2010 OREGON QUIZ

1. T F Oregon is now permanently tied to Federal law. Any future federal law changes will automatically be adopted by Oregon

2. T F You must attach a complete copy of all federal schedules to your Oregon paper return.

3. T F For extensions, you must attach a copy of federal extension to the Oregon return.

4. T F John arrives in England on April 24, 2009, at noon. He remains in Europe until 2 PM on March 21, 2010. John qualifies for nonresident treatment for the months during 2009 and 2010 that he was out of the country and he may file Oregon part year returns for both years.

5. T F Sandra is a calendar year taxpayer. She establishes bona fide residence in Russia on November 12, 2009. She is transferred back to the U. S. on December 11, 2010. She has satisfied the bona fide residence test and may file Oregon non resident tax return.

6. T F Any handwritten information on Oregon forms should be in red ink so that it calls attention to it – (such as "for Oregon only") on schedule A.

7. T F For 2010, Oregon residents, non residents and part year residents may all file electronic Oregon returns.

8. Cold Harry is domiciled in Minnesota where he had lived for 50 years and had accumulated a large estate. However, Cold's doctor ordered him to Oregon where he now spends his entire time, except for yearly summer trips for about three or four months duration in Minnesota. Cold maintains an abode in Oregon and still maintains and occupies, on his visits there, his abode in Minnesota. He:

a. Is a Minnesota resident and taxable in Oregon only on income from Oregon sources
b. Is an Oregon part year resident and taxable only on the income earned from Oregon sources while he resides in Oregon
c. Is an Oregon resident and taxable in Oregon on ALL of his income.

OREGON QUIZ

9. Cold Harry liked Oregon so well that his son and daughter-in-law who maintain their home in Minnesota, come to Oregon each year in November and stay here until the middle of March (dumb time to come to Oregon). Originally, they rented an apartment or house for the duration of their stay but three years ago they purchased a house on the Oregon coast. The house is either rented or put in the charge of Harry from March to November. Son has retired from active control of his Minnesota business, but still keeps an office space and nominal authority over it. He belongs to clubs in Minnesota, but to none in Oregon. He has no business interests in Oregon. Daughter in law has a little social life in Oregon, more in Minnesota, and has no relatives in Oregon

a. Neither are Oregon residents
b. Both are considered part year Oregon residents
c. Only the wife is a part year Oregon resident.

10. Until the fall of 2009, Can Beat Tax, admitted domicile in Oregon. At that time, however, to avoid the Oregon income tax, he declared himself to be domiciled in Nevada, where he had a summer home. He moved his bank accounts to Nevada banks and each year thereafter spends about three or four months in Nevada. He continues to spend six or seven months each year at his estate in Oregon, which he continues to maintain, and continues his social club and business connections in Oregon. The months not spent in Nevada or Oregon, he spends traveling in other states or countries. He is

a. An Oregon resident and taxed in Oregon on ALL income
b. A NON resident of Oregon and not taxed in Oregon on any income
c. A part year resident of Oregon and taxed in Oregon on the income from Oregon property but not on income from the Nevada bank accounts.

11. Ward and June are married. June lives and works in Salem, Oregon. Ward lives and works in Seattle, Washington. They visit each other quite frequently. Ward sends part of his paycheck to June to deposit in their Oregon savings account and to help pay the bills. They aren't permanently separated by a legal decree and have no intention of filing for divorce. Under Washington law, all property acquired after marriage by either husband or wife or both other than by gift, bequest, or inheritance is community property. Ward's wages are considered community property. They obviously have not elected to treat their earnings as separate property since he sends some of his to her to co-mingle in a joint savings account and to pay their (or her) bills.

a. They must file joint return and include all of his Washington wages in the Oregon joint return.
b. June can file separate return for Oregon and include her own income only.
c. June can file separate return for Oregon but must include on half of Ward's Washington earnings in her Oregon return.

OREGON QUIZ

12. Darrin and Samantha are married. Darrin receives a promotion and moves to Crescent City, CA to live and work until retirement. Sam stays in Medford, Oregon and continues her job until she can retire in 5 years. They are not permanently separated by a legal decree and have no intention of filing for divorce. Under California, law, earnings of spouses domiciled in California are community property.

a. Samantha may file separate return for Oregon and include only the income earned in Oregon.
b. Samantha can file separate Oregon return but must include one half of Darrins"s income
c. Samantha must file jointly with Darrin and report ALL earnings as Oregon taxable income
d. Sam is a witch and can "wiggle her nose" and use some witchcraft on the Dept of Revenue and not report any income to Oregon.

13. Z, a civil engineer, is domiciled in New York where he owns a house in which his family lives and where he keeps the bulk of his personal belongings. He votes in New York, maintains bank accounts there and returns to his home whenever possible. This year he accepts a position as a supervising engineer for the construction of a dam in Oregon with the expectation that work will take one and one half years. He spends virtually the entire time in Oregon, living in a temporary employer-built house, where his wife and family join him in the summer. He intends to return to New York when the job is completed. Oregon taxes Z as

a. A resident
b. A nonresident
c. A part year resident.

14. Joan is a NONRESIDENT of Oregon. She actually worked a total of 220 days during the year and was paid for 40 nonworking days (holidays, sick leave and vacation) She worked 110 days in Oregon. Her total compensation, including the holidays, sick leave and vacations, was $26,000. Joan's compensation subject to Oregon tax is

a. $13,000
b. $10,200
c. $11,253

15. T F Oregon taxes only the income of a resident or nonresident that is from Oregon sources.

16. T F The determining factor as to "domicile" for the residency test is where the taxpayer's personal residence is located.

17. T F An Oregon resident, not living in Oregon, can file as a nonresident if he/she spends less than 31 days in Oregon even if his family resides in Oregon.

OREGON QUIZ

18. Once established, "domicile" does not change until which of the following occur:

a. Intend to abandon the old domicile
b. Intend to acquire a specific new domicile
c. Be physically present in new domicile
d. All of the above.

19. T F Oregon taxes the sale of investment property located in Oregon even if the owners is a nonresident.

20. T F Military barracks qualify as a permanent place of abode.

21. T F A taxpayer is considered an Oregon resident if they spend more than 31 days in Oregon (except Military non residents)

22. T F Oregon taxes interest and dividends on a nonresident if from Oregon savings account.

23. T F Military assignment, by itself, does not establish abode.

24. T F A nonresident works for an Oregon based interstate trucking carrier as a <u>mechanic</u>. The employee has regular duties in Washington and Oregon. The employee works 20% of the time in Washington and 80% of the time in Oregon. The wages earned while in Oregon are taxable by Oregon.

25. T F Ray, a nonresident of Oregon, works for an Oregon based interstate trucking carrier as a driver. Ray has a regular route from Idaho to Oregon, then drives to Washington. Ray delivers products in Oregon. His wages are taxable by Oregon.

26. T F A nonresident works for a Washington based retailer as a driver. All his regular routes are within the state of Washington. However, he occasionally drives to Oregon to pick up or to deliver products. His wages must be prorated and partially taxed in Oregon.

