OREGON DEPARTMENT OF REVENUE

Oregon Estate Transfer Tax

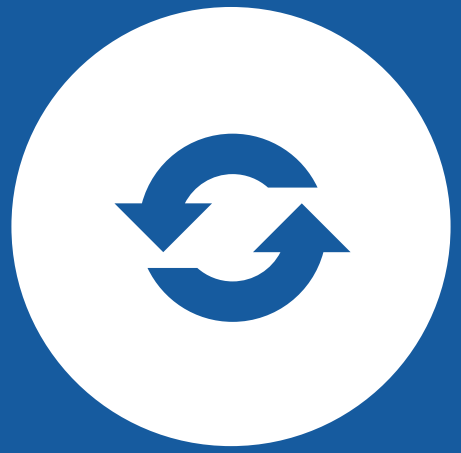
Updates, Common Issues, Ways to Help & Common Questions

September 17, 2026

Nicholas Odom, Senior Tax Auditor

Agenda

1. Updates
2. Common Issues
3. Ways to Help & Common Questions



Updates

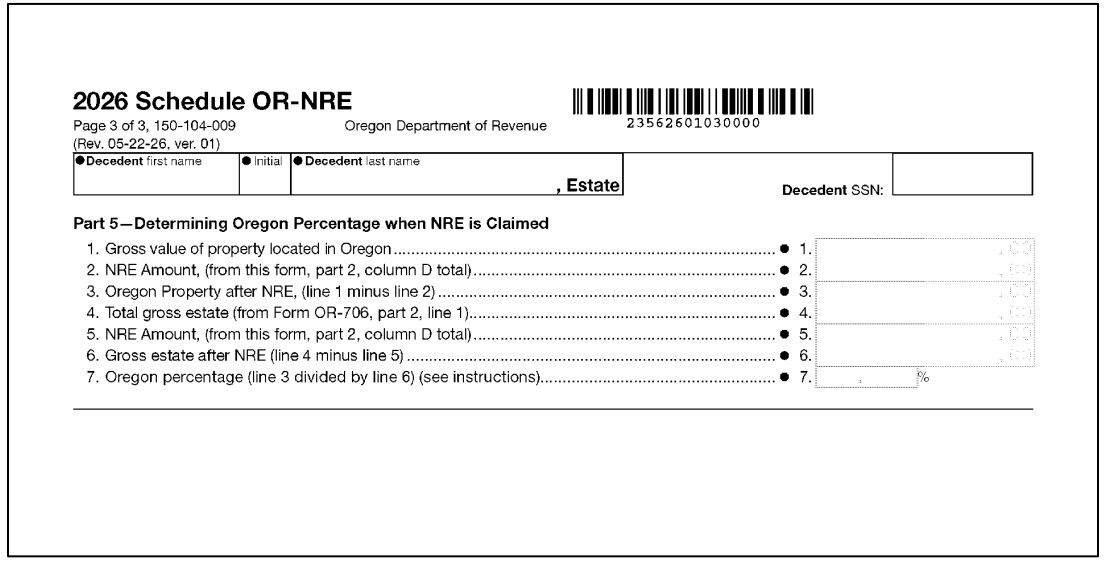
Publishing Updated 2026 Forms

- In general, estate tax forms become available in August of the year they are for.
- Tax year 2026 Estate Transfer Tax Forms became available in August 2026. This includes:
  - Returns (Form OR-706, Form OR-706-R, Form OR-NRE-A)
  - Extension Form (Form OR-706-EXT) **
  - Associated Schedules (Schedule OR-OSMP, Schedule OR-NRC, Schedule OR-NRE)
  - Miscellaneous Forms (Form OR-706-DISC, Form OR-NRP-CERT) **

  ** These forms are not year specific.
- Updated Payment vouchers are not released after first of the year.
    - Use most current version published to our website.

Updated Schedule OR-NRE

- House Bill 3630 (2025) amended Oregon Revised Statute 118.010.
  - Excludes the value of natural resource exemption (NRE) property from both the numerator and denominator when determining the Oregon percentage.
- Added lines to assist with Oregon Percentage calculation.



2026 Schedule OR-NRE

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(Rev. 05-22-26, ver. 01)

● **Decedent** first name	● Initial	● **Decedent** last name	
		, **Estate**	**Decedent** SSN:

Part 5—Determining Oregon Percentage when NRE is Claimed

1. Gross value of property located in Oregon	● 1.	, .00
2. NRE Amount, (from this form, part 2, column D total)	● 2.	, .00
3. Oregon Property after NRE, (line 1 minus line 2)	● 3.	, .00
4. Total gross estate (from Form OR-706, part 2, line 1)	● 4.	, .00
5. NRE Amount, (from this form, part 2, column D total)	● 5.	, .00
6. Gross estate after NRE (line 4 minus line 5)	● 6.	, .00
7. Oregon percentage (line 3 divided by line 6) (see instructions)	● 7.	, %

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Form OR-NRP-CERT replaces Form OR-NRC-CERT

- Updated form now used for both NRE and natural resource credit (NRC) certification purposes.
- Prior form was used only for NRC certification purposes.
- Almost identical, added new natural resource asset codes for use by NRE filers.

