

## Purpose of Schedule OR-21

Pass-through entities (PTEs) electing to pay the PTE elective tax (PTE-E tax) use Form OR-21 to report their income, tax, and payments. An upper-tier PTE that is a member of an electing PTE will also use Form OR-21 to pass its share of the lower-tier entity's distributive proceeds, addition, and tax credit through to the upper-tier PTE's individual owners. Form OR-21 is filed on a calendar-year basis only. PTEs using a fiscal year will make the election for the calendar year in which their fiscal year ends.

## General information

Oregon's PTE-E tax was enacted by SB 727 during the 2021 legislative session (2021 Oregon Laws, ch. 589). It allows certain PTEs to elect to pay income tax at the entity level. Individual members will still report and be taxed on their income from the PTE, but they will be able to claim a credit on their individual returns for the tax already paid by the PTE. The provisions in SB 727 were amended by SB 1524 during the 2022 legislative session to require electing PTEs to pay estimated tax (2022 Oregon Laws, ch. 82, § 3, 4).

Form OR-21 is filed on a calendar-year basis and is only available for tax years beginning on or after January 1, 2022 and before January 1, 2024. PTEs using a fiscal year will make the election for the calendar year in which their fiscal year ends. Only calendar-year PTEs or fiscal-year PTEs with a short year that begins and ends in 2022 can make the election using the 2022 form. All other PTEs must wait until the 2023 form is available to make the election for a fiscal year beginning in 2022 and ending in 2023.

## Electing PTE

An electing PTE must be a partnership, an S corporation, or an LLC taxed as a partnership or S corporation. All of the PTE's members must be individuals or other PTEs (upper-tier PTEs) whose members are all individuals.

The election must be made by members of the PTE who are members on the date the election is made or by any officer, manager or member of the electing PTE who is authorized, under law or the PTE's organizational documents, to make the election and who attests to having such authority under penalty of perjury.

## Estimated payments

An electing PTE must make timely estimated payments of the PTE-E tax. Total estimated tax payments must equal at

least 90 percent of the PTE-E tax shown on Form OR-21 or underpayment interest may be charged. Underpayment interest may be charged even if the return shows an overpayment if estimated payments were late or too small. See "Interest on underpayment of estimated tax" and Publication OR-21-EST, *Oregon Pass-through Entity Elective Tax Estimated Payment Instructions*, for more information.

## Registration required

Before estimated payments can be made, the PTE must register with the department using Revenue Online. Go to our website, [www.oregon.gov/dor](http://www.oregon.gov/dor), and search for "PTE-E" for registration information. **Registration is not the same as making the election.**

## Questions about the PTE-E tax?

You can find information and updates about the PTE-E tax on our website, [www.oregon.gov/dor](http://www.oregon.gov/dor), by following the link to our "Businesses" page. If you have specific questions that aren't answered on our website, send us an email at [BusinessAlternative.IncomeTax@dor.oregon.gov](mailto:BusinessAlternative.IncomeTax@dor.oregon.gov). If you have questions or need help with any other Oregon tax programs, see our contact information on the last page of this publication.

## Making the election

A PTE makes the election by timely filing Form OR-21 with the "Election" box checked. To be timely, Form OR-21 must be filed on or before the due date, unless an extension has been requested. The due date for filing Form OR-21 for tax year 2022 is **April 18, 2023**. All members must agree to make the election unless there is an officer, manager, or member of the PTE who is authorized by law or the PTE's organizational documents to make the election on the PTE's behalf. See the instructions for line 1, below, regarding the "Election" box.

## Extension of time to file

If the PTE is requesting an extension of time to file federal Form 1065, *U.S. Return of Partnership Income*, or 1120-S, *U.S. Income Tax Return for an S Corporation*, Oregon will honor the same extension request for filing Form OR-21. You must submit your extension request on or before the due date for the return.

**An extension of time to file the return is not an extension of time to pay the tax.** Payment is due on April 18, 2023, without regard to an extension to file Form OR-21.

## Revoking the election

The election to pay PTE-E tax may be revoked, but only under these circumstances:

- All members of the PTE who are members on the date the election is revoked must consent to the revocation.
- The revocation must be made on or before the due date for filing Form OR-21, including extension.

