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The Oregon Department of Revenue Plans to Publish Much Needed Guidance on the Newly Enacted Corporate Activity Tax

By Larry Brant and Peter Evalds on 8.22.19 | Posted in Legislation, State and Local Tax, Tax Laws

As discussed in [recent blog posts](#), the Oregon Legislative Assembly recently enacted a Corporate Activity Tax (“CAT”). Governor Kate Brown signed the legislation into law, effective January 1, 2020. Put in simplest terms, the CAT is a gross receipts tax on businesses with greater than \$1 million of “commercial activity sourced to this state.”

Given the broadness of the new law and the many anticipated difficulties that taxpayers, tax advisors and the government will likely encounter determining what constitutes “commercial activity sourced to this state,” the need for the Oregon Department of Revenue (the “Department”) to adopt administrative rules on the new law is evident.

The Department was given legislative authority to promulgate rules with respect to many provisions of the CAT, including the taxation of property transferred into Oregon, determining the source of revenue, and registration procedures. In fact, the Department [recently announced](#) that it will soon commence the process of drafting rules which will likely continue into the latter part of this year. The Department has further announced that it intends to involve stakeholders in the rulemaking process. In this regard, it will hold stakeholder meetings around the state. We recommend that tax advisors attend these stakeholder meetings and offer the Department input on the CAT, including concerns, questions and comments about the CAT, its application, compliance matters and applicable tax reporting. Keep a look-out for the stakeholder meeting dates and locations. One way to stay informed and to obtain the meeting dates and locations for the stakeholder meetings would be to subscribe to the CAT program mailing list. That can be accomplished on [the Department's website](#).

In an [email](#) sent to the CAT program mailing list on August 7, 2019, the Department indicated that it already has assembled a team that is working to identify the rules the Department will need to promulgate. Further, the Department expects to have an initial set of rules drafted by January 2020. The CAT is a new tax regime for Oregon businesses. Getting clarity and guidance is ever important for our clients.

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The rules will be drafted in multiple stages. The Department is making the rules relating to registration and estimated tax payments a priority. While we certainly understand the need to focus on registration and payment issues, this means that it may be a while before we see guidance relative to some significant issues like sourcing, and application of the numerous carve-outs and exceptions to the tax.

We will continue to update you as we learn more. Stay tuned!

Tags: compliance, corporate activity tax, Corporate Tax, estimated tax payments, Governor Kate Brown, gross receipts tax, Oregon, Oregon businesses, Oregon CAT, Oregon Department of Revenue, Oregon Legislative Assembly, Oregon Taxpayers, stakeholder meetings, taxable commercial activity