316, Oregon Laws 1985, provide

Sec 2. ORS 316.680 (1)(a) shall apply to the interest or dividends described under ORS 316.680 (1)(a) to the extent such interest or dividends are includable in arriving at federal taxable income as distributions from plans to benefit the self-employed or from individual retirement accounts described under sections 401 to 408 of the Internal Revenue Code.

Sec 3 Section 2 of this Act applies to tax years beginning on or after January 1, 1985, and prior to January 1, 1989.

316.685 Federal income tax deductions; accrual method of accounting required. (1) Notwithstanding ORS 314.275 and any provision of the Personal Income Tax Act of 1969, for tax years beginning on and after

January 1, 1969, the federal income tax deduction provided by ORS 316 680 shall be as reported on the taxpayer's original return and shall be computed on the accrual method of accounting. Any adjustments to the federal income tax deduction now or hereafter required by Oregon law, including but not limited to the elimination of the self-employment tax, also shall be computed and eliminated according to the accrual method of accounting.

(2) Cash basis taxpayers who have made payments of taxes for years beginning prior to January 1, 1969, in tax years beginning on or after January 1, 1969, shall be entitled to a deduction for such taxes paid for those years in accordance with their usual method of accounting.

(3) Cash basis taxpayers receiving a refund of federal income taxes paid for years beginning prior to January 1, 1969, in tax years beginning on and after January 1, 1969, shall include such refunds in income in accordance with the method of accounting in effect for tax years beginning prior to January 1, 1969.

(4) If refunds or additional assessments result from an adjustment whether initiated by the federal or state government or the taxpayer after the filing of the original return by the taxpayer, any additional federal taxes shall be deductible by the Oregon taxpayer under this section in the year in which the adjustment is finally determined or paid whichever is later. In the case of a refund the tax reduction will be added to the taxpayer's income in the year in which the refund is received.

(5) For purposes of this chapter, federal income tax does not include the following:

(a) Taxes, contributions or other payments paid by employes in pursuance of federal laws relating to social security, railroad retirement, unemployment compensation or old age benefits.

(b) Taxes paid pursuant to the Self-Employment Contribution Act, subtitle A, chapter 2, Internal Revenue Code of 1954 [Formerly 316 072].

316.690 Foreign income taxes. (1) Subject to subsection (2) of this section, in addition to other modifications provided in this chapter, and if a taxpayer elects to take foreign income taxes imposed for the taxable year by a foreign country as a credit on the federal income tax return or does not itemize personal deductions on the federal income tax return, there shall be subtracted from federal taxable income in the computation of state taxable income the amount of foreign income taxes imposed for the taxable year by a foreign country.

(2) The deduction for foreign country income taxes provided by this section shall be limited as follows:

(a) Except as provided in paragraph (b) of this subsection, the sum of foreign country income taxes deducted in computing state taxable income and the modification for federal income taxes authorized by ORS 316 680 (1)(b) as limited by ORS 316 695 (3) shall not exceed \$7,000.

(b) In the case of a husband and wife filing separate tax returns, the sum described in paragraph (a) of this subsection shall be limited to \$3,500 [Formerly 316 071, 1985 c 345 §8].

316.695 Additional modification of taxable income. (1) In addition to the modifications to federal taxable income contained in this chapter, there shall be added to or subtracted from federal taxable income:

(a) If, in computing federal income tax for a taxable year, the taxpayer deducted excess itemized deductions, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the excess itemized deductions to federal taxable income.

(b) If, in computing federal income tax for a taxable year, the taxpayer is required to add an unused zero bracket amount, as defined in section 63(e) of the Internal Revenue Code, the taxpayer shall subtract the unused zero bracket amount from federal taxable income.

(c) From federal taxable income there shall be subtracted the larger of:

(A) The taxpayer's itemized deductions as defined in section 63(f) of the Internal Revenue Code exclusive of his or her Oregon income tax, or

(B) A standard deduction that is the larger of \$1,050 or 13 percent of federal adjusted gross income, not to exceed \$1,500. However, if the taxpayer is a married individual filing a separate return, the standard deduction under this subparagraph is the larger of \$525 or 13 percent of federal adjusted gross income, not to exceed \$750. This subparagraph shall not apply to a husband or wife filing a separate return where the other spouse has claimed itemized deductions under subparagraph (A) of this paragraph, a nonresident alien individual, an Oregon resident entitled to the benefits of section 931 of the Internal Revenue Code (relating to income from sources within possessions of the United States), an individual making a return for a period of less than 12 months on account of a change in his or her annual accounting period, an estate or trust, a common trust fund, or a partnership. For purposes of this subparagraph, "federal adjusted

gross income" means the taxpayer's adjusted gross income shown on his or her federal return without the modifications provided in this chapter.

