



MULTISTATE INCOME/FRANCHISE TAX

Oregon extends pass-through entity tax and enacts CAT updates

Tax Alert

Overview

On July 27, 2023, Oregon House Bill [2083](#) (“H.B. 2083”) and House Bill [2073](#) (“H.B. 2073”) were signed by the Governor. H.B. 2083 extends the elective pass-through entity level business alternative tax to the end of 2025. H.B. 2073 creates new exclusions from the Corporate Activity Tax (“CAT”) and clarifies the filing deadline for the CAT. H.B. 2083 and H.B. 2073 become effective on the 91st day after the legislature adjourned sine die on June 25, 2023.

This Tax Alert summarizes some of the relevant provisions of H.B. 2083 and H.B. 2073.

Oregon pass-through entity tax extended

Pursuant to H.B. 2083, the elective pass-through entity level business alternative tax is extended for two years. Specifically, the business alternative tax is now applicable for taxable years beginning on or after January 1, 2022, and before January 1, 2026. For more information on the business alternative tax, please see our previous [Tax Alert](#).

Oregon CAT updates

Pursuant to H.B. 2073, for taxable years beginning on or after January 1, 2024, “commercial activity” does not include costs paid by a dealer for an item of precious metal, defined as an item of gold, platinum, silver, palladium, or rhodium that has been put through a process of refining or smelting and that is in a condition or state that its value depends on its contents and not its form.

Furthermore, the CAT provides an exclusion from commercial activity for wholesalers engaged in a farming operation that sell agricultural commodities for resale outside of Oregon. The CAT allows these taxpayers to demonstrate the percentage of their goods resold at wholesale in Oregon compared to outside of Oregon by obtaining a certificate that states that percentage or using an industry average percentage. Currently, the exclusion only applies to sales of agricultural commodities made to brokers or wholesalers. H.B. 2073 amends the exclusion to also include sales of agricultural commodities made to

processors. H.B. 2073 defines a processor as “an entity doing business as a food processor, as defined in ORS 307.455, or as the operator of a custom processing establishment, as defined in ORS 603.010, or as otherwise engaged in the business of preparing an agricultural commodity for first sale.”

Additionally, H.B. 2073 updates the CAT annual filing deadline, which is currently on the 15th day of the fourth month following the end of the tax year. For taxable years beginning on or after January 1, 2023, if the 15th day of the fourth month falls on a Saturday, Sunday, or legal holiday, including any legal holiday in the District of Columbia, the CAT return is due on the next business day following the Saturday, Sunday, or legal holiday. H.B. 2073 also removes the good cause requirement for extensions to file the CAT return.

Get in touch

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Have a question relating to this or any other pass-through entity tax regime? Reach out to one of our national multistate pass-through entity tax specialists.

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