To revoke the election, complete this form as if you are making the election, except enter 0 for all numeric fields on lines 6 through 23. Mark the "Revocation" box on the first page of the return.

**Request for refund without election.** The PTE may request a refund if estimated tax or other payments were made but the PTE will not be making the election. Do not file Form OR-21. Request the refund through the PTE's Revenue Online account. If you don't have internet access, contact us for assistance.

## Required schedules

Include these schedules when Form OR-21 is filed:

- Schedule OR-21-MD, *Oregon Pass-through Entity Elective Tax Member Directory*.
- Schedule OR-21-AP, *Oregon Pass-through Entity Elective Tax Apportionment of Income*, if the PTE must apportion its income. See the instructions for line 19.
- Schedule OR-21-MD-PT, *Pass Through of Distributive Share of Proceeds, Addition, and Credit*, if the PTE is an upper-tier PTE passing items through from an electing lower-tier entity to its own individual members.

**Schedule OR-21-K-1.** The PTE must provide Schedule OR-21-K-1, *Distributive Share of Proceeds, Addition, and Credit*, to every member. The schedule shows the member's share of the distributive proceeds on which the PTE-E tax was calculated, any required Oregon addition, and the amount of the member's share of the refundable PTE-E tax credit. See Schedule OR-21-K-1 Instructions for more information.

## Information for members

### Members who are upper-tier PTEs

A PTE that is an upper-tier member of the electing PTE must pass its share of the lower-tier entity's distributive proceeds, addition and refundable tax credit through to its own members. **All** of the upper-tier PTE's members must be individuals who will file a personal income tax return, including nonresident individuals who elect to join a composite return. The upper-tier PTE must report the information about the items passed through to its members by filing Form OR-21 with Schedule OR-21-MD-PT attached. See Schedule OR-21-MD-PT Instructions for more information. In addition, the upper-tier PTE must provide Schedule

OR-21-K-1 to each of its individual members to report the distributive proceeds, addition, and credit passing through from the lower-tier electing entity, even if the upper-tier PTE isn't making the election.

### Addition for PTE taxes paid to Oregon

Individual PTE members must report an addition for any taxes imposed on the PTE by Chapter 314 of the Oregon Revised Statutes and paid to the State of Oregon that are deducted on any federal return filed by the PTE at the entity level. If the electing PTE has an upper-tier PTE as a member, the upper-tier PTE's members must report the addition on their personal income tax returns, including composite returns joined by nonresident individuals. The PTE must include the addition amount on the Schedule OR-21-K-1 provided to each member.

Individual PTE members can find information about the addition in Publication OR-17, *Oregon Individual Income Tax Guide*.

### Refundable credit for PTE-E tax paid

Individual PTE members are allowed a refundable credit for their distributive share of the tax paid by the PTE. The credit is claimed on the member's personal income tax return. If the electing PTE has an upper-tier PTE as a member, the upper-tier PTE's members are allowed to claim the credit on their personal income tax returns, including composite returns joined by nonresident individuals.

The distributive share of the credit must be reported to each member using Schedule OR-21-K-1, including members that are other PTEs. Don't include interest or penalty on unpaid tax or underpayment interest in the tax credit amount. See Schedule OR-21-K-1 Instructions.

Individual PTE members can find information about the refundable credit in Publication OR-17.

## Amended returns

If Form OR-21 must be amended, complete the return as it should have been filed, including any adjustments that were made. Check the "Amended" box on line 3.

Member listed by mistake. If a member was listed on the original Schedule OR-21-MD or OR-21-MD-PT by mistake, list the member on the amended schedule as well, but enter zeroes for all of that member's amounts.

## Return instructions

**Tax year beginning and ending dates.** Enter "01/01/2022" and "12/31/2022" for the beginning and ending dates of the PTE's tax year. If the PTE has a short year that began and ended in 2022, enter the short year beginning and ending dates. For example, if the PTE's short year began on March 1, 2022 and ended on December 31, 2022, enter "03/01/2022" and "12/31/2022." If the PTE's tax year ends in 2023, you must wait to make the election on the 2023 Form OR-21.

