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Oregon Inheritance Tax

Introduction

- [Updated Inheritance Tax Advisory](#)

Oregon is tied to federal estate tax law; therefore, Oregon inheritance taxes will be determined under Internal Revenue Code in effect December 31, 2000, and Oregon Revised Statutes, chapter 118.

Filing requirement

For tax years 2001 and prior, the Oregon inheritance tax ([Form IT-1](#)) return was required to be filed, whenever a federal estate tax return (Form 706) was required to be filed. For deaths on or after January 1, 2002, Oregon's filing requirements are different from the federal filing requirements. For 2002, a return is required if the taxable estate is \$1,000,000 or more. The unified credit amount is \$192,800, for 2002. Subsequent years are listed below.

- For 2003, an estate with a gross value of \$700,000 or more. The unified credit amount is \$229,800.
- For 2004, an estate with a gross value of \$850,000 or more. The unified credit amount is \$287,300.
- For 2005, an estate with a gross value of \$950,000 or more. The unified credit amount is \$326,300.
- For 2006, an estate with a gross value of \$1,000,000 or more. The unified credit amount is \$345,800.
- For 2007, an estate with a gross value of \$1,000,000 or more. The unified credit amount is \$345,800.
- For 2008, an estate with a gross value of \$1,000,000 or more. The unified credit amount is \$345,800.

The executor of the estate is required to file the return. For inheritance tax purposes, an executor is a personal representative, administrator, fiduciary, or custodian of the property, or any person who has actual or constructive possession of the decedent's property.

A copy of the federal Form 706, schedules and supporting documents must be attached to your Oregon Form IT-1, even if you are not required to file a federal estate return.

Due date of the return

The return is due nine months after the date of death. This is the same time the federal estate tax return (Form 706) is due. See the [federal forms and schedules](#).

Extensions

Attach a copy of your approved federal extension request to your return when you file. An **extension of time to file** an estate tax return, **or an extension of time to pay** estate tax will be accepted for Oregon, as granted by the Internal Revenue Service. If you aren't requesting a federal extension, you may mark "For Oregon Only" at the top of the federal extension form. We will use federal guidelines to approve. If an extension of time to pay is granted, the tax must be secured by bond, deposit, or good collateral acceptable to the Oregon Department of Revenue. An extension of time to file your return does not extend the time to pay the tax. A separate, approved extension request to extend the time to pay the tax must be obtained. Interest will accrue during the extension period.

To avoid penalty and interest, you may use the Oregon Extension Payment Coupon ([Form IT-V](#)) to make an payment by the due date.

Penalty

LATE FILING. A penalty of 5 percent of the tax is imposed if the return is not filed by the due date, including extensions. If the return is filed more than three months after the original or extended due date, there is an additional 20 percent penalty.

FAILURE TO MAKE PAYMENT. A delinquency penalty of 5 percent of the tax is imposed if the tax is not paid within nine months from the date of death or by an approved extended payment date. An extension of time to file does not extend the time to pay. An exception to the penalty is provided for deferral of payment pursuant to an extension under ORS 118.225, or a timely election made under ORS 118.300.

Interest

If the tax is not paid by the original due date, interest is charged on the unpaid tax. See [Interest on Tax You Owe](#) to calculate.

Amended returns

If an amended federal estate tax return (Form 706) is filed, or an adjustment made which results in a change in the amount of tax, it is the executor's responsibility to file an amended Oregon inheritance tax return or to notify the department of the change in writing within 90 days. Please use a year specific Form IT-1, check the 'amended return' box and attach the federal amended Form 706, federal audit report, and schedules to explain the changes made.

Apportionment of the tax

If the decedent has property located in states other than Oregon, the tax will be apportioned on the [Form IT-1](#).

RESIDENT DECEDENT. For a resident decedent, Oregon taxes real property and tangible personal property located in Oregon and intangible personal property wherever it is located.

NONRESIDENT DECEDENT. For a nonresident decedent, Oregon taxes real property, tangible personal property, and intangible personal property located in Oregon. An exemption is allowed for intangible personal property located in Oregon if a like exemption is allowed by the state of residence.

Questions?

E-mail: estate.help.dor@state.or.us Please include your e-mail address and telephone number with area code in your message. Warning: This mail application is NOT secure. Do not include confidential data in your e-mail message. At this time we are responding to tax law related questions only. Account related questions cannot be handled by e-mail. If you have an account-related question, or have received a letter, notice, or bill, please [contact us](#).

Other correspondence: Estate Audit, Business Division, Oregon Department of Revenue, PO Box 14110, Salem OR 97309-0910.

[Estate/Fiduciary Income Tax Forms and Instructions](#)

You may also write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

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