

Publication OR-CRC

Claim of Right Income Repayments

General instructions

If you had to repay an amount that you included in your Oregon income in an earlier year, you may be able to claim a credit for the Oregon tax you paid on that income when you file your return for the repayment year.

The Oregon claim of right income repayment credit may be claimed on your Oregon personal income tax return if:

- Your repayment is more than \$3,000,
- You paid Oregon tax on the income you repaid, and
- You're claiming the repayment credit or deduction on your federal return.

Repayments of \$3,000 or less don't qualify for the Oregon credit. **Note:** Corporations may file for relief of tax on repaid income; refer to Form OR-20 instructions.

For more information about claim of right income repayments, see Internal Revenue Service Publication 535.

This worksheet **must** be kept with your records.

What if I'm claiming the federal deduction?

The federal repayment deduction is claimed on the same schedule where you reported the income or as an itemized deduction on Schedule A, depending on the type of income you repaid. You can't claim both the federal repayment deduction and the Oregon repayment credit. If you claim the Oregon repayment credit, you must add back the amount of any repayment deduction claimed on your federal return.

Full-year filers. If you're filing a full-year return for the repayment year and you're deducting the repayment amount on Schedule OR-A or any federal form or schedule, report an addition on Schedule OR-ASC Section A, using code 103 if you're claiming the credit. If you're not claiming the repayment credit, there is nothing else you need to do.

Part-year or nonresident filers. If you're filing a part-year or nonresident return for the repayment year, claiming the Oregon repayment credit, and deducting the repayment amount:

- As an itemized deduction on Schedule OR-A: Use a minus sign with the repayment amount to report a negative modification on Schedule OR-ASC-NP, Section D, using code 649.
- On another federal form or schedule: Report an addition on Schedule OR-ASC-NP, Section A, using code 103.

Note: If you're reporting an addition on Schedule OR-ASC-NP, enter the total repayment amount in the federal column and the amount taxed by Oregon in the Oregon column.

If you're not claiming the Oregon repayment credit, there is nothing else you need to do.

How do I calculate the credit?

Gather the following items for the **reported year** (the year the income was taxed by Oregon):

- A copy of your Oregon tax return, including any amended returns or adjustment notices.
- Oregon tax tables or rate charts.
- If you filed a part-year or nonresident return, a blank part-year or nonresident return form. Follow the instructions for **Worksheet B** to complete the form.

Use **Worksheet A** if you filed a full-year return. Use **Worksheet B** if you filed a part-year or nonresident return for the **reported year**.

Multiple years. If you repaid income from more than one tax year, complete a separate worksheet for each year that the income was reported and taxed by Oregon. Claim the total of all credits on the return you're filing for the repayment year.

Where do I claim the credit?

Claim the credit on the return you're filing for the repayment year:

- 2014 and prior: Form 40, line 43, mark box 43b; Form 40P or 40N, line 60, mark box 60b.
- 2015 through 2020: Schedule OR-ASC, section 5; Schedule OR-ASC-NP, section 7; use code 890.
- 2021 and later: Schedule OR-ASC, section F; Schedule OR-ASC-NP, section H; use code 890.

Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.

Publication OR-CRC

Page 1 of 2, 150-101-168
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Oregon Department of Revenue



Repayment year

Reported year

Worksheet A: Full-year return filed for the reported year (year the income was taxed)

1. Enter your Oregon taxable income from **your return for the reported year**, as amended or adjusted ... 1.
 - 2018 and later: Form OR-40, line 19.
 - 2017 and 2016: Form OR-40, line 21.
 - 2015: Form 40, line 21.
 - 2014 and prior: Form 40, line 28.
2. Enter the amount of income you repaid in the tax year for which you're claiming the credit 2.
3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income 3.
4. Using the tax tables or rate charts from **the reported year**, enter the tax on the amount on line 3. This equals your Oregon tax before credits without the repaid income 4.
5. Enter your Oregon tax before credits from **your return for the reported year**, as amended or adjusted ... 5.
 - 2023 and later: Form OR-40, line 24
 - 2018 through 2022: Form OR-40, line 22.
 - 2017 and 2016: Form OR-40, line 24.
 - 2015: Form 40, line 24.
 - 2014 and prior: Form 40, line 31.
6. Line 5 minus line 4. This is your Oregon claim of right credit..... 6.

