

Income/Franchise:

Oregon: New Law Offers Pass-Through Entity-Level Tax and Modifies Tax Rates for Certain Pass-Through Income

S.B. 727, signed by gov. 7/19/21. Effective on the 91st day after the Oregon legislature adjourned sine die on June 27, 2021 and applicable to tax years beginning on or after January 1, 2022 and before January 1, 2024, recently signed legislation establishes an elective pass-through entity (PTE) level business alternative income tax based on the amount of an eligible PTE's distributive proceeds. A qualifying PTE electing the business alternative income tax is subject to tax at a rate of 9% on the first \$250,000 of distributive proceeds and a rate of 9.9% on distributive proceeds in excess of \$250,000, where the distributive proceeds consist of the PTE's net income, dividends, royalties, interest, rents, guaranteed payments, and gains derived from or connected to Oregon sources.

URL: <https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/SB727>

S.B. 139, signed by gov. 7/19/21. Effective on the 91st day after the Oregon legislature adjourned sine die on June 27, 2021 and applicable to tax years beginning on or after January 1, 2021, another signed bill lowers the elective reduced personal income tax rates applicable for certain pass-through income by modifying the tax brackets and clarifying the types of pass-through entities whose income is eligible for this election.

URL: <https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/SB139>

See recently issued Multistate Tax Alerts for more details on these law changes, and please contact us with any questions.

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