



November 13, 2020

OREGON CORPORATE ACTIVITY TAX NEWS

Trending on Oregon's Corporate Activity (CAT) Tax :

- What is the CAT Tax
- CAT Tax FAQ
- Who Pays?

The Corporate Activity Tax applies to virtually all forms of business, including C and S corporations, individuals, partnerships, trusts, estates and any entity that is disregarded for federal income tax purposes, such as certain limited liability companies.

The new tax is imposed on sellers, not purchasers, however some businesses are choosing to pass this tax on to their customers.

CAT Tax FAQ

Q: How does this affect my business?

A: All businesses with gross receipts in excess of \$750,000 are required to register with the State of Oregon for the CAT Tax. If you are 50% or more owner of multiple businesses, the state will look at gross receipts of all businesses combined.

Q: What is included in commercial activity?

A: All income related to sales and service, including federal and state grants earned within the State of Oregon (COVID related grants and loans are not included).

Q: Are all industries subject to the CAT Tax?

A: Only credit unions, hospitals, long-term care facilities, not-for-profit and government entities are exempt. Fuel sales and grocery sales for certain industries are also exempt, but other sales for those industries are not.

Q: What is the requirement for filing a return and paying the applicable tax?

A: The CAT Tax Return is due by April 15th for the previous tax year. If you are required to make quarterly estimates, they are due at the end of the month after the end of the quarter.

"We have to tax small business in order to save small business..."

*-Oregon Governor
Kate Brown*

Who Pays?

- ◆ No requirement for businesses (or business units) with commercial activity (CA) under \$750,000
- ◆ Register when commercial activity exceeds \$750,000
- ◆ File CAT Tax Return when commercial activity exceeds \$1 Million
- ◆ File CAT Tax Return and pay tax when taxable commercial activity exceeds \$1 Million
 - ◆ Businesses may deduct 35% COGS from commercial activity for taxable income
 - ◆ (OR CA—COGS)- \$1 Million Threshold x 0.57% tax rate
 - ◆ \$250.00 minimum tax = CAT Liability

Call our office today for more details at (541) 426-2299