## Part A: Taxpayer information

Enter the PTE's legal name and federal employer identification number (FEIN). Enter the name that the entity is doing business as (DBA) or its assumed business name (ABN) if different from its legal name.

**Entity type.** Check the box that matches the PTE's organization type. If the PTE is an LLC that is treated as a partnership or an S corporation for tax purposes, check the applicable box.

**Contact information.** Enter the name, phone, and email of a person the department can contact if we have questions or need more information. The contact person does not have to be the same person who prepares or signs the return, but they should be knowledgeable about the PTE's election.

## Part B: Checkboxes

Check every box that applies to this return.

**Box 1: Election.** Check this box if the PTE elects to be liable for and pay the PTE-E tax. By checking this box and submitting the completed return, you are stating under penalty of false swearing that all members of the PTE have agreed to the election or you are stating under penalty of perjury that you are an officer, manager, or member of the PTE who is authorized under law or the PTE's organizational documents to make the election on the PTE's behalf.

**Box 2: Revocation.** Check this box if the PTE is revoking a prior election. See "Revoking the election," above.

**Box 3: Amended.** Check this box if the PTE is amending an earlier return to make corrections (not revoking a prior election).

**Box 4: Extension.** Check this box if the PTE filed a request for an extension.

**Box 5: Pass through.** Check this box if the PTE is an upper-tier member of an electing lower-tier entity. See "Members who are an upper-tier PTE," above.

## Part C: Distributive proceeds

### Income from all sources

Enter the PTE's income from all sources. Round all amounts to the nearest whole dollar. Indicate any losses with parentheses. The amounts on lines 6 through 15 can generally be found on Schedule K of federal Form 1065 or 1120-S.

**Line 6.** Enter the PTE's ordinary business income or loss from federal Schedule K, line 1.

**Line 7.** Enter the PTE's net rental real estate income or loss from federal Schedule K, line 2.

**Line 8.** Enter the PTE's other net rental income or loss from federal Schedule K, line 3c.

**Line 9.** If the PTE is a partnership, enter the total guaranteed payments from federal Schedule K, line 4c; otherwise, enter 0.

**Line 10.** Enter the PTE's interest income from federal Schedule K, line 5 (Form 1065) or line 4 (Form 1120-S).

**Line 11.** Enter the PTE's ordinary dividends from federal Schedule K, line 6a (Form 1065) or line 5a (Form 1120-S).

**Line 12.** Enter the PTE's royalties from federal Schedule K, line 7 (Form 1065) or line 6 (Form 1120-S).

**Line 13.** Enter the PTE's total net gain or loss from the disposition of property from federal Schedule K, the sum of line 8 plus line 9a (Form 1065) or the sum of line 7 plus line 8a (Form 1120-S).

**Line 14.** Enter the PTE's net section 1231 gain or loss from federal Schedule K, line 10 (Form 1065) or line 9 (Form 1120-S).

**Line 15.** Enter any other income or loss from federal Schedule K, line 11 (Form 1065) or line 10 (Form 1120-S).

### Apportionable income from all sources

**Line 17.** Enter the total of the PTE's non-apportionable income that is included in the amount on line 16. Non-apportionable income means all income other than apportionable income (ORS 314.610); see the instructions for line 19.

**Line 18.** Subtract the PTE's non-apportionable income on line 17 from the total income from all sources on line 16. The result is the PTE's apportionable income from all sources.

### Oregon apportionable income

**Line 19.** Any PTE with income from business activity that is taxable by Oregon and one or more other states must apportion its income according to Oregon's Uniform Division of Income for Tax Purposes Act, ORS 314.605 to 314.675, unless the PTE is a financial institution or public utility. In that case, the PTE must apportion its income using the provisions of ORS 314.280.

- Complete Schedule OR-21-AP if the PTE must apportion its income. Enter the apportionment percentage from Schedule OR-21-AP, line 12. Include the schedule when the return is filed.
- If Schedule OR-21-AP isn't required because the PTE doesn't have to apportion its income, enter 100.0000.

### Oregon distributive proceeds

**Line 21.** Enter the total of the non-apportionable income from line 17 that is allocated to Oregon. If the PTE does all of its business activity in Oregon, enter the amount from line 19. If the PTE must apportion its income, see "Allocable income" in Schedule OR-21-AP Instructions to determine whether the amount on line 19 includes income that is allocated to Oregon.

