



ADMINISTRATIVE RULE REVIEW

Adopt New Rule	Rule No. 150-317-1310	
	Page Page 1 of 3	Last Revised Date April 1, 2020
	NOTICE OF INTENDED ACTION	
	Bulletin Dated May 2020	Hearing Scheduled May 26, 2020

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. A temporary rule has been in effect since January 1, 2020. The permanent rule adopts the language of the temporary rule and makes minor grammatical changes.

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 installment due as determined under section  
6 (3) 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 no estimated payments are required, as  
12 provided in OAR 150-317-1300, or if each estimated tax installment is equal to or more than 25 percent  
13 (or the appropriate percentage of tax for short periods provided in OAR 150-317-1300) of any one of the  
14 following:

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

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

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

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



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	Page Page 2 of 3	Last Revised Date April 1, 2020
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Permanent Rule		

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- 1 activity is computed by entering the taxable commercial activity on an annualized basis:
- 2 (A) For the first three months of the taxable year, in the case of the installment required to be paid in the
- 3 fourth month;
- 4 (B) For the first six months of the taxable year, in the case of the installment required to be paid in the
- 5 seventh month;
- 6 (C) For the first nine months of the taxable year, in the case of the installment required to be paid in the
- 7 tenth month; and
- 8 (D) For the 12 months of the taxable year, in the case of the installment required to be paid in the first
- 9 month of the following taxable year.
- 10 (e) An amount equal to 100 percent of the amount obtained by applying Section 6655(e)(3)(C) of the
- 11 Internal Revenue Code to Oregon taxable commercial activity for any person with seasonal commercial
- 12 activity.
- 13 (4) *Unitary group returns.* If a unitary group CAT return is filed, any underpayment shall be computed
- 14 on a combined basis. In computing the underpayment on a combined basis, the tax and facts shown on
- 15 the returns for the preceding year must be aggregated, regardless of whether combined or separate returns
- 16 were filed.
- 17 (5) If separate returns are filed and estimated tax is paid on a combined basis, the payments and prior
- 18 year's tax may be divided between the various persons' liabilities in any manner designated by the
- 19 taxpayers.
- 20 (6) *Interest on underpayment.* When an estimated tax payment is underpaid, interest accrues on the
- 21 underpaid amount at the rate provided in OAR 150-305-0140 from the due date of the payment to the
- 22 earlier of:
- 23 (A) the date the tax is paid, or
- 24 (B) the date the tax return is due.
- 25 (7) Underpayment interest will not be imposed for a quarter in which the annualized taxable commercial



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- 1 activity results in a net annualized tax of \$10 or less.
- 2 (8) Underpayment penalties shall be assessed on the last return filed and received before the due date for
- 3 such return. That return shall be considered the “original return,” and the tax due shall be used as the
- 4 basis for computing the underpayment charges.
- 5 (9) Once underpayment charges are assessed on the original return, an amended return reducing the tax
- 6 liability will not reduce the underpayment charges.
- 7 **[Publications:** Contact the Oregon Department of Revenue for information about how to obtain a copy
- 8 of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and
- 9 ORS 183.355(1)(b).]
- 10 **Stat. Auth.:** ORS 305.100, 317A.143
- 11 **Stats. Implemented:** ORS 314.525, 317A.137, 317A.149, 317A.161