

2018 Form OR-65



Office use only
Date received

Oregon Partnership Return of Income

Submit original form—do not submit photocopy.

For calendar year 2018, or fiscal or short year
Beginning: Mo Day Year
Ending: Mo Day Year

Amended return

Please type or print clearly and answer all the questions below.

Name of partnership, Federal employer identification number (FEIN), Partnership mailing address, Partnership phone, City, State, ZIP code, Date activities started in Oregon, Name of partner who has the partnership books, Partner contact phone, Partner mailing address, City, State, ZIP code

Type of entity:

- Partnership, Limited partnership, Limited liability company, Limited liability partnership

Check all applicable boxes:

- (a) Final return, (b) Initial return, (c) Amended due to federal audit or adjustments, (d) Name change, (e) Accounting period change, (f) Extension filed—extension due date, (g) Form OR-24 is included, (h) You have federal Form 8886, a REIT, or a RIC

1. Doing business in Oregon.

A. Did the partnership do business in Oregon during the year? 1A. Yes

2. Requirement to file Oregon partnership return.

A. Does the partnership have income or loss derived from sources in Oregon? 2A.

B. Does the partnership have Oregon resident partners? 2B.

3. Partnership minimum tax.

Table with 4 rows: A. Tax liability, B. Payments, C. Tax due, D. Refund. Columns for description, line number, and amount.

4. Partner information.

A. Did the partners' profit/loss sharing percentages change during the year? 4A.

B. Were the Oregon modifications divided according to each partner's profit sharing percentage? 4B.

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Yes

4. Partner information. (Continued)

- C. Does the partnership have corporate partners? 4C. []
D. Enter the number of federal Schedules K-1 issued to all partners: Total 4D. []
Oregon residents 4D. []
Nonresidents 4D. []
E. If there are nonresident partners, enter how many partners were included on a Form OR-OC to report this income: 4E. []

5. Prior year returns and federal audits.

- A. Was a 2017 Oregon partnership return filed? 5A. []
If not, why?: _____
B. Was an amended federal return filed for a prior year? 5B. []
If yes, what tax year(s) were changed? _____
C. Did a federal audit or adjustments change a prior year or the current year tax return? 5C. []
If yes, what tax year(s) were changed? _____
D. Did the partnership make an opt-out election under Internal Revenue Code (IRC) Section 6221 for tax year 2018? 5D. []

Federal partnership representative (PR) contact information

Table with 3 columns: PR first name, PR last name, PR contact phone

Send us a copy of the federal administrative adjustment request or the amended return separately from this return, if not previously sent.

6. Business inside and outside of Oregon.

- A. Did the partnership have business activity both inside and outside of Oregon during the year? 6A. []
If you answered yes, use the Oregon apportionment percentage from Schedule OR-AP to figure Oregon source income. Include the schedule with your return.

7. Other taxing authorities.

- A. Do partnership employees perform services in the TriMet Transit District? 7A. []
B. Do any partners have self-employment income from the partnership in the TriMet Transit District? 7B. []
C. Do partnership employees perform services in the Lane Transit District? 7C. []
D. Do any partners have self-employment income from the partnership in the Lane Transit District? 7D. []
If you answered yes to 7B and/or 7D, Form OR-TM and/or Form OR-LTD must be filed by the individual partners or the partnership may elect to file on the partners' behalf.

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Schedule I—Oregon modifications to federal partnership income and credits passed through to partners. List the name, and amount for each addition, subtraction, and credit. Include schedules to explain and compute the modifications and credits.

Note: A partner's share of each modification or credit must be reported to the partner on their federal Schedule K-1, Schedule OR-K-1 or equivalent. Generally, a partner's share of each modification or credit is figured using the partner's profit/loss sharing percentage.

Additions—Items **not** included in federal partnership income which are taxable to Oregon.

| | | Amount |
|-----------|---------|---------------|
| 8. _____ | 8a. \$ | .00 |
| 9. _____ | 9a. \$ | .00 |
| 10. _____ | 10a. \$ | .00 |
| 11. _____ | 11a. \$ | .00 |

Subtractions—Items included in federal partnership income that are **not taxable** to Oregon.

| | | Amount |
|-----------|---------|---------------|
| 12. _____ | 12a. \$ | .00 |
| 13. _____ | 13a. \$ | .00 |
| 14. _____ | 14a. \$ | .00 |
| 15. _____ | 15a. \$ | .00 |

Credits—Oregon tax credits earned by the partnership that can be passed through to the partners.

| | | Amount |
|-----------|---------|---------------|
| 16. _____ | 16a. \$ | .00 |
| 17. _____ | 17a. \$ | .00 |
| 18. _____ | 18a. \$ | .00 |
| 19. _____ | 19a. \$ | .00 |

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

| | | |
|--|--|----------------------------|
| Sign here X Signature of general partner or LLC member | Signature of paid preparer X | License number of preparer |
| Date / / | Date / / | Telephone number () - |
| Print name of general partner or LLC member | Print name of paid preparer | |
| Title of general partner or LLC member | Address of paid preparer | |

Make your payment

- **Online payments:** You may make payments online at www.oregon.gov/dor.
- **Mailing your payment:** Make your check or money order payable to the Oregon Department of Revenue. Write your daytime phone number, FEIN, and "2018 Oregon Form OR-65" on your check or money order. Include your payment, along with the Form OR-65-V payment voucher, with this return.