(2)(a) There shall be subtracted from federal taxable income any portion of the distribution of a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contributions which were taxed by the State of Oregon but not taxed by the Federal Government under laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which the amount that was contributed to the plan under the Internal Revenue Code was greater than the amount allowed under this chapter.

(b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection shall not be added to federal taxable income in the year earned by the plan and shall not be subtracted from federal taxable income in the year received by the taxpayer.

(3)(a) Except as provided in paragraph (b) of this subsection, in addition to the adjustments to federal taxable income required by ORS 316 680, there shall be added to federal taxable income the amount of any federal income taxes in excess of \$7,000, accrued by the taxpayer during the taxable year as described in ORS 316 685, less the amount of any refund of federal taxes previously accrued for which a tax benefit was received.

(b) In the case of a husband and wife filing separate tax returns, the amount added shall be in the amount of any federal income taxes in excess of \$3,500, less the amount of any refund of federal taxes previously accrued for which a tax benefit was received.

(4)(a) In addition to the adjustments required by ORS 316 130, a full-year nonresident individual shall add to taxable income a proportion of any accrued federal income taxes as computed under ORS 316 685 in excess of \$7,000 in the proportion provided in ORS 316 117.

(b) In the case of a husband and wife filing separate tax returns, the amount added under this subsection shall be computed in a manner consistent with the computation of the amount to be added in the case of a husband and wife filing separate returns under subsection (3) of this section. The method of computation shall be determined by the Department of Revenue by rule.

(5) Paragraph (b) of subsection (3) and paragraph (b) of subsection (4) of this section shall

not apply to married individuals living apart as defined in section 143(b) of the Internal Revenue Code.

(6)(a) If the dollar amount of interest and dividend income that is excludable from federal taxable income under section 116 of the Internal Revenue Code is less than \$200 for an individual (\$400 in the case of a joint return), there shall be subtracted from federal taxable income an amount of interest and dividend income, received by the taxpayer for the taxable year, in excess of the amount excludable under section 116 of the Internal Revenue Code.

(b) The subtraction allowed under this subsection shall not exceed the difference between the exclusion provided under section 116 of the Internal Revenue Code and \$200 for an individual (\$400 in the case of a joint return).

(c) The subtraction allowed under this subsection shall not include any interest and dividend income otherwise excluded from Oregon taxable income.

(d) As used in this subsection, "interest" means interest as defined in section 116 of the Internal Revenue Code as amended and in effect on December 31, 1981.

(7)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income or loss taken into account in determining federal taxable income by a shareholder of an S corporation pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes of determining Oregon taxable income, to the extent that as income or loss of the S corporation, they were required to be adjusted under the provisions of ORS chapter 317.

(b) For tax years beginning on or after January 1, 1983, items of income, loss or deduction taken into account in determining federal taxable income by a shareholder of an S corporation pursuant to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of determining Oregon taxable income, to the extent that as items of income, loss or deduction of the shareholder the items are required to be adjusted under the provisions of this chapter.

(c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S corporation.

(d) As used in paragraph (a) of this subsection, an S corporation refers to an electing small business corporation [Formerly 316 068, 1985 c 141 §6, 1985 c 345 §9, 1985 c 802 §12].

Note. See note under 314 415.

Note. 316 068 (4) and (5) [renumbered 316 695] were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 316 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

316.697 Fiduciary adjustment. There shall be added to or subtracted from federal taxable income, as the case may be, the taxpayer's share of the fiduciary adjustment determined under ORS 316 287 [Formerly 316 077]

316.701 Amount of deduction for two-earner married couples under federal law.

In addition to other modifications provided in this chapter, there shall be added to federal taxable income in the computation of state taxable income the amount of the deduction for two-earner married couples provided by section 221 of the Internal Revenue Code which was deducted on their federal return from federal gross income in arriving at federal taxable income [1983 c 162 §61]

316 705 [1953 c 304 §88, repealed by 1957 c 632 §1 (314 805 enacted in lieu of 316 705 and 317 505)]

316 706 [1957 c 586 §6, 1959 c 76 §1, 1961 c 506 §2, 1961 c 623 §1, repealed by 1969 c 493 §99]

316.707 Computation of depreciation of property under federal law; applicability. (1) To the extent that the amount allowed as a deduction under section 168 of the Internal Revenue Code (Accelerated Cost Recovery System) exceeds, or is less than, the amount that would be allowed as a deduction for depreciation for the property under the federal Internal Revenue Code as amended and in effect on December 31, 1980, the difference shall be added to, or subtracted from federal taxable income, whichever is applicable

(2) The modifications required by subsection (1) of this section apply only to the differences in the computation of depreciation (reasonable allowance for exhaustion, wear, tear and obsolescence) under the Accelerated Cost Recovery System and the other methods of depreciation. Nothing in this section shall be construed to govern the eligibility of property for depreciation, or other provisions of the Internal Revenue Code which do not directly govern the computation of the deduction amount for recovery property