27. T F A non resident works for an Oregon based interstate trucking carrier as a driver. All of the nonresident's routes are within Oregon, mainly from Portland to Pendleton. However, the company requires that the employee drive to Washington before reaching the destination in Oregon. The wages earned while working in Oregon are taxable by Oregon.

28. T F A resident of Oregon who is a driver for a Washington based trucking carrier is only taxable in Oregon on wages earned while driving in the State of Oregon.

OREGON QUIZ

29. T F A nonresident works for an Oregon wholesaler as a shipping clerk. The company has one terminal in Oregon and one in Washington. The clerk regularly works at both terminals. (Has regularly assigned duties in two sates) The wages earned while working in Oregon are taxable by Oregon.

30. T F Nonresidents who are employed by Oregon construction businesses and are working on the John Day dam, are no longer subject to Oregon income tax on their wages.

31. T F You register an LLC in Oregon on 9/1/10 your required renewal fee is $20.

32. T F A resident individual may elect to defer gain, if otherwise allowed, on like kind exchanges and involuntary conversions even if the replacement property is outside Oregon.

33. T F If a resident who has elected a deferral on exchange or conversion and replacement property is in another state then becomes a nonresident, they must pay the tax to Oregon even if the deferral still is available for Federal

34. Joan lived in Oregon and worked in Washington during her employment years. Upon retirement, she moved her domicile to Florida. Her retirement income

a. Is **__not__** taxable in Oregon because she is not an Oregon resident when income received
b. Is taxable in Oregon because she was an Oregon resident when it was earned
c. Is taxable both in Florida and Oregon

35. Sam lived and worked in Oregon until retirement. At retirement, he left his Oregon domicile and moved to Arizona. His retirement account balance at that time was $100,000. This included $31,000 in employer contributions and $69,000 in earnings. While he remains a **__nonresident__**

a. 100% of each distribution is taxable in Oregon until the entire $100,000 has been reported.
b. None of the distributions will be taxed by Oregon
c. 31% of each distribution is taxable in Oregon until the $31,000 has been reported to Oregon.

36. T F Doug always lived and worked in Colorado, Subsequent to his retirement, he moved to Oregon and became an Oregon resident. His retirement distributions from the privately owned company he worked for will be subject to tax by Oregon even if he later moves out of Oregon.

OREGON QUIZ

37. Eliza has always lived in Washington and worked in an Oregon plant. Upon retirement her account balance was $150,000. Of this amount, $46,500 is from employer contributions and $103,500 are earnings on the account. If she continues to live in Washington:

a. The entire $150,000 will be taxed by Oregon as it is distributed
b. She must report the $46,500 as taxable Oregon earnings at 100% of each distribution until fully recovered and taxed
c. 31% of each distribution will be taxed by Oregon
d. None of this is taxable after 1-1-96

38. Don has been a resident of Oregon all his life. He worked in Oregon for an employer who contributed $30,000 to his qualified pension plan. On December 1 of last year, Don, age 65, retires and elects to receive the benefits in a lump sum distribution. On January 1 of the current year, he moves to Idaho and on February 1, he receives the $100,000 lump sum distribution. His taxable income for the current year in Oregon is

a. $30,000
b. $100,000
c. None of the distribution - great planning!!

39. Rick has been an Oregon resident all his life. For the past 20 years he has worked in Portland and contributed to an IRA. He retires and moves to Vancouver, Washington. His balance in the IRA is $63,000 at retirement time ($20,000 of tax deductible contributions and $43,000 of earnings). He elects to receive a lump sum distribution of the IRA **after** he moves to Washington.

a. He has no taxable Oregon income from the distribution
b. Only the $20,000 is taxable in Oregon
c. The entire distribution is taxable in Oregon since it has Oregon source status.

40. Douglas has always resided and worked in Oregon. On March 4, 2009, he **retired**, sold his Oregon residence and began to travel throughout the United States (one of those "full time RVers") He did not acquire another residence outside Oregon. He receives an Oregon source pension and interest income. Douglas has not given up his Oregon driver's license, his vehicles are registered with the state of Oregon, he has not changed his voter registration to another state. He spent the month of August in Oregon visiting his grandchildren.

a. None of the distribution is taxable in Oregon
b. Only the amount received in August is taxable in Oregon
c. The **entire** distribution is taxable in Oregon because he is an Oregon resident and spent more than 30 days in Oregon.

OREGON QUIZ

41. Assume the same facts as #38, except that Don receives his benefits in the form of a single life annuity to be paid at $1,200 per month for the rest of his life. **Assume** that his life expectancy (annuity tables for IRS) is 15 years. His expected return is $216,000 ($1200 x 12 mo x 15 years). The amount of income he reports to Oregon for **each** payment is;

a. $30,000
b. -0-
c. $1,200
d. $2,000

42. T F Only alimony received **while an Oregon resident** is taxable for Oregon

43. T F Only dividends passed through from an S Corporation that has **NO** business activity **outside** Oregon are taxed by Oregon for nonresidents.

44. T F Non residents may only deduct student loan interest if it is related to education received at an Oregon institution.

45. T F Medical savings account deduction is not allowed on Oregon for non residents.

46. T F Moving expenses for non residents are allowed on Oregon if the move is connected to Oregon employment.

47. T F Nonresidents may deduct 100% of all health insurance premiums if they are related to Oregon source business income.

48. T F For an Oregon resident, **all** alimony paid is deductible.

49. T F For a non-resident, alimony is not deductible (for Oregon) unless the alimony is taxable income to former spouse.

50. T F Oregon follows federal rule if self employed for a filing requirement of $400 or more of SE net income, even if no other income

51. T F If single and can be claimed on another person's return, you must file a tax return for Oregon if gross income is more than $1,000

52. T F Filing requirements depend on filing status and age.

53. T F Oregon filing status must always be the same as Federal.

54. T F Hoho and Haha are married and file joint return for Federal. Hoho is a full year resident of Oregon. Haha is a part year resident of Oregon. Hoho must file form 40P separate return if they elect to and qualify to file separate.

<u>OREGON QUIZ</u>

55. T F If filing **<u>separate</u>** Oregon returns each spouse is allowed one half of the combined Federal tax as a subtraction, but limited to $1500 each.

56. T F Nonresident members of partnerships of "S" corporations which have income from Oregon sources, can file a **<u>joint multiple Oregon form 40N</u>**

57. T F If you file joint for Federal and separate for Oregon, one spouse may claim all of the itemized deductions and the other spouse may claim standard deduction.

58. T F Oregon exemption **<u>subtraction</u>** is $177-$59 for 2010.

59. Jack and Jill and daughter Jane fell down the hill. Following the accident, Jill was unable to use her right hand. She is right-handed and her regular job was to write receipts for customers by hand. There is no special equipment that will help her situation. She also has a problem keeping her equilibrium and must have someone do the housework for her. Her doctor stated, in writing that she was unlikely to improve. In the **<u>same</u>** accident, Jane was blinded and has never regained her sight. The doctors don't expect her to ever see again and have entered her into an authorized Child's Individual Education program. Jack is going around in a daze and is so upset he can not maintain his stressful job and is forced to take on other type of work. The number of **<u>exemption credits</u>** allowable to Jack and Jill on their joint returns is:

a. Four
b. Five
c. Six
d. Three

60. T F In the previous example, if Jill had been blinded also and a seeing eye dog was required, she would qualify for the severely disabled exemption credit.

