

Income/Franchise:

Oregon DOR Adopts Various Corporate Activity Tax (CAT) Rule Changes

Adopted Oregon Administrative Rules (OAR) 150-317-1015, 150-317-1022, 150-317-1023, Or. Dept. of Rev. (eff. 1/1/22); Permanent Administrative Order REV 15-2021, Or. Dept. of Rev. (12/15/21); Permanent Administrative Order REV 17-2021, Or. Dept. of Rev. (12/15/21). Reflecting legislation enacted in 2021 [see S.B. 164 (2021) and previously issued Multistate Tax Alert for details on new law in Oregon that modifies various provisions of the Oregon corporate activity tax related to fiscal year filings, insurance companies, and other exemptions and definitions], the Oregon Department of Revenue (Department) has adopted the following Oregon corporate activity tax (CAT) rule changes:

[URL: https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49586](https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49586)

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[URL: https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB164/Enrolled](https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB164/Enrolled)

[URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-oregon-enacts-modifying-provisions-of-the-corporate-activity-tax.pdf](https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-oregon-enacts-modifying-provisions-of-the-corporate-activity-tax.pdf)

- OAR 150-317-1015 provides guidance to CAT taxpayers who are required to change their tax year from a calendar year to a fiscal year or experience changes in their federal income tax year to a fiscal year; these fiscal year taxpayers are required to file a short tax period return for the 2021 CAT reporting year; and the new rule prescribes the manner in which such taxpayers must calculate proration amounts for their short year CAT returns;
- OAR 150-317-1022 provides guidance to unitary group taxpayers whose members have an annual accounting period that differs from the unitary group's required annual accounting period;
- OAR 150-317-1023 provides guidance for unitary groups regarding the designation of the designated filer who must register, file, and pay the CAT on behalf of the group; the new rule requires the CAT designated filer to have substantial nexus with Oregon and requires unitary groups to change their designated filer if their current designated filer does not have substantial nexus with Oregon; and
- OAR 150-317-1060 is amended to provide that foreign and alien insurance companies that are subject to Oregon retaliatory tax under ORS 731.854 and 731.859 are excluded from the Oregon CAT.

In addition to these new rules adopted in response to legislation adopted in 2021, there were more CAT rules adopted or amended effective January 1, 2022, including:

- Adopted OAR 150-317-1090, 150-317-1095; Permanent Administrative Order REV 16-2021, Or. Dept. of Rev. (12/15/21), which provides guidance regarding sourcing commercial activity from sea and river carrier transportation services; and
[URL: https://secure.sos.state.or.us/oard/viewReceiptPDF.action?filingRsn=49587](https://secure.sos.state.or.us/oard/viewReceiptPDF.action?filingRsn=49587)
[URL: https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49587](https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49587)
- Amended OAR 150-317-1060, 150-317-1150, 150-317-1200, 150-317-1300, 150-317-1410; Permanent Administrative Order REV 17-2021, Or. Dept. of Rev. (12/15/21), which provide guidance regarding exclusion of retail sale of groceries, cost or labor subtraction, estimated payments requirements for

short periods, and motor vehicle resale certificates documentation.

[URL: https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49588](https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=49588)

See forthcoming Multistate Tax Alert for additional details regarding these new and amended CAT rules, and please contact us with any questions the meantime.

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