(3) There shall be added to federal taxable income any amount deducted under section 179 of the Internal Revenue Code (election to expense certain depreciable business assets). However, any asset with respect to which this section applies may be depreciated as otherwise provided under this chapter

(4) Income included in federal taxable income by a shareholder of an S corporation pursuant to

sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of determining Oregon taxable income as required by the provisions of this section

(5) This section shall not apply to property placed in service in taxable years beginning on or after January 1, 1985 [1983 c 162 §67, 1985 c 802 §13]

Note. See note under 314 415

Note. Section 55, chapter 802, Oregon Laws 1985, provides

Sec 55 (1) If a corporation claims a refund or credit for taxes paid under subsection (2) of section 51 of this 1985 Act, the shareholders of that corporation shall be liable for payment of Oregon personal income tax attributable to the amount resulting from the difference in depreciation treatment

(2) Notwithstanding ORS 305 265, 314 410 or any other law establishing a period of limitation for issuance of a deficiency, if a shareholder is liable for additional tax under subsection (1) of this section, the department may issue a notice of deficiency on or before April 15, 1986, in the manner provided by law. If a deficiency notice is issued pursuant to this subsection, no interest shall be collected from the shareholder for periods before 30 days after the date of the notice of deficiency

316 710 [1953 c 304 §89, repealed by 1957 c 632 §1 (subsections (2), (3) and (4) of 306 040 enacted in lieu of 316 710)]

316 711 [1957 c 586 §7, 1959 c 593 §7 (referred and rejected), 1961 c 623 §2, repealed by 1969 c 493 §99]

316 714 [1957 c 586 §7, 1959 c 593 §8 (referred and rejected), 1963 c 627 §17 (referred and rejected), repealed by 1969 c 493 §99]

316 715 [1953 c 304 §90, repealed by 1957 c 632 §1 (314 810 enacted in lieu of 316 715)]

316.716 Differences in basis on federal and state return. (1) Upon the taxable sale, exchange or disposition of any asset in a tax year beginning on or after January 1, 1983, federal taxable income shall be increased or decreased by an amount which will reflect one or more of the following

(a) The difference in basis which results from the difference in depreciation or cost recovery, or expense claimed under section 179 of the Internal Revenue Code, allowed or allowable on the Oregon return and that allowed or allowable on the federal return for that asset,

(b) The difference in basis which results when a taxpayer has taken a federal credit, which requires as a condition of the use of the federal credit the reduction of the basis of an asset, and the federal credit is not allowable for Oregon tax purposes,

(c) The difference in basis as a result of any deferral of gain which has been granted under

federal tax law but not under Oregon tax law or granted under Oregon law but not granted under federal law,

(d) The difference in basis under federal and Oregon tax law at the time the asset was acquired, or

(e) Any other differences in the basis of the asset which are due to differences between federal and Oregon tax law

(2) There shall be added to or subtracted from federal taxable income any amount necessary to carry out the purposes of subsection (1) of this section

(3) If a taxpayer has taken a federal credit, which requires as a condition of the use of the federal credit the reduction of a corresponding deduction, and the federal credit is not allowable for Oregon purposes, the taxpayer shall be allowed the deduction for Oregon tax purposes [1983 c 162 §69, 1985 c 802 §14]

Note See note under 314 415

316 720 [1953 c 304 §91, repealed by 1957 c 632 §1 (314 815 enacted in lieu of 316 720 and 317 505)]

316 721 [1957 c 586 §12, repealed by 1969 c 493 §99]

316.723 Charitable deduction taken under federal law; qualified reinvestment dividend from reinvestment in stock of public utilities. (1) For taxable years beginning on or after January 1, 1983, and prior to January 1, 1987, there shall be added to federal taxable income the amount of any direct charitable deduction taken under section 170(i) of the Internal Revenue Code.

(2) Section 305(e) of the Internal Revenue Code (dividend reinvestment in stock of public utilities) shall not apply in determining Oregon taxable income Taxpayers selling stock, on or after January 1, 1982, of public utilities the basis of which is determined by section 305(e)(7) of the Internal Revenue Code shall subtract from federal taxable income the qualified reinvestment dividend as defined in section 305(e)(2) of the Internal Revenue Code for which the stock was received and which was included in Oregon taxable income [1983 c 162 §70, 1985 c 802 §15]

316 725 [1953 c 304 §92, repealed by 1957 c 632 §1 (314 820 enacted in lieu of 316 725 and 317 520)]

316.729 Changing inventory valuation method; interest on tax exempt savings certificates; applicability of federal law. (1) Taxpayers taking advantage of the special provisions in sections 472(d) and (f) and 474 of the Internal Revenue Code to change to a last in, first out inventory valuation method during the period of time sections 2 and 3, chapter 613, Oregon