**Line 22.** Add the apportionable income from line 20 to the income allocated to Oregon on line 21. The result is the PTE's total distributive proceeds from Oregon sources.

- e. If line d is 0, multiply line a by 9% (0.09); otherwise, enter \$22,500. e. \$16,200
- f. Line d plus line e. f. \$16,200

## Part D: Tax, payments, penalty, and interest

**Line 23.** The PTE-E tax is 9 percent of the first \$250,000 in total distributive proceeds, and 9.9 percent of the distributive proceeds over \$250,000.

Use this worksheet to figure the tax:

### PTE-E tax worksheet

- a. Amount from Form OR-21, line 22. a. \$
- b. Amount taxed at 9%. b. 250,000
- c. Line a minus line b. If less than zero, enter 0. c. \$
- d. Multiply line c by 9.9% (0.099). d. \$
- e. If line d is 0, multiply line a by 9% (0.09); otherwise, enter \$22,500. e. \$
- f. Line d plus line e. This is the PTE-E tax. Enter this amount on Form OR-21, line 23. f. \$

**Example 1.** Smith and Sons, a general partnership, has \$425,000 in total distributive proceeds from Oregon sources on line 22. The PTE-E tax is \$39,825, calculated as follows:

- a. Amount from line 22. a. \$425,000
- b. Amount taxed at 9%. b. \$250,000
- c. Line a minus line b. c. \$175,000
- d. Multiply line c by 9.9% (0.099) d. \$17,325
- e. If line d is 0, multiply line a by 9% (0.09); otherwise, enter \$22,500. e. \$22,500
- f. Line d plus line e. f. \$39,825

**Example 2.** Mountaintop, Inc., an S corporation, has \$180,000 in total distributive proceeds from Oregon sources on line 22. The PTE-E tax is \$16,200, calculated as follows:

- a. Amount from line 22. a. \$180,000
- b. Amount taxed at 9%. b. \$250,000
- c. Line a minus line b. If less than zero, enter 0. c. \$0
- d. Multiply line c by 9.9% (0.099). d. \$173,250

**Line 24.** Enter the total of all PTE-E tax payments made before filing this return. Use the PTE's Revenue Online account to verify the date or amount of any payment, if needed.

**Line 25.** If the amount on line 23 is more than the amount on line 24, you have tax to pay. Subtract line 24 from line 23.

**Line 26.** If the amount on line 23 is less than the amount on line 24, you overpaid. Subtract line 23 from line 24, then go to line 28.

### Penalty and interest

**Line 27.** Enter the total amount of penalty and interest owed if all of the tax shown on line 23 wasn't paid by April 18, 2023. Round the amount to the nearest \$1.

**Penalty for failure to pay.** If the PTE elects to be liable for the PTE-E tax but doesn't pay the total tax owed by the due date of the return (without extension), the PTE will owe a penalty of 5 percent of the unpaid tax.

**Interest on unpaid tax.** A PTE that elects to be liable for the PTE-E tax but doesn't pay it by April 18, 2023 must pay interest at the applicable rate. Interest is figured daily, based on a 365-day year. The annual interest rate is 6 percent for calendar year 2023, or 0.0164 percent per day. The interest rate may be changed once per calendar year.

**Note:** Additional interest of 4 percent per year will be charged on deficiencies or delinquencies that remain unpaid more than 60 days after they have been assessed. For more information, see "Interest and penalties" in Publication OR-17.

**Example 3.** Use the same facts as in Example 1. Smith and Sons made \$35,000 in payments by April 18, 2023, the due date of the return. The partnership filed Form OR-21 on extension on July 28, 2023. The unpaid PTE-E tax was \$4,825 (\$39,825 - 35,000), which they paid when they filed the return. Smith and Sons must pay a 5 percent penalty and daily interest as follows:

<b>Penalty:</b>	
\$4,825 x 0.05	\$ 241.25
<b>Interest:</b>	
April 19, 2023 to July 28, 2023	
100 days at 0.0164%	
0.000164 x \$4,825 x 100 days	<b>+ 79.13</b>
Total penalty and interest	<u>\$ 320.38</u>

The partnership enters \$320 on Form OR-21, line 27.