61. T F If taxpayer's child is orthopedically impaired and qualified for special education purposes, the additional credit for handicapped child is available to the parents as long as the child can be claimed as a dependent.

62. T F Johnny is now five years old and has been determined mentally retarded. He will never be able to learn anything as he can not remember for longer than 3 minutes. His parents are entitled to an additional handicapped child credit.

63. Grandpa and Grandma file a joint return. Gramps is 65 and Gramma is 66 and blind. They can claim ?#s of exemption credits on their Oregon return:

a. Three b. Two c. Five d. Four

OREGON QUIZ

64. T F Indian Joe works on the reservation near Klamath Falls, Oregon and is paid by the government. He also has a job in K Falls at a grocery store. He must file a form 40 (can not file 40S)

65. T F Exemption credits are the only credits allowed on form 40S

66. A part year resident filing a joint Oregon return with a **full year resident** spouse must file

a. Form 40
b. Form 40P
c. Form 40N

67. T F Jerry is 10 years old and was diagnosed as autistic on January 2 of current year. He may qualify for the disabled child exemption credit for the year just ended.

68. T F Susie has a serious emotional disturbance problem and has been diagnosed by the local school district where her parents live in Oregon as eligible for Child's Individualized Education Program. Her parents have found a school in Montana that they feel will be able to help Susie a great deal, more than any local schools. The rest of the family will remain in Oregon. They may still take the disabled child additional exemption credit on their Oregon return.

69. T F Oregon will recognize Federal extension request as long as 90% of the federal tax is paid with federal extension request.

70. T F For substantially understated income penalty of 20%, an abusive tax shelter is **always** considered substantial.

71. Gina filed her prior year return on July 20 of this year. She paid the tax due of $2,000 on that date. Her **penalty** is:

a. $500
b. $100
c. $558

72. Bob Lark filed his 2006 Oregon return, paid $300 tax due on time. In March of 2008, he discovered he forgot to report some interest income. (He probably got a letter from IRS). He amended the Oregon return and paid an additional tax of $50 on April 1, 2008. In 2010, the "dummy" who was apparently out on a "lark" discovered he had failed to claim a large charitable deduction he made in 2006. He will:

a. If amends by 4-1-2010 he will get a refund. (Not part of answer:($50.?)).
b. If amends by 4-1-2010 he will be entitled to a refund based on 2006 rates x total deductible contribution
c. If amends by 4-1-2010 he will not get a refund.

<u>OREGON QUIZ</u>

73. T F A frivolous return penalty is $500.

74. T F Basically, after three years of failure to file, Oregon may assess a 100% penalty on **<u>all three</u>** years.

75. T F Normal statute of limitations for refunds is within three years after end of calendar year in which return is filed.

76. T F Oregon can refuse to allow wages deduction for a business who does not file information returns or withholding reports timely, without reasonable cause.

77. T F Claim for refund of withholding tax must be filed within 3 years after due date.

78. T F For Oregon estimated tax, you can always avoid the penalty for underpayment of estimate if you pay at least 100% of prior year's tax.

79. T F Generally, you are required to file and pay estimated Oregon tax if you expect to owe $1,000. or more.

80. T F Joint estimates with spouse may be filed if spouse is a non resident alien.

81. T F You may file joint estimates with your spouse if you are legally separated.

82. T F Gross income for determining estimated tax requirements includes taxable social security.

83. T F Employees of farmers/fishermen qualify for the exception to estimated tax filing requirements.

84. T F If you file your Oregon tax return by Feb. 1 and pay all of your tax, you do not need to make any estimated tax payments.

85. T F To figure if estimated tax payments are required for a **<u>non resident or part year resident</u>** you must use **<u>ALL</u>** of the expected gross income from within and without Oregon.

86. Last year, taxpayers claimed a Child Care Credit which reduced their tax liability to zero. They were full year residents last year and the return was filed for a full year. Their tax liability this year is $1000.

a. They should have paid estimates and will be subject to underpayment penalty (interest)
b. They meet one of the exceptions and have no penalty and were not required to pay estimates
c. Neither of the above.

OREGON QUIZ

87. Richard Johnson is a farmer. He wants to know if he must pay estimated tax. His return shows the following:

Wages	$12,000.
Interest	700.
Farm income	3,000
Total AGI	$15,700.

Farm Schedule shows:

Gross profit/crop sales	$35,000.
Total farm expenses	(32,000.)
Net farm profit	$3,000.

Richard:

a. Does not need to file estimates or form 10
b. Does not need to file estimates for next year but must file form 10 with his tax return
c. Must file estimates for next year.

88. Your client did not make the one time election to conform to Federal depreciation. He placed a building in service in 1982 and depreciated it until now at a different method than Federal. He has always made a depreciation adjustment on his Oregon return for the difference in depreciation on his building. Since he elected not to take the one time adjustment, he

a. Can not take an adjustment for the current year but must wait until he sells the asset and take the difference in depreciation as difference in gain or loss
b. May continue to take the difference as an Oregon adjustment
c. May never deduct the difference for Oregon taxable income

89. David Smith received $1,000 of interest from New York City bonds. He borrowed $3,000 to purchase the bonds. During the current year, he paid $100 of interest on the loan. He must

a. Add $900 interest in "additions" to Oregon return
b. Add $1,000 interest in additions on Oregon return
c. Add $1,000 interest in "additions" on Oregon return and deduct $100 by submitting and **Oregon** schedule A if he can itemized, deducting the $100 as investment interest expense.

90. Bond interest from which of the following must be added back to Oregon taxable income.

a. Washington
b. Virgin Island
c. Puerto Rico
d. All of the above

<u>OREGON QUIZ</u>

91. Mike was a California resident. He has owned a business in Yreka since 2000. Mike bought an office building for $100,000 and placed it in service (in Yreka) on 3-1-2000. For federal purposes, the building has a 31 ½ year life and is being depreciated under the applicable percentage. January 1, 2005, Mike bought a truck for $15,000. For Federal purposes, the truck is five year property and is being depreciated using applicable percentages. On January 1, 2010, Mike moved to Ashland, Oregon but he continues to operate his business in Yreka and the truck remained in Yreka. Since Mike is now an Oregon **<u>resident</u>**, his Oregon **<u>basis in order to depreciate the assets for Oregon is</u>**: (Fair market value as of January 1, 2010 are Building $115,000 and truck $6,900)

a. $115,000
b. $100,000 less Federal depreciation taken to date
c. $100,000
d. $115,000 less Federal deprecation taken to date
e. $106,900

92. If Mike had moved the truck to Oregon and began a new business in Oregon, his basis for Oregon depreciation on the truck would be

a. $6,900
b. $10,000 less prior Federal depreciation
c. $10,000
d. $6,900 less prior federal depreciation

93. Gary Loligagger got a $20,000 lump sum distribution from his employer. Of this $12,000 was capital gain income and $8,000 was ordinary income He chose to use the 5 year averaging method only on the **ordinary** income portion. He reported the capital gain portion on Federal Schedule D. His Oregon **<u>addition</u>** is

a. $20,000
b. $8,000
c. $12,000
d. None of the above

94. T F The Jacksons showed a $3,000 federal tax liability on their Federal return and subtracted that same amount on their Oregon return. In processing the Oregon return, the Dept of Revenue discovered a math error on the federal return and refigured the correct amount of federal tax as $2,000. Oregon reduced the federal subtraction for the $2,000 only. When IRS refunds the $1,000 overpayment, they do not need to include it as an addition in the year they receive it.

