

## Income/Franchise:

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

*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. (12/28/22).* The Oregon Department of Revenue adopted new and amended rules on Oregon's 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 and before January 1, 2024, entities taxed as S corporations and partnerships whose members are either individuals subject to Oregon's personal income tax or other PTEs wholly owned by individuals who 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 pro rata share of the PTE-E paid. Among other changes, the rule amendments and additions address withholding requirements and estimated tax payments. The adopted rule changes took effect on January 1, 2023. Please contact us with any questions.

**URL:** <https://secure.sos.state.or.us/oard/viewReceiptPDF.action?filingRsn=52926>

**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>

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