**Line 28.** Calculate the underpayment interest due for each installment period using the **Underpayment interest worksheet** under "Interest on underpayment of estimated tax." The PTE may calculate the underpayment interest based on regular installments or installments using annualized

income, whichever is less. There are no exceptions to paying interest on an underpayment of PTE-E tax.

Enter the total underpayment interest amount from the **Underpayment interest worksheet**, line 14.

## Part E: Tax to pay or refund

**Line 30.** If line 25 shows tax to pay, add lines 25 and 29. This is the amount you owe.

### Payment Options

**Online payments.** Log into the PTE's Revenue Online account to make a payment. If you make a non-logged in payment you will need the PTE-E tax account number. If you don't know the PTE-E tax account number, log into the PTE's Revenue Online account.

**Electronic payments with e-filed return.** We accept electronic payments when e-filing Form OR-21, if supported by your software provider, or when submitting the return through Revenue Online.

**Check or money order payments with paper return. Note:** This option is available only for PTEs that don't have access to the internet and have requested a paper return. Make the check or money order payable to "Oregon Department of Revenue." Write the following on the check or money order:

- The PTE's FEIN.
- "2022 PTE-E."
- Daytime phone.

**Check or money order payments mailed separately.** Use Form OR-21-V, *Oregon Pass-through Entity Elective Tax Payment Voucher*, to make a payment separately from the return. See Form OR-21-V Instructions for payment and mailing information.

### Refund

**Line 31.** If line 26 shows an overpayment, subtract line 29 from line 26. This is your refund. Refunds of PTE-E tax can't be applied as an estimated payment for a later tax year. The department will issue a check and send it to the PTE's mailing address as shown in the PTE's registered account.

## Part F: Signature and date

Generally, the member who signs the return should be a general partner, officer, managing member, managing manager, or other member with the authority to enter into binding agreements on behalf of the PTE.

**Preparer signature.** If the form is prepared by someone other than the general partner, officer, managing member, or other authorized member, they must sign the return and provide their information.

## Filing the return

### Electronic filing

File Form OR-21 electronically using Revenue Online or by modernized e-file (MeF) if your software provider supports it. Include all required schedules. See "Required schedules," above.

### Filing by mail

File Form OR-21 by mail only if you requested a paper return because you don't have internet access. If you're mailing in a payment with the paper return, follow the instructions under "Payment options," above, for making a payment by check or money order. To avoid slowing down processing, do not use a payment voucher, staple the payment to the return, send cash or postdated checks, or use red or purple or any gel ink.

**Assembling and mailing the return.** Include all required schedules. Assemble the return in this order, from top to bottom:

1. Check or money order, if any.
2. Form OR-21.
3. Schedule OR-21-MD.
4. Schedule OR-21-MD-PT, if required.
5. Schedule OR-21-AP, if required.

### Mail the assembled return to:

Oregon Department of Revenue  
PO Box 14380  
Salem OR 97309-5075

## Interest on underpayment of estimated tax

The PTE will owe underpayment interest if its estimated payments are paid late or are less than the required amount. Underpayment interest is calculated on a running balance of estimated tax due from one event (a due date or a payment) to the next. The interest accrues until the balance is paid in full or the due date for filing the return (without extensions), whichever is earlier.

Interest accruing on tax that remains unpaid after the due date is computed separately as shown under "Penalty and interest," above. The same interest rate that applies to unpaid tax also applies to underpayments of estimated tax.

## Calculating installment payments

The PTE may pay all of the estimated tax by the due date for the first installment payment, or the payments may be made in up to four installments. There are two methods for calculating the installment amount. For the first method, divide the annual required payment into four equal installment payments. These are known as regular installments. The second method, for PTEs that do not realize their income

evenly throughout the year, is to calculate annualized installment payments.

### Method 1: Regular installments

Use this worksheet to figure the amount of the PTE’s regular installment of estimated PTE-E tax. This worksheet must be completed even if the PTE made annualized installment payments. Round all dollar amounts to the nearest \$1.

