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Information contained herein is a guide. For complete details of law, refer to Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR).

Go electronic

Fast • Accurate • Secure

File your Corporate Activity Tax return through the electronic filing program. With approved third-party software, you can e-file your return with all schedules. You can also conveniently include an electronic payment with your e-filed original return. See “E-file.”

What's new

Corporate Activity Tax (CAT) was established during the 2019 regular session in HB 3427 and HB 2164.

On April 24th, 2020 the governor instructed the Oregon Department of Revenue to raise the threshold for making estimated tax payments from \$5,000 to \$10,000. This means that businesses that would owe under \$10,000 are not required to make quarterly estimated payments during 2020.

Additionally, the governor instructed that the department would honor a business taxpayer's good faith efforts to comply and not assess penalty if the taxpayer documents their efforts to comply, including how COVID-19 has impacted their business.

Caution: Businesses should keep documentation in their records that supports their circumstances.

Summary of changes in House Bill 4202

During the 2020 first special session, the Oregon Legislature made a series of clarifications to the Student Success Act, which governs the CAT. Governor Brown signed House Bill 4202 into law June 30, 2020. Below is a brief overview of some of the key technical and policy clarifications in the bill.

HB 4202:

- Amends the current exclusion for insurance proceeds to clarify that the exclusion applies to crop insurance policies, except those received for loss of commercial activity (previously for loss of "business revenue").
- Clarifies that tax refunds are not commercial activity.
- Excludes receipts from fluid milk sales by dairy farmers who are not members of an agricultural cooperative.
- Provides an alternative definition of cost inputs specifically for certain farming operations.
- Adds manufactured dwelling park non-profit cooperatives to the list of excluded entities.
- Allows CAT unitary group taxpayers to exclude certain members of the unitary group, provided the member has no commercial activity or other connection to Oregon.
- Clarifies the calculation method for purposes of the 35 percent subtraction of cost inputs or labor costs.
- Provides that a farming operation selling agricultural commodities to a wholesaler or broker may exclude receipts if the wholesaler or broker provides the farming operation with certification that the purchased commodities will be sold out of state. Alternatively, the farming operation may apply an industry average to estimate the portion that will be sold out of state.
- Eliminates requirement that taxpayer re-register for CAT annually, except under certain circumstances.
- Reduces the penalty for underpayment of quarterly estimated payments to 5 percent, adds a safe harbor, and extends the 80 percent threshold for estimated quarterly payments through tax year 2021. **Note:** The department won't assess penalties for underestimating quarterly payments in 2020 if the business has made a good-faith

effort to determine the required installment. Nor will the department assess a penalty for failure to make a quarterly payment if a business doesn't have the financial ability to make the estimated payment due to the impact of COVID-19. For further information, including the documentation taxpayers must retain, refer to our FAQs on estimated payments or Oregon Administrative Rule (OAR) 150-317-1500.

Important reminders

Revenue Online. Revenue Online provides convenient, secure access to tools for managing your Oregon tax account. With Revenue Online, you may:

- Register for CAT.
- View your tax account.
- Make and review payments.
- View correspondence we sent you.
- Check the status of your refund.
- File appeals.
- Submit an extension.
- Add an authorized representative/POA.
- Submit documents.

For more information and instructions on setting up your Revenue Online account, visit www.oregon.gov/dor. As updates or changes are made to these instructions, they will also be posted to our website.

Filing information

Who must register?

Persons or unitary groups with Oregon commercial activity exceeding \$750,000 must register for the CAT. Commercial activity is the total amount realized by a company from the transactions and activity in the regular course of their business in Oregon, without deduction for expenses incurred by the business. Commercial activity is realized according to the method of accounting used for federal income tax purposes.

Registration is due within 30 days of meeting the \$750,000 registration threshold. A penalty of \$100 per month may be assessed for failing to register, up to \$1,000 in a calendar year. You can register through Revenue Online.

Who must file?

Persons or unitary groups with Oregon commercial activity of \$1 million or more are required to file a CAT return.

What form do I use?

The Oregon CAT program only has one tax return. Taxpayers will file tax returns on the Form OR-CAT, *Oregon Corporate Activity Tax Return*. Other CAT forms and schedules include:

- Form OR-CAT-V, *Oregon Corporate Activity Tax Payment Voucher*.
- Schedule OR-EXC-CAT, *Exclusions From Commercial Activity*.
- Schedule OR-AF-CAT, *Schedule of Affiliates for Form OR-CAT*.
- Form OR-CAT-EXT, *Application for Extension of Time to File an Oregon Corporate Activity Tax Return*.
- Form OR-QUP-CAT, *Underpayment of Oregon Corporate Activity Estimated Tax*.

