



Tax Tips You Can Use Sept 2006

2006 Kicker Tax Refund of the State of Oregon

By Kathleen Crawford, EA

This article is about the kicker refund that taxpayers will receive from the State of Oregon this month. Many people have questions about this money. Why is there a refund? How much will it be? And what strings are attached to this refund?

The kicker refund system is part of Oregon law. In simple terms, the budget for taxes collected in Oregon is created once every two years. If, at the end of that two year cycle, the revenue collected was over 2% more than planned, the excess is returned to the taxpayers. There are two separate components to the tax system: Corporate income taxes and Individual income taxes. The corporate kicker was determined to be added to the “rainy-day” fund, so corporations will get no kicker refunds in 2007. Individuals will get their kicker refunds.

The kicker refund will be calculated as 18.6% of the 2006 income tax before credits. In the past, the kicker was calculated on the net tax. Some people objected to using the net tax because the state gives credits to encourage certain expenditures- like energy efficient appliances, political contributions, etc. and using the net tax penalized the people who used these credits. The new calculation uses the tax before credits. That is line 32 on the Oregon form 40 or line 13 on a 40S form. It is easy to know how much you will receive by multiplying the tax by 18.6%.

The kicker refunds will start to be mailed about December 15, but will be mailed in tiers so that all checks will not be mailboxes the same day. If you don't get a check, there could be several reasons. First, if you paid no tax, you will get no kicker. Second, if you checked the box to donate the kicker to the schools, it will go to the schools. As a note: that election can not be changed, period. Also if you owe money to the state or the federal government, the kicker will go to pay down that debt. Kicker refunds were calculated for returns that were filed on paper by 4/17/07 and e-filed by 10/15/07. If your return was mailed later, you will get the kicker later, probably in January. Taxpayers need to know that this is a refund of income taxes paid and needs to be added to your federal tax return as income if you itemized in 2006.

The Oregon Department of Revenue has informed tax professionals that the scams have already started. If someone calls or emails you asking for banking or personal information to process your refund, do not answer them! The Department of Revenue knows your social security number and there is no direct deposit of kickers. Do not give any personal information to get your kicker. You can go to the Oregon Department of Revenue website (www.oregon.gov/dor) and look up “Where's my refund?” if you don't get your kicker refund by the end of January.

The fine print is that this article is for information only. Please call Kathy or a tax professional for questions about your individual tax situation. The Jacksonville Tax Lady can be reached at 541-899-7926 or at 610 North Fifth Street.