Laws 1981, were in effect, shall add to or subtract from federal taxable income the difference between the 1983 beginning inventory for federal income tax purposes and the 1982 ending inventory for Oregon tax purposes

(2) In addition to the modifications to federal taxable income contained in ORS chapter 316, for tax years beginning before January 1, 1984, there shall be subtracted from federal taxable income interest on certain tax exempt savings certificates which is required to be restored to federal taxable income pursuant to section 128(e) of the Internal Revenue Code and which has already been included in Oregon taxable income in a previous year

(3) For taxable years that begin on or after January 1, 1981, section 2, chapter 613, Oregon Laws 1981, shall not apply to the provisions of the Internal Revenue Code relating to

(a) Sections 1371 and 1372 of the Internal Revenue Code (pertaining to subchapter S corporations)

(b) Sections 421 and 422A of the Internal Revenue Code (concerning incentive stock options)

(c) Section 1034 of the Internal Revenue Code (pertaining to the sale of a personal residence)

(d) Section 121 of the Internal Revenue Code (pertaining to the one time exclusion of a gain from the sale of a personal residence by an individual who has attained age 55) [1983 c 162 §73]

316 730 [1953 c 304 §93, repealed by 1957 c 632 §1 (314 825 enacted in lieu of 316 730 and 317 525)]

316.731 [1957 c 586 §13, repealed by 1969 c 493 §99]

316 735 [1953 c 304 §94, repealed by 1957 c 632 §1 (314 830 enacted in lieu of 316 735 and 317 530)]

316.737 Amount specially taxed under federal law to be included in computation of state taxable income. If a taxpayer has taken a deduction to arrive at federal taxable income for the purpose of having that income taxed in a manner different from the taxation of federal taxable income, the amount which was deducted and specially taxed shall be added to federal taxable income in the computation of state taxable income [1983 c 162 §76]

316 740 [1953 c 304 §95, 1957 c 75 §1 repealed by 1957 c 632 §1 (314 835 enacted in lieu of 316 740 and 317 535)]

316 741 [1957 c 586 §8, repealed by 1969 c 493 §99]

316.744 Cash payments for energy conservation. Any amount received as a cash payment for energy conservation measures under ORS 469 631 to 469 687 is exempt from the tax

imposed under this chapter [Formerly 316 069, 1985 c 802 §16]

316 745 [1953 c 304 §96, repealed by 1957 c 632 §1 (314 840 enacted in lieu of 316 745 and 317 540)]

316 750 [1953 c 304 §97, repealed by 1957 c 632 §1 (314 845 enacted in lieu of 316 750 and 317 545)]

316 751 [Formerly 316 580, repealed by 1969 c 493 §99]

316.752 Definitions of ORS 316.752 to 316.771. For purposes of ORS 316 752 to 316 771

(1) A person is "severely disabled" if the person

(a) Has lost the use of one or more lower extremities,

(b) Has lost the use of both hands, or

(c) Suffers an affliction that limits the abilities of the person to earn a living, maintain a household or transport himself without employing special orthopedic or medical equipment or outside help

(2) "Orthopedic or medical equipment" includes, but is not limited to, wheelchairs, braces, prostheses or special crutches

(3) "Outside help" includes, but is not limited to, unrelated individuals whom the severely disabled taxpayer employs to keep house, maintain the house or yard, or to transport the taxpayer [Formerly 316 135]

316 755 [1953 c 304 §98, repealed by 1957 c 632 §1 (314 850 enacted in lieu of 316 755)]

316.758 Additional personal credit for severely disabled persons. In addition to the personal credit allowed by this chapter for state personal income tax purposes, there shall be allowed an additional personal credit for the taxpayer if the taxpayer is severely disabled at the close of the taxable year. The amount of the credit shall be equal to the amount allowed as the personal credit for the taxpayer for state personal income tax purposes for the taxable year [Formerly 316 136, 1985 c 345 §10]

316 760 [1953 c 304 §99, repealed by 1957 c 632 §1 (314 855 enacted in lieu of 316 760 and 317 550)]

316 761 [1957 c 586 §9, 1963 c 627 §18 (referred and rejected), 1963 s s c 3 §1, repealed by 1969 c 493 §99]

316.765 Additional personal credit for spouse of severely disabled person; conditions. (1) An additional personal credit in the same amount as allowed under ORS 316 758 for a severely disabled taxpayer shall be allowed for the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse

(a) Is severely disabled,

(b) Has no gross income for the calendar year in which the taxable year of the taxpayer begins, and

(c) Is not the dependent of another taxpayer

(2) In the case of a joint return, each spouse who is severely disabled shall be allowed the additional credit in the amount provided under ORS 316 758 if the spouse otherwise qualifies under this section

