

# **Oregon Full Year Non-Resident Adjustments Formula Cheat Sheet**

- > Adjustments not allowed on the federal return, are also not allowed on the OR-40-N
- > Oregon adjustment amounts cannot exceed the federal adjustment amount
- > Carry all calculations to 3 decimal places rounded

## **1. Alimony, Student Loan Interest and Health Savings Account Contribution:**

$$\text{Oregon adjustment} = \frac{\text{Oregon source income while a NR}}{\text{Total income while a NR}} \times \text{Federal amount on federal return}$$

## **2. IRA Adjustment:**

$$\text{Oregon IRA contribution adjustment} = \frac{\text{OR source EARNED* income while an NR}}{\text{Total EARNED income while an NR}} \times \text{contribution made while a Non Resident}$$

\* Taxable alimony received is considered earned income for this Oregon adjustment

## **3. Employment Tax Adjustment:**

$$\text{Oregon S/E tax adjustment} = \frac{\text{OR net S/E earnings}}{\text{Total net S/E earnings}} \times \text{Federal S/E tax adjustment}$$

**Tip:** If TP only did business in OR, the numerator and the denominator will be the same and the deduction will be 100% of the federal S/E tax adjustment.  
If the TP didn't do any business in OR, then the numerator will be \$-0-, and there will be no SE tax adjustment in the OR column.

## **4. Educator expense adjustment:**

Deduction of up to \$300 only (no ratio) allowed for qualifying educator expenses paid while working in an Oregon elementary or secondary school. Limited to the federal adjustment amount. Combine Oregon Educator expense adjustment with Oregon student loan interest adjustment & enter the total as "Education Adjustment".

## **5. SEHI adjustment:**

The deduction is 100% of the health insurance premiums **only if paid by an Oregon business** from which S/E income was received while a Non Resident, limited to the earnings from S/E on the Oregon return. Not a likely situation for our taxpayers.