Filing requirements

Unitary groups

1. A group of entities that is united by more than 50 percent common ownership.
2. A group of entities that has, directly or indirectly between members or parts of the enterprise, either a sharing or an exchange of value shown by:
 - Centralized management or a common executive force;
 - Centralized administrative services or functions resulting in economies of scale; or
 - Flow of goods, capital resources, or services showing functional integration.

A unitary group shall register, file and pay taxes as a single taxpayer and may exclude receipts from transactions among its members under the CAT.

Unitary business with non-U.S. members. Unitary groups may make an election to exclude non-U.S. members from the group return if the non-U.S. member has no Oregon commercial activity or if the non-U.S. member's commercial activity is excluded by CAT statute from Oregon commercial activity. Refer to OAR 150-317-1025 for further details.

Designated CAT entity

Any business, or unitary group of businesses, doing business in Oregon may have responsibilities under the CAT. This includes all business entity types, such as C and S corporations, partnerships, sole proprietorships, and other entities.

E-file

We accept calendar year, short year, and amended electronic CAT returns utilizing the IRS Modernized e-file platform (MeF). Your tax return software may also allow you to make electronic payments when e-filing your original return.

For a list of software vendors or for more information, search "e-filing" at www.oregon.gov/dor.

Federal or other state audit changes

If the IRS or other taxing authority changes or corrects your federal or other state return for any tax year, you must notify us. File an amended CAT return and include a copy of the federal or other state audit report. Mail this separately from

your current year's return. If you don't amend or send a copy of the federal or other state report, we have two years from the date we're notified of the change to issue a deficiency notice. To receive a refund you must file a claim for refund of tax within two years of the date of the federal or other state report.

Amended returns

Use the form for the tax year you're amending and check the **amended** box. **Always use your current address.** If the address for the year you're amending has changed, don't use the old address.

Fill in all amounts on your amended return, even if they're the same as originally filed. If you're amending to change exclusions or commercial activity include detail of all items and amounts.

If you change taxable income by filing an original or amended federal or other state return, you must file an amended CAT return within 90 days of when the original or amended federal or other state return is filed if the change results in a change to commercial activity. Include a copy of your original or amended federal or other state return with your amended CAT return and attach a letter of explanation to your amended return that explains what was amended and why.

You may make payments online for your amended returns at www.oregon.gov/dor. Don't make payments for amended returns with Electronic Funds Transfer (EFT). This also applies to e-filed amended returns. For paper returns, you may pay online or include a check or money order with your return. For e-filed returns, you may pay online or send a check or money order separately. If you mail your payment separate from your return, write "Amended" on the payment and include a completed Form OR-CAT-V with the amended box checked.

Protective claims

Don't file an amended return as a protective claim. Use Oregon Form OR-PCR, *Protective Claim for Refund*, 150-101-184, when your claim to a refund is contingent on a pending court decision or legislative action. Notify us within 90 days of the final determination by filing an amended return. Don't file an amended return before the pending action is final.

Additional information on certain exclusions

ORS 317A.100(1)(b)

Agents. An agent may exclude property, money and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission, fee or other remuneration. For the agent exclusion to exist, a person (the agent) must be acting on behalf of and under the direction and control of another person (the principal), and all the facts and circumstances must be considered.

Auto dealers. A vehicle dealer may exclude receipts realized from vehicle dealer trades (the sale or transfer of a motor vehicle from one vehicle dealer to another), provided that the trade is made for the purpose of resale and based on the need to meet a specific customer's preference. Vehicle dealer's claiming this exclusion are required to retain documentation that shows the transaction meets the requirements necessary to claim the exclusion. The documentation needs to include the following:

1. Name, address, and federal ID for both dealers involved in the transaction.
2. Vehicle description.
3. A statement that the vehicle is purchased for resale.
4. Date and signature of the purchasing dealer, their employee or authorized representative.
5. Dealers must include their dealer license numbers from the appropriate licensing jurisdiction.
6. The document must include a statement that the trade occurred to meet a specific customer's preference.

A sample dealer trade resale certificate can be found in Appendix B. Dealers are not required to submit copies of the resale certification document while filing their return. They must retain the resale certification as required in *OAR 150-317-1410: Motor Vehicle Resale Certificate—Documentation Required*. Upon audit, Department of Revenue may request additional information to verify the transfer meets the exclusion requirements.

