



ADMINISTRATIVE RULE REVIEW

New Rule Temporary Rule	Rule No. 150-317-1310	
	Page Page 1 of 4	Last Revised Date December 27, 2019
	NOTICE OF INTENDED ACTION	
	Bulletin Dated January 2020	Hearing Scheduled

PURPOSE: Provides guidance to taxpayers in determining the correct amounts of corporate activity estimated tax payments and establishes requirements for interest imposed on underpayment of estimated tax.

1 **150-317-1310**

2 **Estimated Tax Payments: Delinquent or Underestimated Payment or Both, Constitutes**
3 **Underpayment**

4 (1) An underpayment of Corporate Activity Tax (CAT) estimated tax exists when the payments received
5 on or before a payment due date are less than the required payment due as determined under section (3)
6 of this rule.

7 (2) *Returns processed on or after January 1, 2021.* If none of the exceptions as provided in section (3) of
8 this rule are met, interest on underpayment of estimated tax is computed on the difference between the
9 lowest amount determined under section (3) of this rule and the total estimated tax payments for the
10 installment period made on or before the due date.

11 (3) *Exceptions.* Underpayment charges will not be imposed if each estimated tax payment is equal to or
12 more than 25 percent (or the appropriate percentage of tax for short periods provided in OAR 150-317-
13 1300) of any one of the following:

14 (a) For tax years beginning on or after January 1, 2020 and ending before January 1, 2021, 80 percent of
15 the tax for the tax year.

16 (b) For tax years beginning on or after January 1, 2021, 100 percent of the tax.

17 (c) For tax years beginning on or after January 1, 2021, 100 percent of the tax shown on the return for the
18 preceding tax year (after credits) provided that the preceding tax year was a period of twelve months and
19 an Oregon return showing a liability was filed for such tax year. When applying this subsection to a
20 current taxable year of less than 12 months, the tax for the preceding tax year is reduced by multiplying it
21 by the number of months in the short tax year and dividing the resulting amount by 12.

22 (d) An amount equal to 100 percent of the tax computed on annualized taxable commercial activity. For
23 purposes of this computation, tax credits available on the date of the payment may be deducted from the
24 annualized tax. An estimated or anticipated tax credit may not be used. Annualized taxable commercial
25 activity is computed by entering the taxable commercial activity on an annualized basis:



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- 1 (A) For the first three months of the taxable year, in the case of the installment required to be paid in the
2 fourth month;
- 3 (B) For the first three months or for the first five months of the taxable year, in the case of the installment
4 required to be paid in the sixth month;
- 5 (C) For the first six months or for the first eight months of the taxable year, in the case of the installment
6 required to be paid in the ninth month; and
- 7 (D) For the first nine months or for the first 11 months of the taxable year, in the case of the installment
8 required to be paid in the 12th month of the taxable year.
- 9 (e) An amount equal to 100 percent of the amount obtained by calculating Oregon taxable commercial
10 activity for any person with seasonal commercial activity as follows:
- 11 (A) In the case of any required installment, the amount of the adjusted seasonal installment is the excess
12 (if any) of:
- 13 (i) 100 percent of the amount determined under subparagraph (D),
14 (ii) the aggregate amount of all prior required installments for the taxable year.
- 15 (B) This subsection only applies if the base period percentage for any six consecutive months of the
16 taxable year equals or exceeds 70 percent.
- 17 (C) For purposes of this subsection, the following rules and definitions apply:
- 18 (i) *Base period percentage.* The base period for any period of months is the average percent that the
19 taxable commercial activity for the corresponding months in each of the three preceding taxable years
20 bears to the taxable commercial activity for the three preceding taxable years.
- 21 (ii) *Filing month.* The term “filing month” means the month in which the installment is required to be
22 paid.
- 23 (D) *Determination of amount.* The amount determined under this subparagraph for any installment is
24 determined in the following manner:
- 25 (i) Take the taxable commercial activity for all months during the taxable year preceding the filing

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- 1 month,
- 2 (ii) Divide such amount by the base period percentage for all months during the taxable year preceding
- 3 the filing month,
- 4 (iii) Determine the tax on the amount determined under clause (ii), and
- 5 (iv) Multiply the tax computed under clause (iii) by the base period percentage for the filing month and
- 6 all months during the taxable year preceding the filing month.
- 7 (4) *Unitary group returns.* If a unitary group CAT return is filed, any underpayment shall be computed
- 8 on a combined basis. In computing the underpayment on a combined basis, the tax and facts shown on
- 9 the returns for the preceding year must be aggregated, regardless of whether combined or separate returns
- 10 were filed.
- 11 (5) If separate returns are filed and estimated tax is paid on a combined basis, the payments and prior
- 12 year's tax may be divided between the various persons' liabilities in any manner designated by the
- 13 taxpayers.
- 14 (6) *Interest on underpayment.* When an estimated tax payment is underpaid, interest accrues on the
- 15 underpaid amount at the rate provided in OAR 150-305-0140 from the due date of the payment to the
- 16 earlier of:
- 17 (A) the date the tax is paid, or
- 18 (B) the date the tax return is due.
- 19 (7) Underpayment interest will not be imposed for a quarter in which the annualized taxable income
- 20 results in a net annualized tax of \$10 or less.
- 21 (8) Underpayment charges shall be assessed on the last return filed and received before the due date for
- 22 such return. That return shall be considered the "original return," and the tax due shall be used as the
- 23 basis for computing the underpayment charges.
- 24 (9) Once underpayment charges are assessed on the original return, an amended return reducing the tax
- 25 liability will not reduce the underpayment charges.



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- 1 **[Publications:** Contact the Oregon Department of Revenue for information about how to obtain a copy
- 2 of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and
- 3 ORS 183.355(1)(b).]
- 4 **Stat. Auth.:** ORS 305.100, Oregon Laws 2019, chapter 122, section 72
- 5 **Stats. Implemented:** Oregon Laws 2019, chapter 122, sections 70, 74, 77 and 78, as amended by
- 6 Oregon Laws 2019, chapter 579, section 56; ORS 314.525