

## Oregon Partnership Information

Partnership minimum tax  
Doing business in Oregon  
Which partnerships must file an Oregon partnership return?  
Amending or requesting a refund  
Federal Depreciation Disconnect  
Credits  
TriMet and Lane Transit District self-employment taxes  
Other filing requirement  
Payment and extension information  
Mailing information  
Voluntary Disclosure Agreement

### Partnership minimum tax

The partnership minimum tax applies to tax years 2009 and forward. A partnership must pay the \$150 minimum tax if:

- The partnership was doing business in Oregon during the year (see below), **and**
- It is required to file an Oregon partnership return (see below).

### Change in accounting periods exception:

A partnership who files a short year return because of a change in accounting periods, only owes a portion of the tax. Check the accounting period change check box on Form 65 to indicate that your short year return is for a change in accounting periods. Short year returns due to technical terminations, other changes in ownership, or termination of the business don't qualify to prorate the partnership minimum tax.

Here are the prorated tax amounts for this exception:

Number of months	Tax	Number of months	Tax
1	\$ 12	7	\$ 87
2	\$ 25	8	\$ 100
3	\$ 37	9	\$ 112
4	\$ 50	10	\$ 125
5	\$ 62	11	\$ 137
6	\$ 75	12	\$ 150

**Example:** Trees R Us LLC has gotten federal permission to change from a calendar tax

year to a fiscal tax year ending in September. To change the accounting periods, a short year return is required from January 1 to September 30. They will file a short year return and owe \$112 in tax on the due date for that short year, January 15.

### Doing business in Oregon

"Doing business" means being engaged in any profit-seeking activity in Oregon. A partnership having one or more of the following in this state is doing business in Oregon:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the partnership are regularly conducted.
- Employees or representatives providing services to customers as the primary business activity (such as accounting or personal services), or services incidental to the sale of tangible or intangible personal property (such as installation, inspection, maintenance, warranty, or repair of a product).
- An economic presence through which the taxpayer regularly takes advantage of Oregon's economy to produce income.

For more information and examples regarding which partnerships owe the \$150 partnership minimum tax, read our Oregon Revenue Bulletin, [ORB #2010-02](#). Our website also has examples and explanations for [corporate taxpayers](#) that a partnership can use to determine if it is doing business in Oregon.

### Which partnerships must file an Oregon partnership return?

- Every partnership having income derived from or connected with sources in Oregon.
- Every partnership having one or more Oregon resident partners.

Exception: Publicly traded partnerships taxed as corporations.

Use [Form 65](#) to report partnership income and [Schedule AP](#) to apportion income between Oregon and other states.

If filing for a short tax year, Oregon follows federal filing requirements. Just like the federal return, if the forms for the tax year are not yet available, file using the prior year forms.

**Example:** ABC Properties LLC is classified as a partnership and uses a calendar tax year. The LLC has a technical termination on February 20. The federal and Oregon returns for the tax year from January 1 to February 20 are due June 15. The Oregon partnership minimum tax is also due June 15. The LLC will use prior year forms to complete their federal and Oregon returns applying any laws for the current tax year.

### NEW Oregon Schedule K-1:

Oregon has created a [Schedule K-1](#) that can be completed with the federal Schedule K-1 for individual owners of a partnership or S-corporation. The purpose of this schedule is to help individuals correctly report their Oregon flow-through income. It's not

required at this time, so it doesn't need to be filed with the Oregon partnership return.

### Amending or requesting a refund

If the partnership filed a return and checked 'Yes' for question 1 and has now determined that the correct answer is 'No' or there are other errors on the return, they need to file an amended partnership return. To do this, send a corrected partnership return and check the box labeled 'Amended Return'. Attach an explanation of the reason for amending.

If the partnership sent in a payment and has now determined that no tax is owed, they need to file or amend. Partnerships who sent in a payment, but checked 'No' for question 1 on Form 65, will be issued a refund unless their return is adjusted during processing.

### Federal Depreciation Disconnect

**Important!** Oregon is not tied to the bonus depreciation and increased IRC section 179 expense allowed by federal law after December 31, 2008 for tax years 2009 and 2010.

If you expensed business property under IRC section 179 or claimed the 50-percent bonus depreciation or the \$8,000 additional depreciation allowed under IRC section 168(k) in tax year 2009 or 2010, use the *Oregon Depreciation Schedule* to see if you have an adjustment.

See the [Oregon Depreciation Schedule](#) for more information.

### Credits

Partners may qualify for the following tax credits on their individual income tax returns even though the costs were paid by the partnership. The credits generally flow through to the partners based on their ownership percentage.

- Biomass production or collection.
- Business energy.
- Child care fund contribution.
- Crop donation.
- Diesel engine replacement, repower, or retrofit—carryforward only.
- Electronic commerce zone investment.
- Employer—provided dependent care assistance.
- Employer scholarship.
- Energy Conservation Project.
- Farmworker housing.
- First Break Program.
- Fish screening devices.
- Individual Development Accounts (IDA) donation.
- Long-term care insurance premiums.
- On-farm processing machinery and equipment.

- Oregon Cultural Trust donation.
- Oregon Production Investment fund.
- Political contributions.
- Pollution control facilities.
- Reforestation of underproductive forestlands.
- Renewable energy development contributions.
- Renewable energy resource equipment manufacturing facility.
- Reservation enterprise zone.
- Residential energy.
- Transportation projects.
- University venture fund.

