

Income/Franchise:

Oregon DOR Explains Addition Modification Under Elective Pass-Through Entity Level Tax

Letter: Revenue issues determination for the treatment of the PTE-E addition, Or. Dept. of Rev. (2/15/23).

Responding to questions about the Oregon Department of Revenue's (Department) position regarding treatment of the Oregon elective pass-through entity level tax (PTE-E) paid and deducted on the federal pass-through entity return and the corresponding "PTE-E addition adjustment," the Department explains that it is the individual, rather than the pass-through entity, that adds back the PTE elective tax to the income on the individual's own Oregon personal income tax return. In doing so, the Department notes that while some interested parties believe the PTE-E taxes paid and deducted on the pass-through entity's federal return must be added back to distributive income to determine the Oregon PTE-E tax due, it is the Department's position that the addition modification is conducted on the pass-through entity member's individual tax return rather than the PTE-E return. Upon request for review by the Department, the Oregon Department of Justice agreed with the Department's position on the issue. Please contact us with any questions.

URL: https://www.oregon.gov/dor/programs/businesses/Documents/DOR_Statement_on_PTE-E_Feb%2015_2023.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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