#### Regular installment worksheet

1. Tax from Form OR-21, line 23. 1. \_\_\_\_\_  
If the amount on line 1 is less than \$1,000, stop; underpayment interest won’t be charged.
2. Annual required payment. Multiply line 1 by 90% (0.9). 2. \_\_\_\_\_
3. Regular installment payment. Line 2 divided by four. 3. \_\_\_\_\_

### Method 2: Annualized installments

If the PTE didn’t realize its income evenly throughout the year, the required estimated tax payments may be figured using the annualized installment method. With this method, income and tax are placed on an annualized basis for each period, and the lesser of the regular installment or annualized installment for each period is the required payment amount. Complete the **Regular installment worksheet** above before figuring the PTE’s annualized installments.

#### Annualized installment worksheet instructions

Use the worksheet below to figure the PTE’s annualized installment payments. The period dates in the worksheet are based on a calendar year.

Work through the worksheet **column-by-column** except where otherwise indicated.

**Line 1.** Determine the Oregon distributive proceeds for each period using Form OR-21, lines 6 through 22 as a guide. Enter only the proceeds for the time period shown at the top of each column. Note: The amount in box 1D should be the same as the total Oregon distributive proceeds for the year from Form OR-21, line 22.

**Line 4.** If the annualized amount on line 3 is less than \$250,000, multiply line 3 times 9 percent (0.09). Otherwise, use the instructions for Form OR-21, line 23 as a guide for calculating the tax.

**Line 7.** Don’t enter an amount in box 7A because there were no prior installment payments before this period. Enter the amount from box 13A in box 7B, box 13A plus box 13B in box 7C, and box 13A plus box 13B plus box 13C in box 7D.

**Line 10.** The excess regular installment entered on line 12 is the difference between the regular installment payment and the annualized installment payment for the period. Don’t enter an amount in box 10A because there was no excess regular installment amount before this period. Enter the excess regular installment amount from box 12A in box 10B, box 12B in box 10C, and box 12C in box 10D.

**Line 13.** This is the annualized installment payment that you needed to make for each period if you are using this method. Payments were due on the due dates for a calendar-year filer: June 15, 2022 (first two installments), September 15, 2022, and January 17, 2023.

<b>Annualized installment worksheet</b>				
	A 1/1/2022 to 3/31/2022	B 1/1/2022 to 5/31/2022	C 1/1/2022 to 8/31/2022	D 1/1/2022 to 12/31/2022
1. Distributive proceeds from Oregon sources for the period (see instructions).				
2. Annualization multiplier.	4	2.4	1.5	1
3. Annualized distributive proceeds. Line 1 multiplied by line 2.				
4. Annualized tax (see instructions).				
5. Percentage for this period (as a decimal).	0.225	0.45	0.675	0.9
6. Annualized tax for this period. Line 4 multiplied by line 5.				
7. Prior period installment (see instructions).				
8. Line 6 minus line 7. If less than zero, enter 0.				
9. Line 4 of the <b>Regular installment worksheet</b> , above.				
10. Prior excess regular installment (see instructions).				
11. Line 9 plus line 10.				
12. Excess regular installment amount. Line 11 minus line 8. If less than zero, enter 0.				
13. <b>Annualized installment payment.</b> Enter the smaller of line 8 or line 11.				

## Underpayment interest worksheet instructions

First, use the **Regular installment worksheet** or the **Annualized installment worksheet** to determine the amount of your installment payments for tax year 2022.

**Date and Amount columns.** This worksheet includes payment due dates and space to record two estimated tax payments per period. Use the PTE's Revenue Online account to verify the date or amount of any payment, if needed.

**Lines 1, 4, 7, and 11.** In the **Amount** column for each line, enter the required installment for each period from the **Regular installment worksheet**, line 3, or from the **Annualized installment worksheet**, line 13, whichever applies. Note: For tax year 2022 **only**, enter 0 for the required amount on line 1, and enter the sum of the first two installment payments on line 4.

**Lines 2 and 3.** Enter the date and amount for each estimated PTE-E tax payment made before June 15, 2022 in date order. Note: For tax year 2022 **only**, if more than two payments were made before June 15, 2022, you may add them together and enter them on line 3.

**Lines 5 and 6.** Enter the dates and amounts of any estimated PTE-E tax payments made from June 15, 2022 through September 14, 2022 in date order.