### TriMet and Lane Transit District self-employment taxes

Self-employment earnings of taxpayers doing business or providing services within the TriMet and/or Lane Transit Districts are subject to these taxes. A partnership may elect to file and pay the transit district self-employment tax on behalf of any or all the individual partners. Use the partnership's net self-employment earnings (including partners' guaranteed payments) to figure the tax. Generally, any TriMet or Lane Transit District self-employment tax return (Form TM or Form LTD) filed by a calendar year partnership is due by April 15, the following year. Fiscal year partnerships must file Form TM or Form LTD by April 15 of the year following the calendar year in which the fiscal year ends.

#### Additional transit self-employment information:

- [Transit Self-Employment Taxes \(Home\)](#).
- [FAQs—Transit Self-Employment Tax](#).

#### District boundary information

TriMet boundaries: 503-962-6466.

Lane Transit District boundaries: 541-682-6100 .

### Other filing requirement

Partnerships, as well as other pass-through entities, with nonresident owners may have additional filing and payment requirements related to these nonresident owners. See [instructions](#) for Form OC and Form OR-19 for more information.

### Payment and extension information

#### Payment due date:

- Calendar year filers—the \$150 minimum tax is due by April 15.

- Fiscal year or short year filers—the \$150 minimum tax is due by the 15th day of the fourth month after the end of the partnership’s fiscal or short tax year.

When the due date is on a weekend or holiday, pay by the next business day. Estimated payments aren't required for the partnership minimum tax.

### **To make a payment:**

- Make the check or money order payable to "Oregon Department of Revenue."
- Write a daytime telephone number, the tax year, and "Partnership Tax" on the check.
- Don't send cash or a postdated check.
- Complete **Form 65-V** payment voucher and include it with the payment.

### **Extension of time to file**

Extensions must be filed by the due date of the return and are for the same length of time as federal extensions (usually 5 months). A valid federal extension is a valid extension for Oregon. Calendar year returns are due by April 15. Fiscal and short year returns are due by the 15th day of the fourth month after the end of the partnership’s fiscal or short tax year.

If the partnership files an extension and needs to make a payment, mail the payment with **Form 65-V** to the address below by the payment due date and check the box marked "Extension." This voucher is in the Form 65 instructions.

### **Interest**

If the partnership doesn't pay the tax when due, interest will be owed on any unpaid tax. If the tax is not paid within 60 days of the date of our billing notice, the interest rate applied increases.

### **Penalty**

The partnership will owe a 5 percent late-payment penalty on tax not paid by the payment due date. Other penalties may apply.

## **Mailing information**

Mail partnership returns and payments to:  
Oregon Department of Revenue  
PO Box 14260  
Salem OR 97309-5060

**Note:** If there are more than 10 owners, we prefer Schedule K-1s or other supplemental information on CD. The Oregon and federal partnership returns must be printed. If you are mailing Schedule K-1 or other supplemental information on a password protected CD, don't include the password with the CD. Mail the password separately to the address above or e-mail the password to [files-partnership.dor@state.or.us](mailto:files-partnership.dor@state.or.us). Please include the partnership name, tax year, and federal employer identification number or Oregon business identification number on the CD and with the password.

## Voluntary Disclosure Agreement

If your business isn't in compliance with Oregon tax laws, we encourage you to voluntarily come forward to register and pay prior tax obligations. Our Voluntary Disclosure Program is designed to help resolve prior tax liabilities.

If you haven't been contacted by us or the [Multistate Tax Commission](#), you may ask to enter into a voluntary disclosure agreement (VDA). You may make this request anonymously by going through a third party, such as an accountant or lawyer. All entity types follow the same procedures.

Your VDA request must be in writing and include:

- A description of the company including entity type and business activity conducted in Oregon.
- The date business activity began in Oregon.
- Reason(s) for not filing tax returns with Oregon.
- The approximate level of activity in Oregon compared to total activities (percentage of property, payroll, and receipts attributable to Oregon activities for the last three years).
- Potential or estimated tax liability to Oregon for the last three years.
- The company's year-end date (calendar or fiscal year).
- Specific statement of relief requested or proposal being made.
- Statement indicating whether the company or an affiliate has been contacted by the Multistate Tax Commission or the Oregon Department of Revenue regarding the tax for which the company is requesting a voluntary disclosure.
- Statement indicating why the company didn't apply for Oregon's Tax Amnesty program that concluded November 19, 2009 and applied to tax years 2007 and earlier.

As policy, the Department of Revenue doesn't waive interest charges. However, a VDA may specify that penalties and charges for the underpayment of estimated tax will be waived.

**Note:** The Oregon tax amnesty program ended on November 19, 2009. If your company didn't apply for tax amnesty at that time, VDA requests for tax years 2007 and earlier will be subject to the 25% post amnesty penalty imposed under Section 4, Chapter 710, Oregon Laws 2009 (Senate Bill 880). Some exceptions may apply.

Send requests for participation in a VDA to:

Nexus Unit manager  
Oregon Department of Revenue  
Corporation Audit Section  
955 Center Street NE  
Salem OR 97301-2555

If you have nexus in more than one state where you haven't filed tax returns, the Multistate Tax Commission (MTC) can help. They will contact the states for you to fulfill your filing requirements. You will remain anonymous until requirements are met. For

more information, see [www.mtc.gov](http://www.mtc.gov).

**Questions?**

For specific questions relating to nexus or the voluntary disclosure process, please e-mail [nexus.help.dor@state.or.us](mailto:nexus.help.dor@state.or.us). We will answer most inquiries within two business days.