Wholesale or retail sale of groceries

For purposes of the CAT, "groceries" are food and food items that would be eligible for purchase with Supplemental Nutrition Assistance Program (SNAP) benefits. Essentially, groceries are food and beverages purchased for home consumption. Food-producing seeds and plants for use in the purchaser's garden are also groceries. Receipts from the wholesale or retail sale of groceries are excluded from the seller's commercial activity.

Retail sales of groceries. A taxpayer may exclude receipts from the retail sale of groceries, provided that the sale meets the following requirements:

- Requirement 1: The sale is of a grocery item that would be eligible for purchase with SNAP benefits, and
- Requirement 2: The seller typically intends or expects that the sale of food to the purchaser is for home consumption by the purchaser.

A seller that typically sells grocery items to final consumers for home consumption is determined based on factors such as (but not limited to):

- Whether the average gross receipts from the sale of groceries is greater than the average gross receipts from the sale of hot food or prepared food.
- Whether the business offers on-site dining facilities or space, and the percentage of floor space dedicated to dining compared to grocery shelves.
- Business advertising and marketing.

If a store's receipts from the sale of hot food or hot prepared food constitutes 80 percent or more of the total receipts that the store realized from the sale of all food items, the store doesn't intend to sell, or typically sell, groceries to the final consumer for home consumption; therefore, sales from the store are not excludable as retail sales of groceries.

Wholesale sales of groceries. A taxpayer may exclude receipts from the wholesale sale of groceries provided that the sale meets all of the following requirements:

1. The sale is a wholesale sale.
2. The sale is of a food item that would be eligible for purchase with SNAP benefits, and is in a form that can be resold to the end consumer for home consumption.
3. The sale must be made for the purpose of reselling the food item, without processing, to the final consumer for consumption at home. **Note:** Processing means transforming or changing the physical characteristics of the food item, including incorporation or consumption of an item as an ingredient or component in the production or manufacture of another item.
4. The taxpayer making the wholesale sale must obtain written certification from the purchaser that the grocery items will be resold at retail without processing and are intended for, or typically purchased by, the final consumer for home consumption.

Any document may serve as verification, provided that it contains the date of the purchase, the purchaser's name and address, the items purchased and purchase amount, and verification from the purchaser of the amount of the purchase that will be resold, without processing, to the final consumer for home consumption. A wholesale seller isn't required to obtain separate verification if the purchase was made for the purpose of resale without further processing, and

- (A) The purchaser is a qualified SNAP retailer with a current permit to accept SNAP benefits from the U.S. Department of Agriculture; or
- (B) The purchaser is a store that meets the required qualifications to be a SNAP retail food store under 7 U.S.C. 2012(o)(1), (2), (4) or (5).

The wholesale seller must retain documentation that, at the time of sale, the items were sold and delivered to a purchaser that meets the requirements in (A) or (B). See Appendix B for additional wholesaler information including an out-of-state resale certificate template.

Filing checklist and reminders

Rounding to whole dollars. Enter amounts on the return and accompanying schedules as whole dollars only by rounding to the nearest whole dollar amount. (For example, \$4,681.55 becomes \$4,682; and \$8,775.22 becomes \$8,775).

- **Due date of your return.** Returns are due by April 15th. When the 15th day falls on a Saturday, Sunday, or Oregon legal holiday, the due date is the next business day.

- **Extensions.** See the instructions below for the extension checkbox.

- **Payments.**

- **Estimated payments and prepayments.** Identify all estimated payments claimed by completing Schedule OR-ES-CAT on page 5 and 6 of your return. List all payments that were submitted prior to filing your return. Include the entity name and FEIN of the designated CAT entity. Missing or incomplete information on payments made by an affiliate could result in a billing.
- **Online payments.** You may pay online for any return through Revenue Online.
- **Making electronic payments with your e-filed return.** We accept electronic payments when e-filing your original return.
- **Making check or money order payments with your paper return.** Make your check or money order payable to Oregon Department of Revenue. Write the following on your check or money order:
 - Federal employer identification number (FEIN) or Social security number (SSN) if a sole proprietor.
 - Tax year.
 - Daytime phone.
- To speed up processing:
 - Don't use Form OR-CAT-V payment voucher.
 - Don't staple payment to the return.
 - Don't send cash or postdated checks.
 - Don't use red or purple or any gel ink.
- **Sending check or money order payments separate from your return.** Follow the instructions above, except don't include with your return. Mail separate payments with Form OR-CAT-V to:

Oregon Department of Revenue
PO Box 14950
Salem OR 97309-0950

Don't use this address for filing your return.