OREGON QUIZ

95. John John received a $40,000 lump sum payment from his employer. $30,000 was capital gain income and $10,000 was ordinary income. He chose to average the entire payment as ordinary income on his Federal return using form 4972 averaging. His Oregon addition is

a. $40,000
b. $10,000
c. $30,000

96. T F Your federal tax liability was $4,000. You subtracted $3,000 from your Oregon return. You then amended the Federal return and get a refund of $500. The $500 is taxable on Oregon return in year received.

97. In the current year LeRoy amends his prior year federal tax return and gets a refund of $2,000. His prior year federal tax liability was $4,000. He must

a. Amend the prior year Oregon return and change the Federal subtraction
b. Add the $2,000 to Oregon income in current year
c. Add $1,000 to Oregon income in current year

98. Angie had total gambling income of $5,800 ($5,000 from Oregon Lottery in small winnings under $600 each) and $800 from the horse races. She had gambling losses of $1,500 ($1,000 from Oregon lottery and $500 from horse races). Assuming that she deducted her full gambling losses as an itemized deduction on Federal return, she must

a. Add $700 as an addition to Oregon return
b. Add $800 as an addition to Oregon
c. Add $1,000 as an addition to Oregon

99. Tillie Tyler inherited farmland from a relative who died on March 1, 1976. She sold the land on May 1 of this year for $200,000. The Fair Market Value at date of death was $70,000. The farm use value of the land on the 1976-77 property tax statement was $25,000. Tillie must

a. Report gain on $175,000 for both Federal and Oregon
b. Report an addition to her Oregon return of $25,000
c. Report an addition to her Oregon return of $45,000

100. Jacob paid $1,000 for some oil rights several years ago. He has been receiving royalties since then and deducted 22% depletion. He has, for Federal purposes, deducted $3,000 in depletion. The current year Federal return shows $350 depletion deductions. He must

a. Add $350 to current year Oregon return
b. Make no changes to Oregon return
c. Add $2,000 to current year Oregon return

OREGON QUIZ

101. T F Federal estate tax on "income in respect of a decedent" is allowed as a deduction on your federal tax return. If any of this tax is on income not taxed by Oregon, you must show an addition on your Oregon return.

102. T F Federal income tax subtraction (up to limits) is subtracted on the Oregon return in the year of the liability, regardless of when it is paid.

103. T F Additional Federal tax paid on amended return PLUS current year tax liability can not exceed the $5,850 ($2,925 mfs) maximum

104. T F "Tax" for federal income tax subtraction includes alternative minimum tax

105. T F "Tax" for federal income tax subtraction is not reduced by windfall credits

106. Goofy's federal tax return for current year reflects the following items:

Federal income tax (basic)	2500.
Alternative minimum tax	500.
Tax on early withdrawal Ira	500.
Investment tax recapture	50.
Earned income credit	(500.)
Child care credit	(500.)
Residential energy credit	(50.)
Special fuel credit	(188.)
Self employment tax	200.
Jobs credit	(100.)

His allowable federal tax subtraction on Oregon returns is: (Assume single and full year resident of Oregon)

a. $2,400
b. $2,900
c. $2,212
d. $3,500

107. The Martins showed a $2,000 federal tax liability on their2009 federal tax return. They subtracted that amount on their 2009 Oregon return. When the Oregon return was being processed, a math error was discovered on the Federal return and ODR computed the correct federal tax as $3,000 and increased the subtraction to $3,000. During 2010, the Martins sent the IRS an additional $1,000 (they can do math also).

a. They take no action for Oregon regarding the payment to IRS
b. They may deduct the additional $1,000 in 2010
c. They must amend their 2008 Oregon return to deduct the $1,000 paid in 2010

108. T F Sick leave benefits from Railroad are not taxable in Oregon

OREGON QUIZ

109. T F Railroad Unemployment benefits are not taxable in Oregon

110. Mr B is retired and receiving railroad retirement payments. He receives the following from USRR Board

1099R - Total contributory amount	$5,200.56
Taxable supplemental annuity	513.68
Total gross taxable	$5,714.24
1099RB Gross Soc. Sec. Equivalent	$11,376.00

His spouse is also receiving RR retirement benefits as follows:

W2P Total contributory amounts	$2,741.64
No supplemental amounts	
1099RB Gross Soc. Sec. Equivalent	$4,404.00

Their only other income is her wages of $13,210 and interest income of $19. This is not enough to make any social security taxable.

Total subtraction on the Oregon return is
a. $7,943
b. $8,456
c. $16,345
d. $24,235

111. Joe worked for the U. S. Postal service from February 5, 1979 until November 16, 2009. He worked a total of 370 months, 320 months before October 1, 1993. In 2010 he received federal pension income of $35,000. He can subtract (on Oregon return)

a. $35,000
b. $30,272
c. None

112. T F Federal pension income benefits paid to surviving spouse are not exempt from Oregon taxation

113. T F Interest earned from Farmers Home Administration qualifies for U.S.Government interest subtraction on Oregon

114. T F Interest income from Fannie Maes and Ginnie Maes qualify for Oregon subtraction for U. S. Government interest

<u>OREGON QUIZ</u>

Taxpayer's Federal Schedule B reflects the following:

Land sales contract interest	$2,000.
Montana Municipal Bond interest (Exempt)	325.
U S Series EE bond interest	10.
Church bearer bond interest	10.
Credit union dividend	50.
Dreyfus Fund (ordinary 50 CG 200)	250.
ATT ordinary dividend	100.
IDS (ordinary 25, CG 75)	100.
Multi Investment of Oregon	10.
Canadian Mine	100.
Foreign investments	200.
Portland General Electric (Ordinary $75 non taxable 125)	200.

115. Total **<u>additions</u>** on the Oregon return are:

a. $325
b. $525
c. $315

116. Total **<u>subtractions</u>** in the above are:

a. $210
b. $425
c. $10
d. $240

117. T F Your client brings a statement from his brokerage company that shows interest income from Tennessee Valley Authority. This is interest on bonds of another state and is added back to Oregon return.

118. T F Phyllis has an IRA invested in U. S. Government securities. She receives a distribution from her IRA this year in the amount of $5,000. She can subtract the portion of the distribution that represents interest from her taxable income.