(3) For purposes of this section, the determination of whether the spouse is severely disabled shall be made as of the close of the taxable year of the taxpayer except that if the spouse dies during such taxable year such determination shall be made as of the time of the death of the spouse [Formerly 316 137, 1985 c 345 §11]

316 770 [Formerly 316 585, 1963 c 83 §1, repealed by 1969 c 493 §99]

316.771 Proof of status for credit. Each person qualifying for the additional personal credit allowed in ORS 316 758 and 316 765 may claim the credit on the personal income tax return. However, the claim shall be substantiated by a letter from a licensed physician or osteopath describing the nature and extent of the physical disability [Formerly 316 138, 1985 c 345 §12]

316 775 [1957 c 586 §10, 1959 c 234 §3, repealed by 1969 c 493 §99]

316.777 Income derived from sources within federally recognized American Indian reservation exempt from tax. (1) Any income derived from sources within the boundaries of an active Indian reservation in Oregon by any enrolled member of a federally recognized American Indian tribe residing on an Oregon Indian reservation at the time the income is earned, is exempt from tax under this chapter

(2) An extract from the tribal rolls or other documentary proof of the taxpayer's enrolled status and other additional proofs as may be required by the Department of Revenue, shall be attached to or accompany any return for any year for which exemption under subsection (1) of this section is claimed [Formerly 316 049, 1985 c 317 §1]

Note Section 2, chapter 317, Oregon Laws 1985, provides

Sec 2 (1) The amendments to ORS 316 777 by section 1 of this Act apply to tax years beginning on or after January 1, 1980

(2) Notwithstanding ORS 305 265, 314 410, 314 415 or other law, upon compliance with subsection (3) of this section with respect to a tax year beginning on or after January 1, 1980, and prior to January 1, 1985, any return, including but not limited to a return of estimated tax under ORS 316 557 to

316 589, shall be adjusted, any assessment of taxes, including tax, interest and penalty, shall be canceled, and any credit or refund due the taxpayer shall be paid, without interest, to the extent necessary to carry out the retroactive application under subsection (1) of this section

(3) Any taxpayer who has not been granted the exemption accorded by the amendments to ORS 316 777 by section 1 of this Act for a tax year beginning on or after January 1, 1980, and prior to January 1, 1985, or the personal representative of the taxpayer or interested person defined in ORS 111 005, may make application for the adjustment, cancellation, credit or refund described in subsection (2) of this section. Application for tax years otherwise closed on the effective date of this Act to audit or adjustment shall be made on or before January 1, 1987. If a taxpayer, personal representative or interested person fails to make the application described in this subsection within the required time, no adjustment, cancellation, credit or refund shall be made under subsections (1) and (2) of this section.

316 780 [1957 c 586 §11, repealed by 1969 c 493 §99]

316.783 Amounts received for condemnation of Indian tribal lands. Amounts received as condemnation awards as a result of condemnation by the Federal Government of Indian tribal lands are exempt from the tax imposed by this chapter [Formerly 316 050]

316.788 Adoption expenses. For purposes of computing the adoption expense deduction provided in ORS 316 794, "adoption expenses" means expenses paid by the taxpayer during the taxable year that are not otherwise deductible for federal or state income tax purposes, that are incurred during the course of the adoption of one or more children, and that are expenses of the following description:

- (1) Attorney fees
- (2) Court costs
- (3) Adoption filing fees
- (4) Social or adoption agency or doctor's adoption fees
- (5) Medical expenses described as follows that are incurred for the care of the natural mother or the child or children:
 - (a) Hospital expenses
 - (b) Prenatal expenses
 - (c) Doctor's fees
 - (d) Laboratory fees and medical test expenses
 - (e) Pediatric expenses [Formerly 316 051]

316 790 [1953 c 304 §116, 1957 c 528 §3, repealed by 1969 c 493 §99]

316.794 Computation of adoption expenses. If the taxpayer elects to itemize deductions on the Oregon return of the taxpayer, there shall be subtracted from federal taxable

income the difference between the amount computed as a medical expense deduction for federal income tax purposes and the amount computed for the medical expense deduction for federal income tax purposes as if adoption expenses were included in the calculation of the deduction allowed by section 213 of the Internal Revenue Code [Formerly 316 052]

316.799 Proof required. The deduction allowed by ORS 316 794 shall be substantiated, by submission with the tax return, of the receipts of the taxpayer evidencing payment of all adoption expenses or by submission of other information required by the Department of Revenue by rule [Formerly 316 053]

MISCELLANEOUS

316 802 [1969 c 493 §71, renumbered 316 970]

316 805 [1953 c 304 §100, repealed by 1969 c 493 §99]

316.806 Definitions for ORS 316.806 to 316.818. As used in ORS 316 806 to 316 818:

(1) "Construction job site" means the specific location of a construction project

(2) "Construction project" means the construction, alteration, repair, improvement, moving or demolition of a structure and appurtenances thereto