Form OR-NRP-V replaces Form OR-706-R-V

- New Form OR-NRP-V will be used for both Form OR-706-R and Form OR-NRE-A filers.
- Prior form was used only for Form OR-706-R filers.
- Will not be available until early 2027.
  - Continue to use Form OR-706-R-V until then.

Processing of 2026 Estate Returns Delayed

- Each year we must update our processing system configuration to support processing returns for the new tax year.
- System configuration is generally in place to start processing estate returns in September of that tax year.
- Processing of 2026 Estate Transfer Tax returns will be on pause until December 14, 2026. Only impacts 2026 years of death.
- Processing of 2025 and prior tax years will continue as usual.
- Does not impact other filing types such as Fiduciary (Form OR-41).

Agencywide Letters and Correspondence Project Ongoing

- Making taxpayer correspondence and letters easier to read and understand has been an agency goal as part of our Strategic Plan.
- The goal of the project is to improve the quality of correspondence under the strategic priority “make it simpler for customers to work with us.” The project improves clarity and creates more consistent letters and notices.
- Agency wide, over 232 letters have been updated so far.
- Some updated estate letters are live, but not all.



Common Issues

Errors and other issues we see

Forms mismatched from year of death

- Seeing increase in number of returns prepared using a form year mismatched from the year for death.
  - Can’t be automatically processed and requires manual intervention to correct the mismatch.
  - Payments while still connected to the taxpayer and account become disconnected from the return.
  - Billing notices may be issued in error. Requires manual staff intervention to correct, generally after taxpayer-initiated contact.
- Ensure any Oregon form and Oregon schedule filed is the same form year as the year of death.
  - Other forms that are not year specific, use the latest version available on our website. Includes the extension, and miscellaneous forms.
  - Federal forms and schedules are updated on different timelines. Okay if federal forms and schedules included are mismatched.

Extension Form Copies

- Common issue:
  - A copy of the previously filed Form OR-706-EXT is included with the return filing.
- Impact of the issue:
  - Creates a duplicate extension case in our system which requires manual intervention to resolve. Delays processing of return and may result in billing errors.
- What to do instead?
  - Only include a copy of the approval letter received.
  - If making an extension to pay request at the end of the extension to file period, send the request separate from the return.

Unsupported Filing Methods

- Seeing practitioners attempting to file returns, extensions, and other forms using unsupported filing methods.
- Supported filing methods are described in form instructions. Only supported method for Estate Transfer Tax purposes is by paper.
  - Do not send Estate Transfer Tax related documents via other Revenue Online accounts.
  - For example, do not attempt to submit returns or extension applications through the decedents' personal income tax Revenue Online account or the practitioners Revenue Online account.

Taxable Estate Math Errors

- Issue: Returns reporting taxable estates that are $1 million less than the expected amount.
  - When discussing with practitioners, they provide an explanation that there was no line to subtract out the $1 million exemption, so they removed it from the taxable estate.
- Impact: Returns are adjusted in processing, increasing tax. Creates confusion for taxpayers.
- Reminder: While the first $1 million of the taxable estate has no tax imposed on it, this is implemented through the tax table. Tax is only computed on the amount of the taxable estate that is $1 million or more (ORS 118.010).

Column 1	Column 2	Column 3	Column 4
Taxable estate equal to or more than:	Taxable estate less than:	Tax on amount in column 1:	Tax rate on taxable estate amount more than the amount in column 1 (percent):
$ 1,000,000	$ 1,500,000	$ 0	10.0%
1,500,000	2,500,000	50,000	10.25%
2,500,000	3,500,000	152,500	10.5%
3,500,000	4,500,000	257,500	11.0%
4,500,000	5,500,000	367,500	11.5%
5,500,000	6,500,000	482,500	12.0%
6,500,000	7,500,000	602,500	13.0%
7,500,000	8,500,000	732,500	14.0%
8,500,000	9,500,000	872,500	15.0%
9,500,000		1,022,500	16.0%

Alternate Valuation Election

- Seeing increase in returns reporting the alternate valuation date but not providing date of death values.
  - When discussing with practitioners they explain they don’t need to provide date of death because they have elected alternate valuation.
  - Reminder: IRC 2032 requires that the election must decrease the gross estate and estate tax. Must provide date of death values to verify this is true.