OREGON QUIZ

Jennifer has a rental house that was placed in service a few years ago and she elected to use straight line method over 40 years for Oregon depreciation. She had taken deprecation for Oregon in the amount of $17,500 (14 years on $50,000 basis, excluding land). For Federal purposes, the property was 15 year property and she elected to use alternative straight line. She has taken $46,667 depreciation for Federal purposes. As of January 1, 2010, she sold the property for $100,000 of which $25,000 is allocated to the land. For now, assume no expense of sale and no prorates. She reports her gain **for federal** on form 4797 as

Sale price of building		$75,000.
Cost of building	$50,000.	
Less depreciation	(46,667)	(3,333)
Gain on sale		$71,667.

119. For her Oregon return, she will reflect

a. An addition of $29,167.
b. A subtraction of $29,167.
c. A subtraction of $17,500.
d. An addition of $17,500.

120. T F For year of the sale, in above question, Jennifer must attach a re-computed form 4797 to her Oregon return and mark it “Oregon” in BLUE ink.

121. Pete and Repeata file a joint return. They are **both** in the military. Pete joined the military several years ago and will be staying until retirement which is several years away yet. His military pay this year was $15,000. Repeata joined the military this year and enlisted for 4 years. They were both Oregon residents when they enlisted and they keep a home in Oregon where they intend to return. Repeata earned $5,000 while in basic training. All of their income is active duty pay performed outside Oregon while serving in the Persian Gulf. The **military** subtraction on their Oregon return is

a. $20,000
b. $8,000
c. $3,000
d. $6,000

122. Assume that, in the above question, both Pete and Repeata were discharged from the military this year after returning from the Persian Gulf. The subtraction would be:

a. $20,000
b. $8,000
c. $3,000
d. $6,000

OREGON QUIZ

123. T F Jeff is a member of the union and works on highway construction (not structures) for six months of the year 55 miles away from his tax home. He can not itemize his deductions for Federal so gets no deduction on Federal. He may take the special construction worker subtraction for Oregon

124. T F If Jeff is a bridge builder in the above question, but not a union member, he would qualify for the subtraction

125. A faller who maintains his own equipment and is paid per board feet of logs, worked for 18 months at a commercial harvesting project sixty miles from his tax home. He used his car 75% for commuting to his jobsite. Assume that the allowable standard mileage rate for the year is 48 ½ cents per mile for ALL business miles.

Total business miles for the first year were 15,600.
His total auto expenses for the first year (Jan - Dec) were:
Gas $435 Oil $28 Repairs $80 Depreciation $600

Total business miles for six months of the following year: 7,800
For the six months of the following year, he incurred the following:
Gas $225 Oil $28 Repairs $80 Depreciation $300

Assume that he could not deduct any of this on federal return.

He may claim expenses for the FIRST YEAR on his Oregon return as a **subtraction of:**

a) $3,549
b) $4,692
c) $ 543
d) $ 407

126. T F The above logger can not take expenses subtraction on his Oregon return for the second year since subtraction is limited to one year of continuous employment.

127. T F If taxpayer is eligible for construction worker or logger commuting expenses, they should add the deduction to the Oregon itemized deductions and file and Oregon Schedule "A"

128. T F If you purchase three tickets in 2010 (Oregon Lottery) and they pay $500 each, the total amount is taxable for Oregon because it is over $600

129. T F Calvin bought an Oregon lottery ticket in December of 2009 for the Lottery drawing to be held January 2, 2010. He WON!!! The winnings of $5,000 are subject to Oregon tax in 2009 NOT 2010.

OREGON QUIZ

130. Big Business computed a federal jobs credit against his federal tax for the current year in the amount of $5,000. He could only use $4,000 of it this year against his tax and carried the other $1,000 over to next year. His Oregon return should reflect:

a. $1,000 addition
b. $5,000 credit
c. $4,000 subtraction
d. $5,000 subtraction
e. No change - Oregon does not have jobs tax credit.

131. T F OlD indian is a member of the Klamath Indian tribe. He works in an Indian Museum on the reservation and earns $2,000 during the current year. He also works in town as an attorney during the week and makes $40,000 net profit. (He caters to Indians and doesn't charge them big fees) His total income is **non taxable** in Oregon. (He lives on the reservation)

132. T F Even though the artist's charitable contribution is a **subtraction** on the Oregon return, you must itemize your deductions on Oregon in order to claim the subtraction.

133. Ron's adjusted gross income is $10,000. He donated one of his paintings to the State of Oregon for display in a building. The painting has a basis (cost) of $300 and a fair market value of $6,000. The State did not approve of the painting so they sold it on an auction. Ron may:

a. Take no subtraction since it was not used by the state
b. Subtract 45,700
c. Subtract $4,700
d. Subtract $5,000
e. Subtract $6,000

134. Winnie Pooh is self employed. For 2009, she paid $2,000 in medical insurance for herself and family's coverage. Neither she nor her husband has opportunity to acquire insurance otherwise. For her federal return, they claim medical AGI deduction of $1,200. They had $4,000 of other medical deductions for itemized. The adjusted gross income 7.5% deduction eliminates any federal deduction for medical as itemized. Winnie:

a. Can not claim anything additional for Oregon
b. Can claim an $800 subtraction on Oregon
c. May take $800 of the medical as itemized deduction for Oregon

OREGON QUIZ

135. In the previous example, if Winnie's husband was age 62 and retired, they could, on a joint return

a. Claim a deduction as an additional **itemized** deduction of $4800 and a **subtraction** of $800.
b. Increase **itemized** deductions by $4,800
c. Take the medical deduction as an Oregon subtraction

136. Mickey and Minnie pay $5,000 in mortgage interest in the current tax year. They are entitled to a 50% mortgage interest credit, limited to $2,000 on the federal return. They will claim the $2,000 and itemize $3,000 of mortgage interest on Federal Schedule "A". For Oregon, they may

a. Take the $2,000 as an "other subtraction"
b. Change the allowable mortgage interest itemized amount and attach an adjusted schedule to Oregon
c. Not make the adjustment since the $2,000 has reduced their Federal tax subtraction.

137. Assume the same facts as above except that the tax liability for the current year is $1,500. They show the $1,500 as a credit on Federal return, itemize $3,000 of mortgage interest and carry forward $500 of the credit. Their Oregon subtraction for mortgage interest is:

a. $1,500 with $500 carryover
b. $2,000
c. Neither, - must adjust schedule A amount

138. T F Jerry has an oil heat tank. The Oil Heat Commission cleaned up the tank hazard and paid costs of $400. Jerry must include the $400 in Federal taxable income but can subtract it from the Oregon return.

139. T F Since Oregon is "tied" to federal law - the excluded gain on sale of a personal residence will always be the same as Federal.

140. T F Passive activity rules require adjustments for Oregon due to Oregon modifications to income

141. T F Phase out amounts for "active participants" in rental real estate activities for federal are (100,000/150,000) and are based on Federal adjusted gross income whether full year, part year or nonresident of Oregon.

