

Income/Franchise:

Oregon DOR Proposes Administrative Rules on New Elective Pass-Through Entity Level Tax

Proposed Amended and New 150-314-0515, 150-314-0520, 150-314-0521, 150-314-0522, 150-316-0043, 150-316-0084, Or. Dept. of Rev. (10/25/22). The Oregon Department of Revenue is proposing new and amended rules on Oregon's new elective pass-through entity level tax (PTE-E), which is a business alternative income tax based on the amount of an eligible pass-through entity's (PTE) distributive proceeds [see S.B. 727 (2021) and previously issued Multistate Tax Alert for more details on this new law], in an effort to "provide clarity and directions to taxpayers and tax preparers who file for PTE-E." As a reminder, for tax years beginning on or after January 1, 2022, entities taxed as S corporations and partnerships whose members/owners are individuals, or PTEs wholly owned by individuals, that are subject to Oregon's personal income tax may elect annually to be subject to this new tax. Qualifying members of an electing PTE are eligible for a credit equal to 100% of the member's distributive share of the PTE-E paid. A public hearing on the proposed rule changes is scheduled for November 29, 2022, and public comments are due by the same date. Please contact us with any questions.

URL: <https://secure.sos.state.or.us/oard/viewRedlinePDF.action?filingRsn=52433>

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

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-oregon-enacts-temporary-elective-pass-through-entity-business-alternative-income-tax.pdf>

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

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

Shirley Wei (Los Angeles)
Senior Manager
Deloitte Tax LLP
shiwei@deloitte.com

Olivia Schulte (Washington, DC)
Manager
Deloitte Tax LLP
oschulte@deloitte.com

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