(3) "Construction worker" means a person who is a member of a recognized construction trade, craft, union or industrial occupation and who is lawfully engaged in the performance of labor, pursuant to contract or subcontract, at a construction project

(4) "Traveling expenses," means daily transportation expenses that

(a) Are not otherwise deductible under the federal Internal Revenue Code

(b) Are incurred by a construction worker in job-related travel between a construction job site located more than 50 miles from the principal residence of the construction worker

(5) "Traveling expenses" includes gas, oil and automobile repairs and maintenance, but does not include meals unless the construction worker is required by the employer to stay overnight at the construction job site [Formerly 316 057]

316.810 [1953 c 304 §101, repealed by 1969 c 493 §99]

316.812 Certain traveling expenses. In addition to the modifications to federal taxable income contained in this chapter, there shall be subtracted from federal taxable income traveling expenses, as defined in ORS 316 806, incurred by

a construction worker during the first year of continuous employment on the same construction job site. However, if employment on the same construction job site is temporarily interrupted for any reason whatsoever, the period of interruption shall not be taken into account in determining the one-year period [Formerly 316 058]

316 815 [1953 c 304 §102, 1955 c 582 §1, repealed by 1969 c 493 §99]

316.818 Proof of expenses. The modification to federal taxable income by ORS 316 812 shall be substantiated by any proof required by the Department of Revenue by rule [Formerly 316 059]

316 820 [1953 c 304 §103, 1963 c 627 §19 (referred and rejected), repealed by 1969 c 493 §99]

316.824 Definitions for ORS 316.824 and 316.832. As used in ORS 316 824 and 316 832

(1) "Forest products" means any merchantable form including but not limited to logs, poles and piling, into which a fallen tree may be cut before it undergoes manufacturing

(2) "Logger" means a person commonly known as a faller or buckler who furnishes and maintains personal equipment in the commercial harvesting of forest products and who is paid on a per-unit cut basis.

(3) "Logging operation site" means the specific location of the commercial harvesting of forest products

(4) "Traveling expenses" means daily transportation expenses that

(a) Are not otherwise deductible under the federal Internal Revenue Code

(b) Are incurred by a logger in job-related travel between a logging operation site located more than 50 miles from the principal residence of the logger

(5) "Traveling expenses" includes gas, oil and automobile repairs and maintenance but does not include meals or lodging [Formerly 316 061]

316 825 [1953 c 304 §104, repealed by 1969 c 493 §99]

316.827 [1957 ss c 15 §7, last sentence derived from 1957 ss c 15 §8, 1963 c 627 §20 (referred and rejected), repealed by 1969 c 493 §99]

316 830 [1953 c 304 §105, repealed by 1969 c 493 §99]

316.832 Travel expenses for loggers.

(1) In addition to the modifications to federal taxable income contained in this chapter, there shall be subtracted from federal taxable income traveling expenses, as defined in ORS 316 824, incurred by a logger in job-related travel

(2) The modification to federal taxable income by subsection (1) of this section shall be substantiated by any proof required by the Department of Revenue by rule [Formerly 316 063]

316 835 [1953 c 304 §106, repealed by 1969 c 493 §99]

316.838 Art object donation. (1) If an art object has not been previously sold or otherwise transferred by its creator and the creator makes a charitable contribution of the art object that qualifies for the deduction allowed by section 170 of the Internal Revenue Code for the taxable year to a donee that uses the art object for a purpose or function that constitutes the basis for its exemption under section 501 of the Internal Revenue Code, or to a governmental unit, there shall be subtracted from federal taxable income any positive amount obtained by subtracting

(a) The amount otherwise deductible on the Oregon tax return of the taxpayer-creator for the taxable year as charitable contributions from

(b) The amount that would have been deductible by the taxpayer-creator if the deduction for charitable contributions had been computed without reduction in amount under section 170 (e) of the Internal Revenue Code for the art object charitably contributed by its creator

(2) As used in this section, "art object" means a painting, sculpture, photograph, graphic or craft art, industrial design, costume or fashion design, tape or sound recording or film

(3) No additional subtraction shall be allowed to the taxpayer-creator under this section unless the tax return is accompanied by a copy of an appraisal report showing the fair market value of the art object at the time the contribution was made [Formerly 316 064]

Note Sections 1 and 2, chapter 727, Oregon Laws 1985, provide

Sec. 1 (1) If an art object has not been previously sold or otherwise transferred by its creator and the creator makes a charitable contribution of the art object that qualifies for the deduction allowed by section 170 of the Internal Revenue Code for the taxable year, there shall be subtracted from federal taxable income any positive amount obtained by subtracting

(a) The amount otherwise deductible on the Oregon tax return of the taxpayer-creator for the taxable year as charitable contributions from