OREGON QUIZ

142. Basic standard deduction for joint or surviving spouse is:

a. $4,900
b. $3,900
c. $1,050
d. Minimum of $1050 and maximum of $5,900

143. Additional standard deduction for over 65 or blind for filing jointly(each) is:

a. $1,200
b. $1,000
c. $800
d. $600

144. Additional standard deduction for over 65 or blind filing as head of household is:

a. $1,200
b. $1,000
c. $800
d. $950

145. For an individual claimed by another taxpayer, the **basic** standard deduction is:

a. $950
b. Individuals earned income plus $300
c. Single basic standard deduction
d. Greater of (a) or (b) limited to maximum of (c)

146. T F If itemized deductions are limited on federal because income limits are exceeded, the same limitations apply to Oregon without adjustment.

147. T F Oregon earned income credit is 6% of federal earned income credit and can only be claimed if qualified for federal EIC **and claim** EIC on federal.

148. T F Oregon EIC is refundable

149. T F Working family credit is based on child care expenses.

150. T F Taxpayer/s must have earned income of at **least** $5,000 to claim Oregon working family credit.

OREGON QUIZ

151. Danny and Liz are Oregon residents who both work and pay child care expenses of $2,500 for their two children (ages 4 and 5) that they can claim as exemptions. They also have custody of her two children (ages 13 and 14) from a former marriage but cannot claim exemption because of a pre-1985 divorce decree. Their Federal AGI for 2010 is $59,050. They have no investment income. Their working family credit is:

a. -0- Income is too high- not a low income family!
b. $1000
c. $200

152. T F In the above, if Liz's 14 year old daughter is paid to baby sit, they are not allowed a working family credit.

153. Bill and Martha are married and file a joint return. They have federal taxable income of $12,000. They have $1,500 qualifying employment related child care expenses. Their child care credit for Oregon is:

a. 8% of the expense
b. 8% of the federal credit
c. 40% of the federal credit

154. Assume that child care credit computed for taxpayer is $120 and tax liability is only $105 (before credits). They will have:

a. Credit allowable only to extent of tax - no carryover
b. Carryover of $15 credit
c. Refund (assuming no other payments) of $15

155. T F Working family child care credit is a refundable credit.

156. T F Credit for elderly is not available to otherwise eligible taxpayer if the taxpayer claims retirement income credit.

157. T F A contribution of paper for flyers for a political campaign candidate is eligible for political contributions credit up to $100 value on joint return.

158. T F Qualified device for alternative energy credit must be in taxpayer's primary personal residence or 2nd residence.

159. T F Sealing existing duct work qualifies for residential alternative energy device credit.

160. T F Renters may be eligible for residential energy credits.

OREGON QUIZ

161. T F An Oregon resident can take the residential energy credit for a device installed in a California vacation home.

162. T F A used heat pump system installed in a swimming pool for use as alternative energy qualifies for residential energy credit.

163. T F Residential energy credit is limited to tax liability but may be carried over for 5 years

164. Nancy has 2010 adjusted gross income of $44,000. This includes $10,000 of rental income taxed by both Oregon and Idaho and a $5,000 U. S. Bond interest. She received $1,000 of bond interest from municipal bonds of other states. She has a federal tax liability of $3,000. Her Idaho income tax is $300. Her total Oregon tax before credits is $2408. She claimed a $100 child care credit and two $154 exemption credits, one for herself and one for her child. Her total credits are $3 which makes her net Oregon tax, before credits for taxes paid to another state $2,000. Her credit for taxes paid to another state is:

a. $2,000
b. $300
c. $378

165. Scott moved from California to Oregon on September 1. He sold California residential property he had held since June. His California income tax after credits was $400. The mutually taxed gain is $4,000. Oregon AGI is $11,300. California AGI is $13,600. His credit for taxes paid to another state (on his Oregon return) for mutually taxed gain is:

a. $59
b. $142
c. -0-

166. Mr Jones may claim a credit of $125 for income taxes paid to Idaho on his current year Oregon return. His Idaho income tax is $125. He claimed $75 of Idaho tax as an itemized deduction in this year. He must

a. Reduce his credit for taxes paid to Idaho ($125) by the $75
b. Add back $75 on his current year Oregon return and $50 on next year's Oregon return if he deducts it as itemized next year
c. Add back $75 on this year's return only

167. T F Nurse practitioners may claim the rural medical practice credit.

168. T F Rural medical practice credit may be claimed for only ten years if qualified practice is retained but there is no carryover of unused credits.

<u>OREGON QUIZ</u>

169. T F The rural medical practice credit is available only to doctors who work full time in medically disadvantaged areas.

170. The rural medical practice credit is

a. Limited to $5,000 first year only. Carryover of unused credits
b. Lesser of $5,000 or tax liability, no carryover
c. Lesser of $42,500 or tax liability with carryover of unused credits.

171. T F A medical partnership may take the rural medical practice credit and allocate the credit to the partners.

172. T F The Oregon Donated Crop credit is available for all farm products regardless of their normal use, reason for being grown or availability for sale of same.

173. T F Oregon Donated Crop credit is 10% of retail market price.

174. T F Taxpayer may claim business energy credit and reclaimed plastic credit on the same project.

175. T F Maximum pollution control credit is 50% of cost limited to the larger of 10% per year or total credit divided by useful life.

176. T F Pollution control facilities credit is for <u>**business structures and equipment**</u> only.

177. T F Weyerhaeuser Company (Wood products process) is eligible for credit for pollution prevention credit.

178. T F Business pollution control technology or processes must be installed before 01-01-07 to qualify for credit.

179. T F Business energy conservation credit is for **business** investment facility and only if in **Oregon** and meet other qualifications

180. T F Business energy conservation credit is available to partners, S corporation shareholders, as well as sole proprietorships.

181. T F Total credit for business energy conservation is 10% of cost of the project.

182. T F Non residents may claim the entire business energy conservation facility credit as long as the <u>**facility**</u> is located in Oregon - not required to allocate by % of Oregon income.

OREGON QUIZ

183. T F Home care of elderly person credit is limited to taxpayers who have less than $17,500 AGI and elderly persons over age 65.

184. T F Qualified expenses for home care of elderly credit include fair rental value of the lodging provided.

185. T F If elderly persons receives home health care from the local hospital, it disqualifies the care giver from taking the credit for home care.

186. T F Home care of elderly credit is lesser of $1,000 or 10% of quaffed expenses paid or incurred, including lodging.

187. T F Any non public legal entity can take the reforestation credit if all other qualifications are met.

188. T F Reforestation credit is not available to Christmas tree farmers.

189. T F In order to qualify for reforestation credit you must own land between five and 500 acres only

190. T F For reforestation credit application, cost of equipment and tools with a useful life of over one year must be depreciated and claimed as a cost limited to actual years of the project rather than depreciation methods.

191. T F Total reforestation credit is 30% of the cost but none of it can be taken until Dept of Forestry certifies that the forest is established.

192. T F Only the original owner may claim the reforestation credit if the property is sold before forest is established.

