

Income/Franchise:

Oregon: Adopted Rules Implement Portland Metro Area's New Business Profits and High-Earners' Taxes

AR 7.07-1000 through 1115 – Metro Business Income Tax Administrative Rules, Portland, Oregon Metro (7/9/21); AR 7.06-1000 through 1155 – Metro Personal Income Tax Administrative Rules, Portland, Oregon Metro (7/9/21); Public Comment Report – Proposed Income Tax Administrative Rules for Supporting Housing Services Income Tax, Portland, Oregon Metro (7/1/21). Recently adopted administrative rules seek to implement a new voter-approved business profits tax and “high earners” personal income tax that is imposed within the Portland Metro District (Metro) – which includes Clackamas, Multnomah and Washington counties within Oregon – starting in 2021, with the first annual tax returns due by April 15, 2022 for calendar year filers [see previously issued Multistate Tax Alert for more details on these two new taxes, which were approved by voters in May 2020]. According to Metro, it used the Multnomah County Business Income Tax (MCBIT) as guidance in developing the Metro business income tax code and rules, and State of Oregon laws and regulations as guidance in developing the Metro personal income tax code and rules. Metro also states that it anticipates any future changes to the Metro business income tax administrative rules will be made in coordination with the City of Portland, Oregon business tax administrative rules to “maintain alignment.”

[URL: https://www.oregonmetro.gov/sites/default/files/2021/07/23/Adopted-Metro-Business-Tax-Rules.pdf](https://www.oregonmetro.gov/sites/default/files/2021/07/23/Adopted-Metro-Business-Tax-Rules.pdf)

[URL: https://www.oregonmetro.gov/sites/default/files/2021/07/23/Adopted-Metro-Personal-Tax-Rules.pdf](https://www.oregonmetro.gov/sites/default/files/2021/07/23/Adopted-Metro-Personal-Tax-Rules.pdf)

[URL: https://www.oregonmetro.gov/sites/default/files/2021/07/23/Metro-SHS-Tax-Admin-Rules-Public-Comment-Report.pdf](https://www.oregonmetro.gov/sites/default/files/2021/07/23/Metro-SHS-Tax-Admin-Rules-Public-Comment-Report.pdf)

[URL: https://www2.deloitte.com/us/en/pages/tax/articles/greater-portland-area-voters-approve-new-personal-income-business-profits-taxes.html?id=us:2em:3na:stm:awa:tax:073021&sfid=7015Y000003WdCZQA0](https://www2.deloitte.com/us/en/pages/tax/articles/greater-portland-area-voters-approve-new-personal-income-business-profits-taxes.html?id=us:2em:3na:stm:awa:tax:073021&sfid=7015Y000003WdCZQA0)

Metro's new business income tax generally will be imposed on C corporations and pass-through entities' net income at the rate of 1%, with an exemption for small businesses that have gross receipts of \$5 million or less per year. Metro's new marginal personal income tax generally will be assessed on “high-earners” which include residents of the Metro, as well as nonresidents who have income earned from sources within the Metro, at the rate of 1% on households with taxable income over \$200,000 (or taxable income over \$125,000 for individual tax filers). Only households with income above \$200,000 (or above \$125,000 for individual filers) are subject to this new personal income tax. Please contact us with any questions.

— Scott Schiefelbein (Portland)
Managing Director
Deloitte Tax LLP
sschiefelbein@deloitte.com

Sara Clear (Minneapolis)
Manager
Deloitte Tax LLP
sclear@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.