(b) The amount that would have been deductible by the taxpayer-creator if the deduction for charitable contributions had been computed without reduction in amount under section 170 (e) of the Internal Revenue Code for the art object charitably contributed by its creator

(2) As used in this section, "art object" means a painting, sculpture, photograph, graphic or craft art, industrial design, costume or fashion design, tape or sound recording or film

(3) No additional subtraction shall be allowed to the taxpayer-creator under this section unless the tax return is accompanied by a copy of an appraisal report showing the fair market value of the art object at the time the contribution was made

(4) No additional subtraction shall be allowed to the taxpayer-creator under this section if the taxpayer-creator is entitled to an additional subtraction under ORS 316 838

Sec 2 Section 1 of this Act applies to charitable contributions made in tax years beginning on or after January 1, 1986, and prior to January 1, 1990

316 840 [1953 c 304 §107, 1961 c 506 §3, repealed by 1969 c 493 §99]

316.844 Special computation of gain or loss where farm use value used. Notwithstanding any other provision of this chapter, when gain or loss is included in federal taxable income

(1) From property, the gain or loss from the disposition of which is taxable under this chapter, and which was valued for inheritance tax purposes under ORS 118 155, or

(2) From property, the basis of which is computed in whole or in part with respect to property that was valued for inheritance tax purposes under ORS 118 155,

there shall be added to federal taxable income the difference between the taxable gain or loss that would otherwise be determined under this chapter and the gain or loss that would be taxable had the basis for federal tax purposes been computed using the forest or farm use value provided for under ORS 118 155 instead of the basis computed pursuant to section 1014 of the Internal Revenue Code [Formerly 316 081]

316.849 Income attributable to production of substitute fuel. If a commercial plant produces methanol, ethanol or other substitute fuel and 75 percent of the production is used in making gasohol in any tax year, that portion of the taxable net income attributable to the production of methanol, ethanol or other substitute fuel for such tax year is exempt from any tax imposed under this chapter To qualify for the exemption authorized by this section, there shall be filed with the tax return of the taxpayer claiming the exemption a certificate furnished by the Department of Energy that the plant produced a commercially marketable grade of methanol, ethanol or other substitute fuel and that 75 percent of the production during the tax year was used or committed for use in making gasohol [Formerly 316 145]

Note Section 10, chapter 561, Oregon Laws 1979, as amended by section 47, chapter 162, Oregon Laws 1983, provides

Sec 10. The exemption from ad valorem taxation authorized by ORS 307 705 shall apply to the assessment and tax rolls prepared for assessment years beginning on or after January 1, 1980, but prior to January 1, 1986 The exemption from taxes on or measured by net or taxable income provided in ORS 316 145 [renumberd 316 849] and 317 098 shall apply to tax years beginning on or after January 1, 1980, but prior to January 1, 1985

316.854 Building renovation projects improving access for handicapped persons.

(1) As used in this section, unless the context otherwise requires

(a) "Building, facility or transportation vehicle" means a building, facility or transportation vehicle, or part thereof, which is intended to be used, and is actually used by the taxpayer, the family of the taxpayer or the general public, either in the trade or business of the taxpayer or at the residence of the taxpayer If the use of the building, facility or transportation vehicle is at the residence of the taxpayer, the residence must be located in Oregon

(b) "Elderly individual" means an individual who is 65 years of age or older before the close of the calendar year for which the deduction is claimed

(c) "Handicapped individual" means any individual who has a physical or mental disability which for the individual constitutes or results in a functional limitation to employment, or who has any physical or mental impairment which substantially limits one or more major life activities of such individual

(d) "Renovation project" means the repair or remodeling of an existing building, facility or transportation vehicle owned or leased by the taxpayer at the time of the repair or remodeling if the purpose of the repair or remodeling is

(A) To permit handicapped or elderly individuals to enter or leave such building, facility or transportation vehicle,

(B) To increase the access that handicapped or elderly individuals would have to such building, facility or transportation vehicle, or

(C) To allow handicapped or elderly individuals more effective use of such building, facility or transportation vehicle

(2) In addition to and not in lieu of the other modifications to federal taxable income contained in this chapter, there shall be subtracted from federal taxable income the cost of a renovation project The subtraction may be taken only for the taxable year in which the renovation project is completed and is in addition to any depreciation or amortization of the cost of the

renovation project. The subtraction for any taxable year shall not exceed \$25,000.

(3) If any building, facility or transportation vehicle is owned by more than one person, a taxpayer may deduct a portion of the costs of the renovation project apportionate to the interest in such building, facility or transportation vehicle which is owned by the taxpayer.

(4) In order to qualify for the subtraction allowed by this section, a building or facility must, after renovation, meet any applicable state standards and specifications developed under ORS 447 210 to 447 280 or other state law. In absence of state standards applicable to the project, applicable federal standards shall be used.

