

Income/Franchise:

Oregon: Company's In-State Activities through Independent Contractors Destroy P.L. 86-272 Protection

TC Case No. 5372, Or. Tax Ct. (8/23/22). In an unpublished order of the Regular Division of the Oregon Tax Court (Court) involving whether an out-of-state cigarette manufacturer's in-state activities conducted via independent contractors were protected under P.L. 86-272 for Oregon corporate excise (income) tax purposes, the Oregon Tax Court reasoned that, under the facts, neither the acceptance of returns nor the making of "pre-book orders" occurred at a *de minimis* level and concluded that each of these in-state activities independently destroyed the company's immunity from Oregon corporate excise taxation. The Court did overturn related assessed "understatement of income" penalties where the parties had agreed that the company's positions were adequately disclosed on its return, holding that the company's positions were reasonably based on P.L. 86-272 and/or the *Wrigley* case. Please contact us with any questions.

URL: <https://cdm17027.contentdm.oclc.org/digital/collection/p17027coll6/id/8976/rec/1>

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