

Corporate Activity Tax

A Brief Overview





Basic Facts on Oregon's CAT

Parameter	Description
Commercial Activity	"...the total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business..."
Rate	0.57% (0.0057)
Threshold	\$1,000,000
Tax	\$250 + 0.57% of commercial activity above \$1 million
Subtraction	35% of either COGS or Employee Labor Costs
Selected Exclusions	Retail and wholesale groceries, fuel
Special Exclusion	Builders of single-family residential homes allowed 15% of subcontractor labor costs to be excluded
Effective Date	January 1, 2020



HB 2429– CAT Adjustments

Section	Description
1	Adds language indicating that commercial activity does not include <ul style="list-style-type: none">• Exchange of new vehicles between franchised motor vehicle dealerships• Groceries sold by a consignee (consignment) store operator
2	Adds language allowing vehicle dealers to collect the estimated portion of the tax on leases of vehicles
3	Defines applicability of above provisions to tax years beginning on or after January 1, 2022
4	Prescribes effective date on the 91 st day following adjournment sine die.





Senate Discussion of SB 164

January 27th, 2021

- Intent of provisions
 - Exempt groceries
 - Exempt transfers of new vehicles between franchised motor vehicle dealerships
- Pharmacies
- Penalties
 - Underpayment
 - Intent to apply underpayment penalties to *all* of tax years 2020 and 2021
 - Tax administration
 - Deletion of potentially redundant failure to file penalties in statute
- Clarifications
 - Net revenue vs. receipts of residential care facilities, etc.
- Business Closures or Sales
 - Current law
 - When a business is closed or sold, taxpayer has 45 days to file return and pay tax due
 - Proposed change
 - When a business is closed or sold, return and payment are due by April 15th of the following year



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