**Line 8.** Enter the date and amount of an estimated payment made from September 15, 2022 through December 31, 2022.

**Line 9.** Any interest rate change as of January 1, 2023 is noted on this line and is treated as an event.

**Line 10.** Enter the date and amount of an estimated PTE-E tax payment made from January 1, 2023 through January 16, 2023.

**Lines 12 and 13.** Enter the dates and amounts of any estimated PTE-E tax payments made from January 17, 2023 through April 18, 2023.

**Running balance column.** The running balance is the amount of tax due at any given time during the year. Required installments increase the running balance, and estimated tax payments decrease it. The running balance can be positive, negative, or zero. Use a minus sign or parentheses to indicate a negative amount.

Work through this column starting with line 1. **Note:** For tax year 2022 **only**, any payments made before the first payment was due on June 15, 2022 will result in a negative running balance.

**Number of days column.** Count the number of days after the first event that creates a positive running balance until the

next event that changes the running balance, including the day of the next event (except January 1 when there has been a change in the interest rate; include January 1 in the day count for a subsequent event). Enter the count in the **Number of days** column, on the same line as the first event. Continue down the column, entering the number of days when the running balance is positive, until the last event is reached. If the running balance is positive after the last event, count the number of days after the last event through the due date of the return. Don't count any days when the running balance is negative or zero.

**Interest due column.** To calculate the underpayment interest, multiply each positive running balance by the number of days and the daily rate on the same line. **Don't** calculate interest on a negative running balance. Round all amounts to the nearest \$1.

**Line 14.** Add the amounts in the **Interest due** column. Enter the total here and on Form OR-21, line 28.

Keep the calculations with the PTE's business records; we may ask for it later.

**Example.** Sunset Inc., an S corporation, owed \$10,000 in PTE-E tax when it elected to pay the tax and file Form OR-21 for tax year 2022. The PTE's tax on Form OR-21, line 23 is \$95,556. Multiplying the tax by 90 percent results in an annual required payment of \$86,000, with four regular installments of \$21,500. Sunset made its first two estimated payments on June 15, 2022, paying \$39,500. The PTE made a payment of \$19,000 on September 15, 2022 and \$8,500 on January 5, 2023. The PTE made its last estimated payment of \$9,000 on January 31, 2023.

Sunset doesn't figure underpayment interest for the period before June 15, 2022 because for tax year 2022, the first installment payment wasn't due until June 15, 2022, the due date for the second installment payment. On June 15, Sunset starts a running balance of \$3,500 (\$43,000 - \$39,500) which lasts for 92 days until the \$19,000 payment on September 15, 2022. Sunset's new running balance as of September 15 is \$6,000 [(\$21,500 - \$19,000) + \$3,500]. This balance runs for 107 days until December 31, 2022, and then the interest rate changes on January 1, 2023. Sunset calculates interest at the new rate for 5 days, from January 1 through January 5, 2023.

The \$8,500 payment on January 5 results in a negative running balance of (\$2,500) until the next required installment on January 17. No interest is calculated for those days. The new balance of \$19,000 [(\$2,500) + \$21,500] on January 17 runs for 14 days until Sunset's \$9,000 payment on January 31. The running balance of \$10,000 (\$19,000 - \$9,000) continues for 77 days until the return due date.

<b>Sunset Inc.'s underpayment interest worksheet</b>							
	Date	Event	Amount	Running balance	Number of days	Daily interest rate	Interest due
1.	04/15/2022	Required installment	\$0			0.000110	
2.		Payment				0.000110	
3.		Payment				0.000110	
4.	06/15/2022	Required installment	\$43,000			0.000110	
5.	06/15/2022	Payment	\$39,500	\$3,500	92	0.000110	\$35
6.		Payment				0.000110	
7.	09/15/2022	Required installment	\$21,500			0.000110	
8.	09/15/2022	Payment	\$19,000	\$6,000	107	0.000110	\$71
9.	01/01/2023	Rate change		\$6,000	5	0.000164	\$5
10.	01/05/2023	Payment	\$8,500	(\$2,500)		0.000164	
11.	01/17/2023	Required installment	\$21,500	\$19,000	14	0.000164	\$44
12.	01/31/2023	Payment	\$9,000	\$10,000	77	0.000164	\$126
13.		Payment				0.000164	
14.	04/18/2023	Total interest due					\$281

Sunset enters \$281 on Form OR-21, line 28.

