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TEMPORARY ADMINISTRATIVE ORDER
INCLUDING STATEMENT OF NEED & JUSTIFICATION

REV 3-2021

CHAPTER 150
DEPARTMENT OF REVENUE

FILED

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ARCHIVES DIVISION
SECRETARY OF STATE
& LEGISLATIVE COUNSEL

FILING CAPTION: Corporate Activity Tax: Defines premiums; provides guidance for the purpose of sourcing insurance premiums receipts.

EFFECTIVE DATE: 02/01/2021 THROUGH 07/30/2021

AGENCY APPROVED DATE: 01/26/2021

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NEED FOR THE RULE(S):

This rule provides guidance to insurers who are subject to the Corporate Activity Tax established under Oregon Revised Statutes, chapter 317A.

150-317-1060: Provide guidance regarding the sourcing and definition of insurance premiums receipts for the Corporate Activity Tax.

JUSTIFICATION OF TEMPORARY FILING:

(1) Without guidance, insurers subject to the Corporate Activity Tax may not be able to correctly source Oregon commercial activity and subsequently will not be able to determine the amount of tax due. The temporary rule provides the following:

--defines "gross insurance premiums" for purpose of determining an insurer's commercial activity subject to the Corporate Activity Tax

--clarifies that unless otherwise prohibited in statute the rule will apply to gross direct life, accident and health, and property and casualty insurance premiums written

--clarifies that sourcing for surplus line insurance applies to premiums written

(2) Insurers that are subject to the Corporate Activity Tax will suffer the above consequences without published guidance.

(3) Without guidance, Insurers may incorrectly assign receipts as taxable or nontaxable depending on their interpretation of the statute.

(4) Promulgating a temporary rule effective February 1, 2021 will provide guidance for insurers before the filing of the CAT return is due on April 15, 2021.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes, chapter 317A

ADOPT: 150-317-1060

RULE TITLE: Definition of Insurers' Gross Premiums Receipts

RULE SUMMARY: Defines premiums; provides guidance for purposes of sourcing insurance premiums receipts.

RULE TEXT:

(1) For purposes of determining an insurer's commercial activity subject to the Corporate Activity Tax, "insurance premiums" includes the following premiums received by an insurer, unless otherwise excluded under ORS 317A.100:

(a) All gross direct life, accident and health, and property and casualty insurance premiums written, as reported on the statement of premiums accompanying the annual statement required to be filed with the Director of the Department of Consumer and Business Services under ORS 731.574 that allocate premiums by jurisdiction.

(b) The gross amount of surplus lines insurance premiums written on Oregon home state risks, as shown in the report required by ORS 735.465.

(2) The Corporate Activity Tax described in ORS 317A.100(1)(a)(C) applies to insurers that meet that definition under ORS 317A.100(10) and that receive the insurance premiums described in section (1) of this administrative rule; the provisions in ORS 731.840 do not apply to the Corporate Activity Tax.

[Publications: Contact the Oregon Department of Revenue for information about how to obtain a copy of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and ORS 183.355(1)(b).]

STATUTORY/OTHER AUTHORITY: ORS 305.100, 317A.128, 317A.143

STATUTES/OTHER IMPLEMENTED: ORS 317A.100, 317A.128