

Name of Corporation	Business Identification Number	Federal Employer ID Number
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**PART I — Underpayment.** To figure your underpayment, fill in lines 1 through 8.

1. Net Excise or Income tax, tax year 2001 (from Form 20, line 33; Form 20-I, line 21; Form 20-S, line 13; or Form 20-INS, line 34) .....	1			
2. Divide the amount on line 1 by the number of payments required for the year (usually 4). Fill in the result for the quarters you owed estimated tax .....	2			
3. Estimated tax paid this year for each quarter .....	3			
4. Refund from last year applied to this year's tax .....	4			
5. Overpayment from line 7 from previous quarter .....	5			
6. Total tax paid (add lines 3, 4, and 5) .....	6			
7. Overpayment. If line 6 is more than line 2, enter difference here .....	7			
8. Underpayment. If line 6 is less than line 2, enter difference here. Complete Part II for each column with an amount on line 8 (carry to line 21) .....	8			

**PART II — Exceptions to Paying Interest.**

Check box if last year's tax due was \$10 **and** you  
are not a "high-income taxpayer" (see instructions).

9. Total tax <b>paid</b> for this year through payment date (include overpayment applied from prior year) .....	9
10. Exception 1—100% of current year's tax due .....	10
11. Exception 2—100% of last year's tax (high- income taxpayers may use this exception for the first quarter only) (see instructions) .....	11
12. Exception 3—100% of net annualized tax (from line 20) .....	12
13. Exception 4—Recurring seasonal income (see instructions) .....	13

First Quarter	Second Quarter	Third Quarter	Fourth Quarter

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
25% of tax	50% of tax	75% of tax	100% of tax
25% of tax	50% of tax	75% of tax	100% of tax
25% of tax	50% of tax	75% of tax	100% of tax
25% of tax	50% of tax	75% of tax	100% of tax

If you meet any one of the four exceptions to underpayment of estimated tax in each quarter, no further computation is necessary. Attach this form to your return. If you do not meet an exception, complete Part III on the back to compute interest due.

**Exception 3 Worksheet** — To figure your annualized income, use the formula and chart below.

Actual income  $\times$  Factor = Annualized income

14. Ending date of annualization period (see instructions) .....	14
15. Actual income through date on line 14 less net losses carried forward from prior tax years .....	15
16. Annualization factors based on selected annualized period (see instructions) .....	16
17. Annualized income (line 16 $\times$ line 15) .....	17
18. Annualized tax (0.066 $\times$ line 17) .....	18
19. Less tax credits available at end of quarter .....	19
20. Net annualized tax (use to figure line 12) .....	20

First Quarter	Second Quarter	Third Quarter	Fourth Quarter

**Part III — Interest on Underpayments.** (See instructions below.)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
21. Amount of underpayment for each quarter. If you met an exception, enter -0-. If not, enter amount from Part I, line 8 .....				
22a. Date estimated payment was due .....	22a			
22b. Date underpayment amount was paid or the due date of the return, whichever is earlier .....	22b			
23. Number of full months between dates on line 22a and 22b .....	23			
24. Number of days in a partial month between dates on line 22a and 22b .....	24			
25. Number of full months on line 23 $\times$ monthly interest rates $\times$ line 21 .....	25			
26. Number of days on line 24 $\times$ daily interest rates $\times$ line 21 .....	26			
27. Interest due (line 25 plus line 26) .....	a. 27	b.	c.	d.
28. Total interest due (add line 27, columns a, b, c, and d) .....	28			

Enter the amount from line 28 above on Form 20, line 39; Form 20-I, line 27; Form 20-S, line 19; or Form 20-INS, line 40. Attach this form to your return and check the appropriate box at the top of your return to indicate "Form 37 is attached."

### FORM 37 INSTRUCTIONS

If your tax on the prior year's return was not over \$10, interest on any underpayment will not be imposed. (This exception does not apply to high-income taxpayers.) High-income taxpayers may use Exception 2 for their first quarter only (see below).

A "high-income taxpayer" is one that had federal taxable income, before net operating loss and capital loss carryovers and carrybacks, of \$1,000,000 or more in any one of the last three tax years, not including the current year.

**Line 11—Exception 2.** You qualify to use this exception if the prior year's return:

- Covers a period of 12 months; and
- Shows a tax liability.

You meet this exception if the current year's tax you paid (Part I, line 6) is equal to or more than the amount of net income tax reported on your prior year's tax return. Each quarterly installment must be paid on or before its due date.

This exception shall apply only to the **first** installment payment of a high-income taxpayer. Any reduction to the first installment payment due to this exception **must** be added to the second installment payment.

**Line 13—Exception 4.** This applies to taxpayers with recurring seasonal income. The taxpayer must pay, by each installment due date, an amount equal to 100 percent of the amount by applying Section 6655(e)(3)(C) of the Internal Revenue Code (IRC) to Oregon taxable income. For information about computing seasonal income, definitions, and special rules, see IRC 6655(e). Attach a schedule of your computation.

**Line 14—Annualization periods.** If you did not elect to use the optional annualization periods for federal purposes allowable under section 6655(e)(2)(C) of the Internal Revenue Code, you must use the standard Oregon annualization periods provided in ORS

314.525(2)(c)(A). If you elected to use the optional annualization periods for federal purposes, you must use the same annualization periods for Oregon.

#### Months in Annualization Periods

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Standard Oregon Periods	3	3 or 5	6 or 8	9 or 11
Federal Option #1	2	4	7	10
Federal Option #2	3	5	8	11

**Line 16—Annualization factors.** The annualization factor is based on the number of months in the annualization period.

#### Annualization Factor

Number of Months	2	3	4	5	6	7	8	9	10	11
Annualization Factor	6	4	3	2.4	2	1.714	1.5	1.333	1.2	1.091

**Lines 23 and 24—How to figure the number of months and days.** Example: If you did not pay the amount that was due September 15 until March 9, count this way:

September 16 to February 15 = 5 months  
February 16 to March 9 = 22 days

**Lines 25 and 26—How to figure interest.** Interest is computed on the underpayment amount in Part III, line 21. Effective February 1, 2002, the interest rate is 8 percent annually (0.006667 per month or 0.000219 per day). The prior interest rate was 10 percent annually (0.008333 per month or 0.000274 per day). Example: To figure interest on a \$3,000 estimated tax payment due September 17, 2001 but paid March 10, 2002:

5 months	$\times$	0.008333	$\times$	\$3,000	=	\$125.00
22 days	$\times$	0.000219	$\times$	\$3,000	=	14.45
					Total interest due	<u>\$139.45</u>

**ATTACH THIS FORM TO YOUR RETURN IF YOU OWE INTEREST OR MEET AN EXCEPTION**