

ADMINISTRATIVE RULE REVIEW

New Rule	Rule No. 150-317-1030	
	Page Page 1 of 2	Last Revised Date December 19, 2019
Temporary Rule - DRAFT	NOTICE OF INTENDED ACTION	
	Bulletin Dated	Hearing Scheduled

PURPOSE: Provide guidance for sourcing of tangible personal property for taxpayers who have business activity inside and outside of Oregon for purposes of the corporate activity tax.

1 **150-317-1030**

2 **Sourcing Commercial Activity to Oregon from Sales of Tangible Personal Property**

3 (1) *Definitions.*

4 (a) “Purchaser within Oregon” includes the ultimate recipient of property if the taxpayer, at the
5 designation of the purchaser, delivers property to the ultimate recipient within Oregon.

6 **Example 1:** A taxpayer in Oregon sold merchandise to a purchaser in State A. Taxpayer directed the
7 manufacturer or supplier of the merchandise in State B to deliver the merchandise to the purchaser’s
8 customer in Oregon pursuant to purchaser’s instructions. The sale by the taxpayer is in Oregon.

9 (b) “Tangible personal property” means personal property that can be seen, weighed, measured, felt, or
10 touched, or that is in any other manner perceptible to the senses. “Tangible personal property” includes
11 electricity, water, gas, steam, and prewritten computer software.

12 (2) Gross receipts from the sales of tangible personal property are sourced to Oregon if the property is
13 delivered to a purchaser within Oregon regardless of the f.o.b. point or other conditions of sale, whether
14 transported by seller, purchaser, or common carrier.

15 **Example 2:** A seller with a place of business in State A is a distributor of merchandise to retail outlets in
16 multiple states. A purchaser with retail outlets in several states, including Oregon, makes arrangements to
17 hire a common carrier to pick up merchandise, f.o.b. plant, at the seller’s place of business and have it
18 delivered to the purchaser’s outlet in Oregon. The seller must treat this as a sale of property delivered to a
19 purchaser in Oregon.

20 **Example 3:** A seller with a place of business in Oregon is a distributor of merchandise to retail outlets in
21 multiple states. A purchaser with retail outlets in several states, including State A, sends its own truck to
22 pick up the merchandise at the seller’s place of business and have it transported to the purchaser’s outlet
23 in State A. The seller must treat this as a sale of property delivered to a purchaser in State A.

24 (3) Property is deemed to be delivered to a purchaser within Oregon if the recipient is located in Oregon,
25 even though the property is ordered from outside of Oregon.

26 **Example 4:** The taxpayer, with inventory in State A, sold \$100,000 of its products to a purchaser having
27 branch stores in several states including Oregon. The order for the purchase was placed by the

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1 purchaser’s central purchasing department located in State B. Of the total purchase order, \$25,000 was
 2 shipped directly to purchaser’s branch store in Oregon. The branch store in Oregon is the “purchaser
 3 within Oregon” with respect to \$25,000 of the taxpayer’s sales.

4 (4) Property is delivered to a purchaser within Oregon if the delivery terminates in Oregon, even though
 5 the property is subsequently transferred by the purchaser to another state.

6 **Example 5:** The taxpayer makes a sale to a purchaser who maintains a central warehouse in Oregon at
 7 which all merchandise purchases are received. The purchaser reships the goods to its branch stores in
 8 other states for sale. All of taxpayer’s products shipped to the purchaser’s warehouse in Oregon are
 9 property “delivered to a purchaser within Oregon.”

10 (5) When property being delivered by a seller from the state of origin to a purchaser in another state is
 11 diverted while enroute to a purchaser in Oregon, the sale is in Oregon.

12 **Example 6:** The taxpayer, a business in State A, begins shipment of their product to the purchaser’s place
 13 of business in State B. While enroute the product is diverted to the purchaser’s place of business in
 14 Oregon to package the merchandise with the purchaser’s logo. The sale by the taxpayer is attributed to
 15 Oregon.

16 **Stat. Auth.:** ORS 305.100; Oregon Laws 2019, chapter 122, section 72

17 **Stats. Implemented:** Oregon Laws 2019, chapters 122, section 66, as amended by Oregon Laws 2019,
 18 chapter 579, section 54