<b>Underpayment interest worksheet</b>							
	Date	Event	Amount	Running balance	Number of days	Daily interest rate	Interest due
1.	04/15/2022	Required installment				0.000110	
2.		Payment				0.000110	
3.		Payment				0.000110	
4.	06/15/2022	Required installment				0.000110	
5.		Payment				0.000110	
6.		Payment				0.000110	
7.	09/15/2022	Required installment				0.000110	
8.		Payment				0.000110	
9.	01/01/2023	Rate change				0.000164	
10.		Payment				0.000164	
11.	01/17/2023	Required installment				0.000164	
12.		Payment				0.000164	
13.		Payment				0.000164	
14.	04/18/2023	Total interest due					

**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.



## Worksheet OR-21

Complete this worksheet to prepare to file Form OR-21. To complete your filing, go to Revenue Online at [www.oregon.gov/dor](http://www.oregon.gov/dor). This worksheet is for informational purposes only. **Do not file this worksheet.**

### Part C: Distributive proceeds

#### Income from all sources

- |                                                            |           |
|------------------------------------------------------------|-----------|
| 6. Ordinary business income or (loss)                      | 6. _____  |
| 7. Net rental real estate income or (loss)                 | 7. _____  |
| 8. Other net rental income or (loss)                       | 8. _____  |
| 9. Guaranteed payments to partners                         | 9. _____  |
| 10. Interest                                               | 10. _____ |
| 11. Ordinary dividends                                     | 11. _____ |
| 12. Royalties                                              | 12. _____ |
| 13. Net capital gain or (loss)                             | 13. _____ |
| 14. Net IRC section 1231 gain or (loss)                    | 14. _____ |
| 15. Other income or (loss)                                 | 15. _____ |
| 16. Total income from all sources. Add lines 6 through 15. | 16. _____ |

#### Apportionable income from all sources

- |                                                               |           |
|---------------------------------------------------------------|-----------|
| 17. Non-apportionable income (see instructions)               | 17. _____ |
| 18. <b>Total apportionable income.</b> Line 16 minus line 17. | 18. _____ |

#### Oregon apportionable income

- |                                                                                                                                                                               |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 19. Enter the apportionment percentage from Schedule OR-21-AP, line 12. You must attach Schedule OR-21-AP to apportion income. If you don't apportion income, enter 100.0000. | 19. _____ % |
| 20. <b>Oregon apportionable income.</b> Line 18 multiplied by line 19.                                                                                                        | 20. _____   |
| 21. <b>Oregon allocated income</b> (see instructions).                                                                                                                        | 21. _____   |
| 22. <b>Total Oregon distributive proceeds.</b> Line 20 plus line 21.                                                                                                          | 22. _____   |

### Part D: Tax, payments, penalty, and interest

- |                                                                                                      |           |
|------------------------------------------------------------------------------------------------------|-----------|
| 23. <b>PTE elective tax.</b> (see instructions)                                                      | 23. _____ |
| 24. <b>Total PTE-E tax payments.</b> Include all payments made prior to filing this return           | 24. _____ |
| 25. <b>Net tax.</b> If line 23 is more than line 24, you have tax to pay. Line 23 minus line 24.     | 25. _____ |
| 26. <b>Overpayment of tax.</b> If line 23 is less than line 24, you overpaid. Line 24 minus line 23. | 26. _____ |

#### Penalty and interest

- |                                                                   |           |
|-------------------------------------------------------------------|-----------|
| 27. Penalty and interest for paying late (see instructions).      | 27. _____ |
| 28. Interest on underpayment of estimated tax (see instructions). | 28. _____ |
| 29. Total penalty and interest due. Line 27 plus line 28.         | 29. _____ |

### Part E: Tax to pay or refund

- |                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------|-----------|
| 30. <b>Net tax including penalty and interest.</b> Line 25 plus line 29. <b>This is the amount you owe.</b> | 30. _____ |
| 31. <b>Overpayment less penalty and interest.</b> Line 26 minus line 29. <b>This is your refund.</b>        | 31. _____ |