(5) If, on or after January 1, 1980, the Federal Government allows a similar deduction to that authorized by this section, the subtraction provided by this section shall be reduced by the amount of the deduction permitted by federal law. If the deduction permitted by federal law is greater than the subtraction provided by this section, then no modification shall be made under this section. [Formerly 316 150, 1985 c 802 §16a]

316 855 [1953 c 304 §108, 1963 c 305 §1, repealed by 1969 c 493 §99]

316.857 Alternate methods of filing, reporting and calculating liability for nonresident employer and employe in state temporarily. (1) As used in this section

(a) "Nonresident employer" means an employer who

(A) Has no permanent place of business within this state, and

(B) Employs qualifying nonresident employes to perform temporary services in this state

(b) "Qualifying nonresident employe" means an employe or independent contractor who

(A) Is not a resident or part-year resident of this state,

(B) Performs temporary services in this state for one or more nonresident employers, and

(C) Has no income from Oregon sources other than income earned in connection with the performance of temporary services for one or more nonresident employers

(c) "Temporary services" means services performed during a limited period of time, not to exceed 200 days in one calendar year

(2) The department shall provide for alternate methods of filing, reporting or calculating tax liability, to be used by nonresident employers

and qualifying nonresident employes to report and pay Oregon personal income tax on income earned in connection with the employes' performance of temporary services in this state. In providing for an alternate filing, reporting or calculating method, the department shall have the power to.

(a) Prescribe forms to be filed by nonresident employers to satisfy withholding registration, quarterly filing and account termination filing requirements under ORS 316 162 to 316 212, or employe estimated tax requirements under ORS 316 557 to 316 589

(b) Prescribe forms to be filed by qualifying nonresident employes to satisfy annual personal income tax return requirements under ORS 316 362

(c) Determine, based upon the circumstances, the amount of withholding or estimated tax payments necessary to result in a sum substantially equivalent to the amount of tax that a qualifying nonresident employe will be required to pay under this chapter

(d) Enter into agreements pursuant to ORS 305 150 for the purpose of finally determining the Oregon personal income tax liability of qualifying nonresident employes

(e) Determine whether and to what extent other provisions of this chapter shall be applied to nonresident employers or qualifying nonresident employes

(3)(a) Except as provided in paragraph (b) of this subsection, a nonresident employer shall comply with the requirements of ORS 316 162 to 316 212 in the same manner as any other employer

(b) A nonresident employer may elect to employ an alternate method established by the department pursuant to this section by notifying the department in the time and manner established by rule of the department. Any nonresident employer giving notice of election under this paragraph shall not be required to comply with the requirements of ORS 316 162 to 316 212

(4)(a) Notwithstanding the election of a nonresident employer to employ the alternate method established by the department under this section, a qualifying nonresident employe may elect to report and pay Oregon personal income tax on income earned by the employe in connection with the employe's performance of temporary services in this state in the same manner as any other nonresident

(b) If a nonresident employer does not make the election permitted under subsection (3) of

this section, the qualifying nonresident employes of the employer shall report and pay Oregon personal income tax on income earned in connection with their performance of temporary services within this state in the same manner as any other nonresident

(5) The department may adopt any rules it considers necessary to carry out the provisions of this section [1985 c 352 §2]

316 860 [1953 c 304 §109, repealed by 1969 c 493 §99]

316.863 Effect of federal law changes on certain pension, profit-sharing or other retirement plans. For tax years beginning after the date specified in ORS 316 012 for the recognition of the Internal Revenue Code for Oregon tax purposes, if part I of subchapter D of chapter 1 of Subtitle A of the Internal Revenue Code is amended to allow greater contributions to or to require or permit any other provision in any of the pension, profit-sharing, stock bonus or other retirement plans, mentioned in part I of subchapter D of chapter 1 of Subtitle A of the Internal Revenue Code, amendments to those

plans and contributions to those plans in conformity with those new federal amendments shall not disqualify those plans for Oregon tax purposes and shall not increase or diminish the deductions otherwise allowable on the Oregon return based on the Internal Revenue Code as amended on the date specified in ORS 316 012 [1985 c 802 §3]

Note. See note under 314 415

316 865 [1953 c 304 §110, repealed by 1969 c 493 §99]

316 870 [1953 c 304 §111, repealed by 1969 c 493 §99]

316.875 [1953 c 304 §112, repealed by 1969 c 493 §99]

316 880 [1953 c 304 §113, repealed by 1969 c 493 §99]

316 885 [1953 c 304 §114, repealed by 1969 c 493 §99]

316.970 Effect of chapter 493, Oregon Laws 1969. This chapter is intended to supersede any conflicting provisions of law in effect on August 22, 1969, to the extent of such conflict [Formerly 316 802]

316.990 [1953 c 304 §115, repealed by 1957 c 632 §1 (314 991 enacted in lieu of 316 990 and 317 990)]