193. T F Credit for fish habitat improvements expired in 1998. It was limited to tax liability with no carryover.

194. T F Credit for fish screening devices require basis of device to be reduced before depreciation taken.

195. T F The fish screening device credit is 25% of net costs or $5,000, whichever is less.

196. T F The fish screening device credit is available only if **required** by Dept of Fish and Wildlife.

OREGON QUIZ

197. T F When Oregon Dept of Fish and Wildlife determines that a fish screening device is needed, they will **request** that the taxpayer install it. If taxpayer does not comply or **request** that O D of FW do the installation within 180 days, the D of FW will go ahead and install it and assess the costs to the taxpayer.

198. T F Sewage treatment works hook up credit has expired and we can quit worrying about it now (2010)

199. T F Dependent care assistance credit is available only to Oregon **resident employers.**

200. T F Dependent care assistance credit is not allowed if the payment is made to a dependent or child under age 19 of the employee

201. T F Dependent care assistance credit is not allowed if employee is working out of Oregon and care provided out of Oregon even if employer is an Oregon employer.

202. T F **Non resident employers** are allowed dependent care assistance credit if wages are paid in Oregon and care is provided in Oregon.

203. T F Except for physical or mental incapabilities, a dependent must be under age of 15 to qualify for dependent care assistance credit.

204. T F The dependent care assistance credit is the lesser of 50% of qualified expenses or $2,500 per employee who actually receives the assistance.

205. T F To be eligible for dependent care assistance credit, the employer must have a **written** plan

206. T F The employer's business deduction for the dependent care assistance expenses is reduced by the amount of dependent care assistance credit.

207. T F If dependent care payments exceed either employee or spouse's earned income, the excess payment must be added to gross income.

OREGON QUIZ

208. Allen constructs a dependent care facility, receives certification from CCD to operate the facility and provides the assistance in the facility as defined in IR Code Sec 129. All of these events occur in 2002. Total available credit is $100,000 which may be claimed at a rate of $10,000 per year. In tax years 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 the taxpayer meets the qualifications and claims the allowable credits. In 2010, he fails to get the certification from CCD and the 2009 credit is not allowed.

a. He may carry the disallowed $10,000 over if he takes it before 2012.
b. .The 2010 missed credit is lost forever.
c. He must prorate the disallowed credit over remaining years and take only a portion of it each year.

209. T F Employer places a dependent care facility in operation in Oregon and meets all the requirements for the facility. The employees are dubious about this and only five children are accommodated by the facility. The employer may still take the credit.

210. T F The **operator** of the dependent care facility must be certified to allow the **employer** to claim the credit.

211. T F Dependent care facility credit is allowed in **addition to** the full depreciation deduction.

212. T F Dependent care facility must be located in Oregon and generally within two miles of jobsite.

213. T F Dependent care facilities total credit is taken in equal amounts over the MACRS life of the building

214. T F More than one employer may jointly set up a facility and prorate the dependent care facility credit.

215. T F The health insurance small business employer and employee group plans expired and was not extended.

216. T F Oregon “First Break” program is available to employers who hire gang-involved or gang affected youths age 14-21

217. T F Participation in “First Break” program is limited to one youth per employer.

218. T F First Break credit is 50% of wages paid with a maximum credit of $1,000 per employer per year for up to two years.

219. T F Youths must stay employed consecutively for 18 months in order to be an eligible youth for second year.

OREGON QUIZ

220. T F Employers must provide at least 40 hours or $1,000 worth of training to each youth employee to get the credit for the second year of employment.

221. T F First Break program credit is refundable.

222. T F Farm workers housing credit is for taxpayers who build only new housing for seasonal/year around farm workers/families.

223. T F Farm workers housing credit is still allowable if the workers are seasonal and the housing is used to store farm supplies in off season.

224. T F Farm workers housing credit is available as long as the housing is **available** for farm workers.

225. T F Cost to purchase the land to construct farm worker housing on is eligible for the credit.

226. T F Deprecation is allowable without basis adjustment for cost of farm worker housing, even if credit is taken.

227. T F **Non residents and part year residents** may claim the farm worker housing credit if the project is in Oregon.

228. T F Farm worker housing must be completed by 12-31-2012

229. T F Farm worker housing credit for projects completed after 1-1-96 is 50% of costs

230. T F Farm workers housing must be inspected by OSHA prior to occupancy to qualify for the credit.

231. T F In 2006, poor Sam is only 40 years old and his mobile home facility closed down for sale of the land for a larger manufacturing plant. Sam only made $25,000 (AGI) and could not afford to move his mobile home but he is forced to do so. He is qualified for an Oregon credit of $1,500 which he should have taken the $1,500 deduction in 2006.

232. T F If you are married filing separate returns, you may each claim one half of the mobile home moving credit.

233. T F If poor Sam's mobile home had a fair market value of $75,000 but is mortgaged for $65,000, he could take the mobile home moving credit if all other qualifications are met.

OREGON QUIZ

234. T F Mary, in 2008, did not like the mobile home park she lived in and wanted to move to a better location. She could have taken the mobile home moving credit if she qualified under the AGI limits, ownership limits and fair market value limits.

235. T F You must be an Oregon resident to take the retirement income credit.

236. T F Social security is included in household income for the determination of retirement income credit.

237. Ted and Alice have the following income for the current year.

Taxable interest	$ 457.
Taxable dividend	$ 39.
Taxable pension	$4,211.
Net income from partnership	$3,993.
Total AGI on Federal return	$8,700

They file joint return for the current year, receive no social security and Ted is now 62 years old. The Oregon retirement credit on Oregon return is:

a. $783
b. $379
c. -0-

238. T F Both spouses must be age 62 or over to qualify for retirement credit on a joint return.

239. For retirement income credit, household income does **not** include:

a. Veterans benefits
b. Inheritance
c. Insurance proceeds
d. Welfare benefits (Some)
e. None of the above

240. Juan has a business which had gross income of $26,000. He had a $9,000 depreciation deduction and other business expenses of $20,000. He reported a business loss for federal purposes of $3,000. He reports, as household income for the retirement income credit

a. $1,000 income
b. ($1,000) loss
c. -0-
d. ($3,000) loss.

241. T F IRA distributions qualify for retirement income credit.

OREGON QUIZ

242. T F For retirement income credit, you may take a maximum of $1000 loss for each business venture or farm that creates a loss for the year.

243. T F Oregon lottery winnings must be included in HH income for retirement income credit even if not taxable.

244. T F All gifts and grants must be included in HH income to compute the retirement income credit.

245. T F The bone marrow credit is in addition to the expense paid or incurred to provide the program.

246. T F The bone marrow donation program credit is allowed to individuals who donate to a bone marrow program.

247. T F Bone marrow credit is 25% of expenses to provide the program.

248. T F Business expense deduction must be reduced if bone marrow credit is taken.

249. T F Oregon allows a checkoff donation to Aids/HIV

250. T F Checkoffs on Oregon return (for contributions) will reduce taxpayer's refund.

251. T F Oregon allows alimony deductions for a full year **non resident <u>only if</u>** the alimony is paid to an Oregon resident and included in Oregon resident's taxable income.

252. T F Partnerships are not taxed, at partnership level, for the Tri Met and LTD self employment tax.

253. T F Real estate salespersons are generally subject to LTD and Tri Met self employment tax.

254. T F Insurance agents are generally exempt from TriMet and LTD SE tax.

255. T F Rev. Smith is a minister in the Tri Met district. He is paid a salary by his church but also receives honorariums for weddings and funerals. He is subject to Tri Met SE tax only on the honorariums.

