Overview of Global Intangible Low-Taxed Income (GILTI)

Legislative Revenue Office

Dividends Received Deduction (DRD)

- Dividends issued from one company (located abroad) and received by another company
- 100% federal deduction
- Oregon
  - Add back of federal amounts
  - State level 80% deduction

GILTI

- New type of income
- Part of TCJA
- Designed to recapture income from CFCs for taxation purposes
- Eligible for a 50% deduction at the federal level

Key Terminology

The (Potential) Issue

Will Oregon treat GILTI as a deemed dividend?

Yes

Problem

Double Deduction

No

Federal Deduction Only

Bottom Line: Uncertainty exists for taxpayers currently

EXAMPLE: IF DRD ALLOWED

Federal Level

‘Gross’ GILTI Income: $100

GILTI Deduction: $50 (50% of $100)

‘Net’ GILTI Amount: $50 ($100-$50)

Oregon

Net GILTI Amount is included in Federal Taxable Income

Oregon taxpayer begins with $50 FTI

DRD of 80% of dividends received

Take 80% of Gross GILTI
Deduction = 80% * $100 = $80

FTI – Deduction
$50 - $80 = - $30

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