Reporting Adjustments made by the IRS

- Seeing copies of IRS audit reports with payments, but no amended Oregon return.
- Reminder: If the amount of federal estate tax reported on a federal estate tax return is changed or corrected by the IRS or other competent authority, resulting in a change in the Oregon taxable estate, the executor shall report the change or correction in federal estate tax to the department. [ORS 118.100(2)]
- Report these changes and corrections by amending the Oregon return to reflect the changes.
  - A new receipt letter will be issued as appropriate.
- If tax increased, interest is due starting from the original due date.

Authorization Forms – A Tale of Two Forms

- Form OR-AUTH-REP
  - Allows you to act on behalf of the taxpayer.
  - Make written objections, request conferences, request waivers, update addresses, etc.
  - Will receive copies of receipt letter and certificate of discharge.
- Form OR-AUTH-INFO
  - No authority to act on behalf of taxpayer.
  - Allows you to ask questions and get information.
  - Will receive copies of receipt letter and certificate of discharge.

Authorization Forms – When to File

- Cannot be processed before the account is setup. This occurs at the earlier of filing of the:
  - Estate extension (Form OR-706-EXT).
  - Estate return (Form OR-706).
- Can be returned directly to the email or address listed on the form.
- Cannot be filed using Revenue Online for estate transfer tax filers.



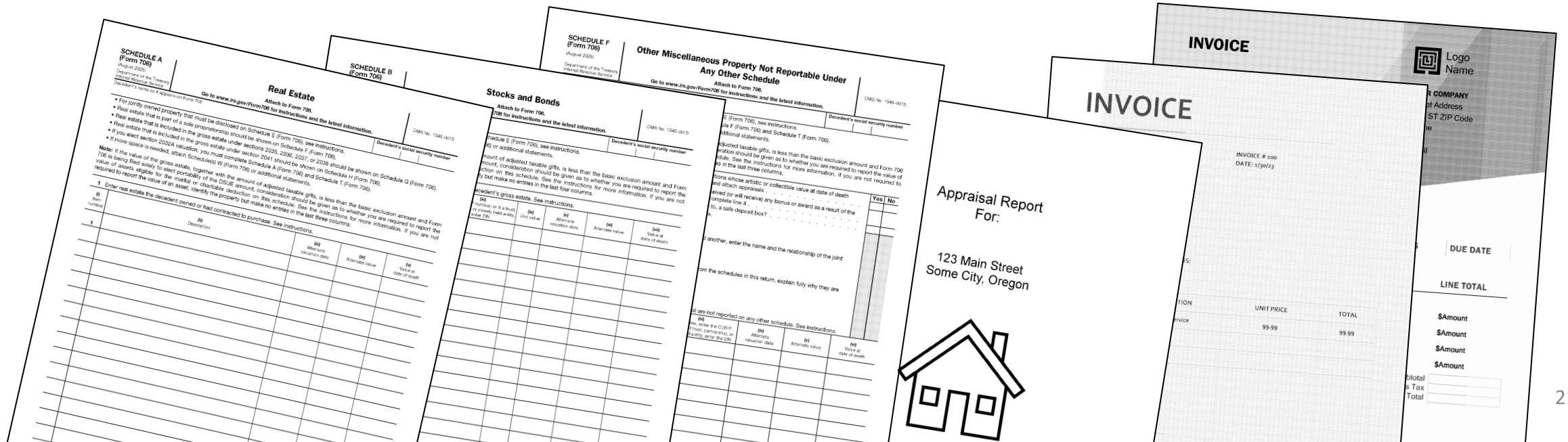
Ways to Help & Common Questions

Return Submission Organization

- Return Submission Organization
  - Scanned in when received. Both color and black and white. Color copy is only kept for a short period.
  - Paper copy along with envelope is kept for limited period.
- See return instructions for document filing order and checklist.
- Put return loose in the envelope/package without binding.
  - If using a binding anyways, make it easy to remove. Like a binder clip, or rubber band. No spiral binding.

Federal Schedules & Supporting Records

- Common Question: How should federal schedules and supporting records be ordered?
- Place federal schedules together in order and then supporting records in order after.
- For example: Schedule A, Sch B, Sch F, Supporting Record for Sch A item 1, ….



Lengthy Documents

- Question: Rather than attaching inch thick real estate appraisals, would you accept the “executive summary” page with the full appraisal available upon request?
  - Answer: No, include a complete copy of all documents.

Uncashed Payments Submitted with Returns



Most funds are generally banked within one day of receipt.



Unusual for payments to be uncashed for long periods.



