

## Income/Franchise:

### Oregon: Proposed Changes to CAT Rules Address Cost Inputs or Labor Cost Subtraction, Filing Extensions, and Farming

*Proposed Amended OAR section 150-317-1200, Or. Dept. of Rev. (8/29/23); Proposed Amended OAR section 150-317-1330, Or. Dept. of Rev. (8/29/23); Proposed Amended OAR section 150-317-1170, Or. Dept. of Rev. (8/29/23).* The Oregon Department of Revenue (Department) proposed changes to its corporate activity tax (CAT) rule addressing how taxpayers must compute the cost inputs or labor cost subtraction by adding guidance to determine the 35% CAT subtraction for unitary groups that elect to subtract “cost inputs” in their Oregon CAT return and are made up of members that:

**URL:** <https://www.oregon.gov/dor/SiteAssets/Pages/rules-laws/150-317-1200%20notice%20of%20rulemaking%2008292023.pdf>

**URL:** <https://www.oregon.gov/dor/SiteAssets/Pages/rules-laws/150-317-1330%20notice%20of%20rulemaking%2008292023.pdf>

**URL:** <https://www.oregon.gov/dor/SiteAssets/Pages/rules-laws/150-317-1170%20notice%20of%20rulemaking%2008292023.pdf>

1. Report cost of goods sold (COGS) for federal income tax purposes, and
2. Are engaged in farming operations that do not report COGS for federal income tax purposes.

Other proposed CAT rule changes involve requests for extension of time to file CAT returns and additional guidance for CAT taxpayers with farming operations. A virtual public hearing to discuss these proposed changes has been scheduled for September 26, 2023, and any public comments are due on the same date. Please contact us with any questions.

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