Example 1

Sophie is a lifelong resident whose filing status for tax year 2021 was single. In 2024, Sophie repaid \$10,000 of pension income originally received and reported in 2021. She is claiming the repayment credit on her 2024 federal return. Her 2021 Oregon tax return shows Oregon taxable income of \$40,000 and Oregon tax before credits of \$3,247. She calculates her credit using Worksheet A:

- | | |
|---|-----------|
| 1. Enter your Oregon taxable income from your return for the reported year , as amended or adjusted ... 1. | 40,000.00 |
| 2. Enter the amount of income you repaid in the tax year for which you're claiming the credit 2. | 10,000.00 |
| 3. Line 1 minus line 2. This is your Oregon taxable income without the repaid income 3. | 30,000.00 |
| 4. Using the tax tables or rate charts from the reported year , enter the tax on the amount on line 3. This equals your Oregon tax before credits without the repaid income 4. | 2,372.00 |
| 5. Enter your Oregon tax before credits from your return for the reported year , as amended or adjusted ... 5. | 3,247.00 |
| 6. Line 5 minus line 4. This is your Oregon claim of right credit..... 6. | 875.00 |

To claim the Oregon credit, Sophie enters \$875 on Schedule OR-ASC, section F, using credit code 890.

Publication OR-CRC



Worksheet B: Part-year or nonresident return filed for the reported year (year the income was taxed)

Before you start, use the blank return form to create a duplicate part-year or nonresident return for **the reported year**:

- Enter all income items **except for the income you repaid** as they were reported on the return you filed for that year, including amendments or adjustments. **Don't include the repaid income on the duplicate return.**
- If your Oregon percentage changes as a result, use the revised percentage to calculate your deductions, tax, or other amounts. Don't adjust any other items on the return.
- Complete the return through the "Total tax before credits" line.

Don't file the duplicate return. Use it only to help you calculate your credit amount.

1. Enter your Oregon tax before credits from your return for the reported year , as amended or adjusted ... 1.	.00
– 2023 and later: Form OR-40-N, line 50; Form OR-40-P, line 49.	
– 2018 through 2022: Form OR-40-N, line 48; Form OR-40-P, line 47.	
– 2017 and 2016: Form OR-40-N, line 50; Form OR-40-P, line 49.	
– 2015: Form 40N, line 51; Form 40P, line 50.	
– 2014 and prior: Form 40N, line 53; Form 40P, line 52.	
2. Enter the Oregon tax before credits amount from the duplicate return 2.	.00
3. Line 1 minus line 2. This is your Oregon claim of right credit..... 3.	.00

Example 2

During 2024, Chris, a full-year resident, repaid some compensation originally received and reported in 2022. He's claiming the income repayment credit on his 2024 federal return. In 2022, when Chris was a Washington state resident, he worked part of the time in Oregon. Out of the \$25,000 in repaid compensation, \$17,000 was taxed by Oregon.

The 2022 Form OR-40-N that he filed shows the following:

Federal income	\$225,000	Total deductions and modifications (\$20,000 x 0.356)	\$ 7,120
Oregon income	\$ 80,000	Oregon taxable income (\$80,000 - \$7,120)	\$72,880
Oregon percentage (\$80,000 ÷ \$225,000) 35.6%		Total tax before credits	\$ 6,113
Net itemized deductions	\$ 20,000		

Chris uses a blank 2022 Form OR-40-N to create a duplicate return without the repaid income. It shows:

Federal income (\$225,000 - \$25,000)	\$200,000	Total deductions and modifications (\$20,000 x 0.315)	\$ 6,300
Oregon income (\$80,000 - \$17,000)	\$ 63,000	Oregon taxable income (\$63,000 - \$6,300)	\$56,700
Oregon percentage (\$63,000 ÷ \$200,000) 31.5%		Total tax before credits	\$ 4,697
Net itemized deductions	\$ 20,000		

Next, Chris completes Worksheet B to calculate his credit:

1. Enter your Oregon tax before credits from your return for the reported year , as amended or adjusted ... 1.	6,113.00
2. Enter the Oregon tax before credits amount from the duplicate return 2.	4,697.00
3. Line 1 minus line 2. This is your Oregon claim of right credit..... 3.	1,416.00

To claim the Oregon credit, Chris enters \$1,416 on Schedule OR-ASC, section F, using credit code 890.

Example 3

During 2024, Theresa, a full-year resident, repaid \$5,000 of unemployment income she received and reported as taxable income in 2023. During 2023, Theresa was an Idaho resident whose Oregon income was from rental properties. She filed a 2023 Oregon Form OR-40-N to report the rental income, but her unemployment income wasn't taxable to Oregon. Theresa can't claim a credit on her 2024 Oregon return for the unemployment income she repaid during 2024 because Oregon didn't tax that income in 2023.