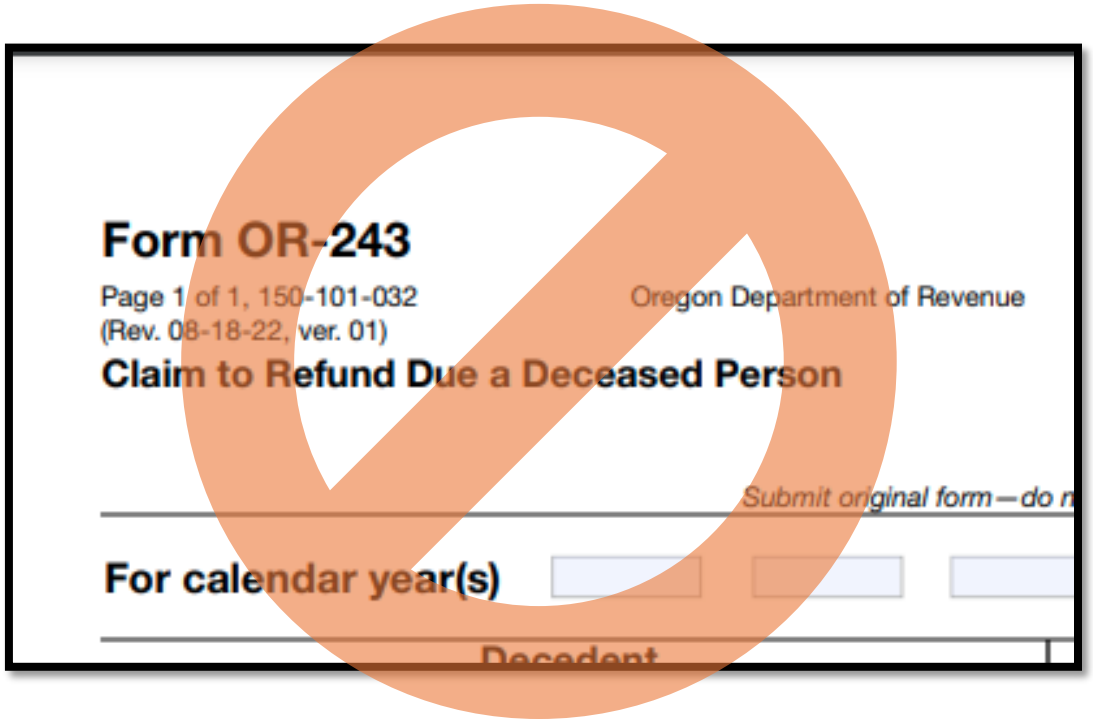
Report payment issues early. Can request a review of the envelope within a limited timeframe.

Revenue Online Questions

- Question: Will we soon be able to submit Forms OR-706 electronically as PDF files?
  - Answer: No, not at this time.
- Question: Can Revenue Online access be setup for Estate Transfer Tax filers?
  - Answer: No, not at this time. Guest access to make payments and respond to letters is available from the Revenue Online login page.
- Question: Can I make an Estate Transfer Tax payment using Revenue Online?
  - Answer: Yes, payments can be made but only after the account has been created in our system. This occurs at the earlier of the filing of the estate extension or the estate return. The extension approval letter will include the estate Account ID which will be needed to make the payment.
  - Be sure to plan ahead if you need to make an electronic payment.

Refunds for Form OR-706 Filings

- Receiving requests to reissue refunds in the name of the executor, descendants trust, etc.
- Do not file Form OR-243 for Estate Transfer Tax refunds.
- Prohibited from assigning or transferring refunds (ORS 305.271).
- Refunds will only be issued to the estate.



Signing the Return

- Question: Do returns need to be wet signed? Are electronic signatures allowable?
  - Answer: No, a wet signature is not required. Under Oregon Administrative Rule 150-305-0460, facsimile signatures are allowed.
  - A facsimile signature is a signature visibly affixed to a paper return using electronic or mechanical equipment or an electronic or mechanical device.

Residency

- “Resident Decedent” means an individual who is domiciled in Oregon on the date the individual dies. [ORS 118.010(1)(b)]
  - If the decedent is temporarily living in another state on the date of their death but they did not intend to abandon their Oregon domicile then they are considered to be domiciled in Oregon.
- “Nonresident decedent” means an individual who is domiciled outside of Oregon on the date the individual dies. [ORS 118.010(1)(a)]

Limited Liability Interests – Oregon Residents

- Oregon Resident
  - Limited liability interests such as LLCs are intangible personal property (OAR 150-118-0010).
  - The value of the interest in the LLC is included in Oregon property when determining the Oregon percentage.
  - Do not look through the LLC to underlying property.

- Exception: If intangible personal property is taxed by another state or another country due to the decedent's death it will not be included in the Oregon numerator [ORS 118.010(5)].

Limited Liability Interests - Nonresidents

- Oregon Nonresident
  - The value of the interest in the LLC is generally not included in Oregon property when determining the Oregon percentage.
  - The type of property held by the LLC is irrelevant.



Questions for the Estate Team?

Email: Estate.Help.DOR@dor.Oregon.gov

Fax: 503-945-8787. Attention: Estate Unit

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



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 at customer.accommodations@dor.oregon.gov