



ADMINISTRATIVE RULE REVIEW

Rule No. 150-317-1300	
Page Page 1 of 4	Last Revised Date June 2 <u>September 18</u> , 2020
NOTICE OF INTENDED ACTION	
Bulletin Dated May 1, 2020 <u>October 2020</u>	Hearing Scheduled May 26, 2020 <u>October 27, 2020</u>

~~Adopt New~~ Amend Rule

Permanent Rule

PURPOSE: Amends section (8)(b) to delete an incorrect applicability reference to tax year 2021 when estimated tax overpayments will begin being applied to the following tax year. Rule P provides guidance to taxpayers in determining when estimated corporate activity tax (CAT) payments are required, including estimated payment due dates for short-period returns, how refund requests are handled, how to apply an overpayment to a future tax period, how estimated taxes are credited, and to require payment of estimated tax via electronic funds transfer. ~~A temporary rule has been in effect since January 1, 2020. The permanent rule adopts the language of the temporary rule, e~~ Clarifies that persons subject to unrelated business income have the same obligations as other persons under the CAT; and provides a higher estimated tax payment threshold for the first year of the tax.

1 **150-317-1300**

2 **Estimated Tax: When Estimated Payments are Required**

- 3 (1) Estimated tax liability means the tax as computed under ORS chapter 317A, less allowable credits.
- 4 (2) Every person required to file an Oregon Corporate Activity Tax (CAT) return and expecting to have a
5 tax liability of \$5,000 or more must make estimated tax payments. For purposes of determining whether
6 estimated tax liability exceeds \$5,000, a credit balance resulting from overpayment of tax for a prior year
7 is not taken into account.
- 8 (3) Estimated tax payments are required, regardless of when a taxpayer exceeds \$1 million of taxable
9 commercial activity.
- 10 (4) Payments are due on the last day of the month that follows the end of each calendar quarter: April 30,
11 July 31, October 31, and January 31.
- 12 (5) *Due dates of payments for short-period returns.* If a return is filed for a short period of less than 12
13 months, estimated tax payments are due as follows:
- 14 (a) If the period covered is less than three months, only one payment is required. It is equal to 100
15 percent of the estimated tax and is payable on the due date of the return.
- 16 (b) If the period covered is three months or longer but less than six months, two payments are required.
17 One-half of the estimated tax is due on the last day of the fourth month, and the balance, if any, is due on
18 or before the due date of the tax return, not including extensions.
- 19 (c) If the period covered is six months or longer but less than nine months, three payments are required.
20 One-third of the estimated tax is due on the last day of the fourth month, one-third on the last day of the
21 seventh month and the balance, if any, is due on or before the due date of the tax return, not including



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1 extensions.

2 (d) If the period covered is nine months or longer, but less than twelve months, four payments are
3 required. One-fourth of the estimated tax is due on the last day of the fourth month, one-fourth on the last
4 day of the seventh month, one-fourth on the last day of the tenth month, and the balance, if any, on or
5 before the due date of the tax return, not including extensions.

6 (6) Tax-exempt persons that have “Unrelated Business Income,” as defined in the Internal Revenue
7 Code, must also register, file an Oregon CAT return, and pay the tax, if such person is otherwise subject
8 to those requirements under ORS 317A.100 to 317A.161. If their expected Oregon tax liability is \$5,000
9 or more, estimated tax payments must be made.

10 (7) *Refunds prior to filing of return.* Generally, estimated tax payments will not be refunded prior to the
11 taxpayer’s filing of the tax return for the year for which the estimated tax payments were made. The fact
12 that the estimated tax payments made exceed the required payments based upon an exception to
13 underpayment is not sufficient cause to refund such excess prior to the filing of the Oregon CAT return.
14 On a case-by-case basis, if a taxpayer establishes to the satisfaction of the department that the facts
15 warrant a refund, the department may issue a refund of estimated taxes prior to the filing of the tax
16 return.

17 (8) *Overpayments of tax.*

18 (a) *Election.* When a person files a completed CAT return and the tax calculated on the return is less than
19 the amounts previously paid for that year, the person may make an irrevocable election to have the
20 overpayment of tax either refunded or applied as a payment of estimated tax. The election is made by
21 entering the amount in the appropriate space provided on the CAT return.

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- 1 (b) *Application to estimated tax installment.* ~~For tax years beginning on or after January 1, 2021,~~ The
2 department will apply the elected overpayment, unless it is subject to an offset under ORS 314.415 and
3 related rules, to the following year's estimated tax payment due on the last day of the fourth month of the
4 taxable year, to the extent that the overpayment of tax is attributable to estimated tax payments received
5 prior to the following year's first quarter estimated tax due date. Payments received after the following
6 year's first quarter estimated tax due date will be applied to estimated tax as of the date the payment is
7 received. In the case of an amended or delinquent return, the amount will be credited to the estimated tax
8 installment as of the date the amended or delinquent return was filed or the date a payment was received,
9 whichever is later.
- 10 (9) *Payments of estimated tax.* Except as otherwise specifically provided in section (8) of this rule, the
11 department will credit estimated tax payments as of the date that they are received. The department will
12 apply estimated tax payments to any prior underpayment and the remainder, if any, will be applied to the
13 next required installment.
- 14 (10) *Requirement to use electronic funds transfer.* For tax years beginning on or after January 1, 2020,
15 persons or entities that are required by other tax programs to make estimated payments by electronic
16 funds transfer (EFT) are also required to use that same method for the CAT.
- 17 (11) Any person or entity that is not required by other tax programs to make estimated tax payments by
18 EFT may use any other method available to make estimated tax payments for the CAT.
- 19 (12) Notwithstanding section (2) of this rule, taxpayers that expect their annual tax liability for tax year
20 2020 to be less than \$10,000 are not required to make quarterly estimated payments for tax year 2020.
- 21 **Stat. Auth.:** ORS 305.100, ORS 317A.143



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1 **Stats. Implemented:** ORS 314.415, 314.505, 314.515, 314.518, 317A.137, 317A.149