Include a complete copy of the 2018 federal partnership return and required schedules as indicated in the instructions.

New for tax year 2018

Technical terminations of partnerships aren't required due to the repeal of Internal Revenue Code (IRC) section 708(b)(1)(B), for tax years 2018 and forward.

Which partnerships must file Form OR-65?

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

Exception: Publicly traded partnerships taxed as corporations.

Oregon follows federal filing guidelines. If you aren't required to file a federal partnership return, you don't need to file for Oregon.

Example: A married couple electing the qualified joint venture option doesn't file a federal partnership return; therefore they don't file an Oregon partnership return.

Partnership minimum tax

A partnership must pay the \$150 minimum tax if it's doing business in Oregon **and** required to file a partnership return. "Doing business" is performing a profit-seeking activity. If you are registered to do business in Oregon, but did not have any business activity, you are not subject to the minimum tax.

When a short year return is filed only because of a change in accounting periods, the tax is prorated for the number of months in the short tax year.

Filing and payment deadlines

Returns and tax payments for the 2018 calendar year are due by **March 15, 2019**. Fiscal year returns are due by the 15th day of the third month after the end of the partnership's tax year. Estimated payments are **not** required.

Extension of time to file

If you filed a federal extension, you don't need an Oregon extension. If you need to file an Oregon only extension, use voucher Form OR-65-V. Check the extension box on the voucher and send it in by the original due date of the return, with payment if necessary. An Oregon extension gives the same amount of time to file as a federal extension. The maximum extended due date is September 16, 2019 for calendar tax year partnerships.

An extension to file does **not** mean more time to pay. If you need to pay the \$150 minimum tax, check the extension box on voucher Form OR-65-V and send us the voucher and payment by the due date.

What must be included with the Oregon partnership return?

Submit this information with the return in the following order:

- A copy of federal Form 1065, *U.S. Return of Partnership Income*. Include all pages and supporting schedules (for example, Schedule M-3).
- Schedule OR-AP, if you answered yes to question 6A on Form OR-65.
- If this is the final partnership return, a schedule showing to whom all assets and liabilities were distributed, and each asset's adjusted basis, fair market value, and sales price.
- Federal Schedules K-1, if less than 11 partners during the year. If you had more than 10 partners, include a summary of partner information. Your summary must include each partner's name, SSN or FEIN, address, profit/loss sharing percentage, and Oregon modifications and credits.
If you are mailing the summaries and K-1s, we prefer them on CD. Label the CD with the entity's name, FEIN, and tax year. If your CD is password protected, mail the password separately or email it to files-partnership.dor@oregon.gov. Include the partnership name and FEIN with the password.
- Form OR-24, if you had a 1031 exchange investing in out of state property.
- Any additional schedules required for Oregon modifications and credits from Schedule I.

Amending instructions

Complete the return as it should have been filed and check the "amended return" box at the top. Include an explanation of all corrections. There is no tax to pay or refund unless you change the amount entered on line 3C or 3D. If the amended return is a tax-to-pay return, also check the amended return box on the voucher Form OR-65-V.

Penalty and interest

The partnership will owe interest on any tax not paid by the due date. The 2019 interest rate is 6 percent per year and increases to 10 percent per year if not paid within 60 days of our billing notice.

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

Partnership failure-to-file penalty

We may assess a penalty if a partnership doesn't file a return or fails to provide information to us as required by law. The penalty is \$50 per month per partner for each month the return is late or incomplete, up to a maximum of five months.

Do not submit a penalty payment with your return.

Penalty payments are only required if a penalty is assessed by the department.

Guaranteed payments

Guaranteed payments are treated as distributive shares of partnership income. For nonresident partners income attributable to Oregon sources is determined by applying the allocation and apportionment provisions to each nonresident's entire distributive share including guaranteed payments.

Individual income tax returns

Each partner's distributive share of net income (or loss) and separately stated items must be reported on that partner's individual income tax return.

Partners report their share of Oregon modifications (additions or subtractions) or credits on their tax return. The partner's modification or credit is based on the total for the business multiplied by their ownership percentage.

Nonresident partners can join a composite return, Form OR-OC, filed by the partnership or file their own return using Form OR-40-N and instructions.

2019 Short tax year

Oregon follows federal filing requirements. Use this form for a short tax year that begins and ends in 2019, if the 2019 forms are not available by the due date. Remember that an extension to file does not change the due date of the tax.

Form instructions

Heading

Enter all information in the heading and check all applicable boxes. It's important that you provide the name and contact information for the person who has the partnership records. If you do not complete this section, there may be a delay in receiving important information. If the partnership filed using a different name on the 2017 Oregon partnership return, check the "name change" box and provide that name.