256. T F Husband and wife, if both self employed, may file a joint Tri Met or LTD SE tax return.

257. T F Tri Met and LTD SE returns are filed with Oregon tax return.

258. T F Extensions on Oregon tax return also covers Tri Met and LTD SE extension

OREGON QUIZ

259. T F Jane Jones and Suzanne Smith share the same home. As renters they may each file an ERA claim based on their own household income.

260. Which of the following is **not** included in fuel and utilities for the ERA claim?

a. Lights
b. Water
c. Telephone
d. Garbage
e. Sewer
f. Heat
g. None of the above

261. T F Household assets include value of retirement plans for ERA

262. T F Household assets include the fair market value of the assets of both spouses who live in the same household including real property and personal furniture (for ERA)

263. T F Taxpayer or spouse must be age 59 or older on December 31 to qualify for ERA.

264. T F Total HH income must be less than $10,000 to qualify for ERA

265. T F A fraudulent ERA claim is a class C felony with fines of up to $100,000, jail or both

266. T F Unmarried room mates do not include income of others related or unrelated to them living in same home.

267. T F Fair market value of HH assets (for ERA) includes FMV of tangible personal property if used in trade or business ONLY if taxpayer is the OWNER

268. T F H H assets (for ERA) includes fair market value of stocks and contracts receivable. (Installment sales)

269. T F ERA claims must be filed within three years of due date.

270. T F Rent paid to a related party can qualify for ERA claim.

271. T F Nursing home residents can claim 40% of payment as rent and 10% utilities.

<u>OREGON QUIZ</u>

272. T F Reverend Smith lives in a house provided by the church. He pays rent for the use of the house and the property is **<u>not</u>** exempt from Oregon property tax. He receives a rental allowance from the church. He may **<u>not</u>** claim ERA refund.

273. T F Great Grandpa passed away in October. His estate can file for ERA refund based on rent paid prior to death if all other requirements are met.

274. T F If Grandpa had died in February and a refund claim had been filed in January, the estate could keep the refund.

275. T F Federal retirees qualify for Oregon Retirement Income Credit if their pension income is included in Oregon Income.

A FEW REVIEW ITEMS- OREGON QUIZ

276. Silly Millie lives in California. From 1983-1995 she contributed to an IRA. In 1983 and 1984 she contributed $1500. From 1985 through 1995 she contributed $2,000 each year. Both Federal and California allowed the same maximum $1500 deduction for 1983 and 1984. Federal allowed $2,000 for all other years but California allowed only $1500 for 1985 -1989. California allowed $2,000 per year for 1990 - 1995. Mildred retired and moved to Oregon in June 2009. She receives $350 per month from the California IRA. She received 7 payments of $350 each for a total of $2,450 in 2009. Millie will be taxed (in Oregon) for 2010 on:

a. None of the California Ira
b. All of the payments received since she is now an Oregon resident
c. Only the amount related to her contributions, not the earnings on the IRA.

277. The Wanderer has moved around this year and is filing 40P for Oregon. She has $30,000 of income after subtractions in 40P federal column and $10,000 of income after subtractions in the Oregon column. She worked in Oregon for six months in current year. Her federal tax is $5,000. Her federal tax subtraction on Oregon 40P, effectively is:

a. $4,500
b. $5,600
c. $5,000

278. T F A healthy child (not disabled) qualifies for working family credit until age 15.

279. T F An Oregon amended return is required within 90 days after a federal audit report becomes final.

LICENSING LAW FOR OREGON

280. T F Oregon licensing law applies to preparation of corporate or partnership tax returns as well as individual returns.

281. T F For licensing law, tax season is from January 1 to April 15

282. T F For application of Oregon licensing law rules, a client is a person for whom personal income tax returns are prepared but only if prepared for valuable considerations.

283. T F Confidential information from a client furnished to a licensee for or in connection with preparation of the client's tax return can not be disclosed to anyone without permission of the client.

284. T F Licensing law does not apply to employees who prepare returns for their employer's business only

285. T F CPAs and Pas must abide by Oregon licensing laws

286. T F To become licenses as a tax preparer, you must be not less than 18 years old, have high school diploma or equivalence exam passed and pass the preparer's exam. There are no other requirements.

287. T F To acquire a Consultant's license you must have 780 hours during the last two years and pass the consultant's exam.

288. T F A licensee can not, in connection with procurement of clients, pay any cash or give any gifts to anyone (does not include commercial advertising or offering discounts that are approved).

289. T F If licensed in another state you must show proof that you have met the requirements equivalent to Oregon requirements and you will be issued an Oregon license.

290. T F You, as a preparer, can work with an attorney, recommend him to your clients, and receive a commission from the attorney.

291. T F Oregon license law requires that preparers make available, on written request, to clients, within a reasonable time, copies of depreciation schedules that support a return prepared by the preparer.

292. T F If client loses his documentation of depreciation given to him by the preparer, the preparer is required to furnish the information to the client again even though it is not a part of the tax return required to be filed.

293. T F A preparer may hire a consultant to work for him/her

294. T F If client asks you to quote a fee, you may tell him that the fee depends on whether you get him a refund or not

295. T F A consultant that is a designated consultant does not have to work in the office where returns are prepared or look at returns preparer prepares.

296. T F Each principal and branch office must be under management and supervision of a tax consultant including maintaining reference material for Federal but not necessarily for State.

297. T F A licensed tax consultant shall be in **residence** at **each** principal **and branch** office.

298. T F The license number of the designated consultant must be on all returns prepared by the firm even if someone else properly licensed prepares the return.

299. T F The State Board must be notified within 30 days if there is any change in status of the designated consultant.

300. T F Returns must have required identification on the Federal and State filing copies only.

301. T F Oregon requires all data required by IRS for preparer identification on all returns.

302. T F A preparer is only required to maintain a phone number for clients and the board to reach him during tax season

303. T F Records are to be maintained by **employing consultant/firm**

304. T F Licensee may resolve doubt in favor of client if reasonable support of the position.

305. T F Fees for accounting shall be separately stated from tax preparation fees.

306. T F A designated consultant automatically ceases to be responsible when they are no longer employed with the firm.

307. T F Licensee shall respond to Board communications within 21 days of mailing of such communications.

308. T F Licensee shall respond to penalty notices from the Board within 20 days to make application for hearing.

LICENSING LAW FOR OREGON

309. T F Licensee may not offer tangible inducement in the procurement of clients.

310. T F Continuing education requires 30 hours since last renewal date (except for renewal of initial license) with no carry over at any time.

311. T F Patty went to a seminar which consisted of memory improvement and character development. She could never remember client's names. The seminar qualifies for continuing education for her LTC license renewal.

312. T F Licenses will expire for preparers and consultants each year on September 30.

TRANSFER YOUR ANSWERS TO THE ANSWER SHEET

EMAI, MAIL OR FAX ANSWER SHEET ONLY

2010