Line instructions

Line 1A. Answer yes if the partnership is doing business in Oregon. "Doing business" is defined the same for partnerships and corporations.

Lines 2A and 2B. The partnership is required to file if it had Oregon resident partners or had income (or loss) apportioned or allocated to Oregon. If you answered "Yes" to 2A or 2B (or both), you must file a Form OR-65.

If you did not answer "Yes" to either 2A or 2B, then the partnership is not required to file a return or pay the minimum tax.

Line 3A. If 1A is "Yes" and 2A or 2B (or both 2A and 2B) are "Yes," the partnership owes the partnership minimum

tax. Enter \$150 on line 3A unless the partnership is filing a return for a change in accounting periods. If the "Accounting period change" box is checked, use this chart to determine the correct tax. Enter the tax on line 3A that corresponds to the number of months on the return:

| 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 |

Important: This chart does not apply to other short tax year returns, such as initial returns or final returns. The tax is \$150 in those cases.

Example 1: For tax year 2018, Renters LLC has 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, 2018. The LLC will file a 2018 short year return and owe \$112 in tax on the due date for that short year which is December 17, 2018. Later they will file a full year 2018 return from October 1, 2018 to September 30, 2019 and will owe \$150 minimum tax for that full tax year.

Example 2: Freight Partners ended business on May 10, 2018. They are a calendar tax year partnership, so the partners from January 1 to May 10 will file a 2018 short tax year return due August 15, 2018. They will use 2017 forms because 2018 forms aren't available yet, but they will follow 2018 tax laws when completing the return. They will owe \$150 minimum tax which is also due August 15, 2018, even if they get an extension to file.

Line 3B. Enter the payments submitted prior to filing or with an extension.

Line 3C. If payments are less than the tax liability owed by the partnership, enter the amount of tax due (line 3A minus line 3B). Otherwise, go to line 3D.

To submit a payment:

- Make your check or money order payable to "Oregon Department of Revenue."
- Write your daytime telephone number, FEIN, and "2018 Partnership Tax" on your check or money order.
- Do not send cash or a postdated check.
- Complete voucher Form OR-65-V.
- Submit the voucher and payment together. If included with your return, include both the payment and voucher with the Form OR-65.
- Pay the tax by the due date (not including extensions) to avoid penalty and interest.

Line 3D. If payments are more than the tax liability owed by the partnership, enter the amount to be refunded to the

partnership (line 3B minus line 3A). If the tax liability and the payments already submitted are the same, enter \$0.

Line 4D. Enter the number of federal Schedule K-1s issued to partners. Does the partnership have nonresident partners? The partnership is required to send in payments on behalf of nonresident partners who are individuals or C corporations, unless the partner is exempt, files an affidavit, or joins a composite return. See Publication OR-OC and Publication OR-19 for more information on the partnership's requirements to file a composite return or send in payments on behalf of its nonresident partners.

Line 4E. Nonresident partners who are individuals, trusts, estates, or C corporations can join a composite return, Form OR-OC, filed by the partnership. Enter how many partners participated in the Form OR-OC the partnership filed or will be filing.

Lines 7A–7D. The partners must file returns and pay transit district self-employment taxes for income subject to these taxes. The partnership may instead file and pay on their behalf. Go to www.oregon.gov/dor/programs/businesses.

Schedule I

Enter the name and amount for each modification or credit. Include schedules to list additional modifications and credits or to explain the modifications.

A partner may be able to claim their share of these modifications or credits on their own return. Provide this information to partners with their Schedule OR-K-1. For more information, see the instructions regarding partnership and S corporation modifications and credits in Publication OR-17.

Oregon marijuana business modification. Oregon-licensed marijuana businesses are allowed a subtraction for expenses that could be claimed as federal deductions if marijuana wasn't a controlled substance under federal law (IRC Section 280E). To calculate the subtraction, you must fill out a federal partnership return as if the marijuana business expenses would have been allowed for federal

purposes. You won't submit the "as if" federal partnership return to the IRS. The subtraction is the difference between the profit/loss on your actual federal return and the "as if" return. Don't submit the "as if" return with your Form OR-65. Keep it with your tax records. See Publication OR-17.

Gain on voluntary and involuntary conversions. Oregon allows partnerships to elect for their partners to defer the gain on voluntary and involuntary conversions. Partnerships must make the election for all consenting partners. Include Form OR-24, with your Form OR-65, and check the box on the front of the return.

Filing Instructions

For tax year 2018, you can electronically file or mail the Form OR-65 and any required enclosures to:

Oregon Department of Revenue
PO Box 14260
Salem OR 97309-5060

Detach the instructions before mailing. If you are filing electronically and your software does not support attachments, mail the attachments to the address above or fax the attachments to 503-345-2354, labeled "Attn: ADP." Be sure to provide the partnership name and FEIN for reference. Please wait three days after electronically filing the Form OR-65 before faxing the required attachments.

Do not submit Form OR-OC or Form OR-19 with the partnership return. File those forms separately.

Taxpayer assistance

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or 1 (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