- **Assembling and submitting your return.** Submit your Oregon return forms in the following order:
 1. Form OR-CAT, Oregon Corporate Activity Tax Return;
 2. Schedule OR-AF-CAT, Schedule of Affiliates;
 3. Schedule OR-EXC-CAT, Exclusions from commercial activity.

Tax-due returns, without payment voucher, mail to:

Oregon Department of Revenue
PO Box 14790
Salem OR 97309-0470

Refunds or no tax-due returns, mail to:

Oregon Department of Revenue
PO Box 14777
Salem OR 97309-0960

Estimated tax payments

Requirements. Oregon CAT estimated payment requirements aren't the same as federal estimated tax payment requirements. You must make estimated tax payments if you expect to owe tax of \$10,000 or more. If you owe less than \$10,000 use exception 1 on Form OR-QUP-CAT. See ORS 317A.137.

If you don't make estimated payments as required, you may be subject to a quarterly underpayment penalty. If you have an underpayment of estimated tax, refer to ORS 317A.161.

Quarterly underpayment penalty won't be imposed if each estimated tax payment is equal to or more than 25 percent of any one of the following:

- a. For tax years beginning on or after January 1, 2020 and ending before January 1, 2022, 80 percent of the tax for the tax year.
- b. An amount equal to 80 percent of the tax computed on annualized taxable commercial activity. Use exception 3 on Form OR-QUP-CAT.
- c. An amount equal to 80 percent of the amount obtained by applying Internal Revenue Code §6655(e)(3)(C) to Oregon taxable commercial activity for any person with seasonal commercial activity.¹ Use exception 4 on Form OR-QUP-CAT.

¹ See OAR 150-317-1310.

Payment due dates

Estimated tax payments are due quarterly, as follows:

- 1st Quarter due on April 30.
- 2nd Quarter due on July 31.
- 3rd Quarter due on October 31.
- 4th Quarter due on January 31.

Payment options

Important: For details about making payments with your return, see "Filing checklist."

Estimated payments may be made by electronic funds transfer (EFT), online, or by mail. You can make EFT payments through Revenue Online or through your financial institution. To learn more about how to make payments, visit our website. If you pay by EFT, don't send Form OR-CAT-V, *Oregon Corporate Activity Tax Payment Voucher*.

Mail. If paying by mail, send each payment with a Form OR-CAT-V, payment voucher, to: Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0950. Include on your check:

- Federal employer identification number (FEIN) or Social security number (SSN) if a sole proprietor.
- Tax year.
- Daytime phone.

Estimated payments worksheet (see instructions below worksheet)

Line 1. Oregon commercial activity.	1. _____
Line 2. Expenses attributable to commercial activity. (greater of cost inputs or labor costs).	2. _____
Line 3. Subtraction percentage.	3. 0.35
Line 4. Cost subtraction. Multiply line 2 by line 3.	4. _____
Line 5. Taxable commercial activity. Subtract line 4 from line 1.	5. _____
Line 6. Commercial activity threshold.	6. \$1,000,000
Line 7. Taxable commercial activity in excess of \$1 million threshold. Subtract line 6 from line 5.	7. _____
Line 8. Tax rate.	8. 0.0057
Line 9. Gross corporate activity tax. Multiply line 7 by line 8.	9. _____
Line 10. Base tax.	10. \$250
Line 11. Annual corporate activity tax. Add line 9 to line 10.	11. _____
Line 12. Estimated payment amount. Divide line 11 by the number of installment payments.	12. _____

Instructions for estimated payments

Line 1: Amount of commercial activity sourced to Oregon.

Determine the total amount of commercial activity sourced to Oregon that the business realized over the course of the year. Don't include receipts from items that are specifically excluded from commercial activity.

Line 2: Expenses. You can claim the greater of your labor costs or cost inputs. Remember that expenses can't be claimed if they are not associated with commercial activity. For example, if you have costs associated with receipts you are excluding from commercial activity, you can't claim those costs.

- **Labor costs** means total compensation of all employees, not to include compensation paid to any single employee in excess of \$500,000.
- **Cost inputs** means the cost of goods sold as calculated in arriving at federal taxable income under the Internal Revenue Code.

Line 4: Cost subtraction. The amount of the cost subtraction is limited to 95 percent of your commercial activity. This means that your cost subtraction can't be more than the amount on line 1 multiplied by 95 percent.

Line 5: Taxable commercial activity. If your taxable commercial activity is equal to or less than \$1,000,000, stop. You don't need to make any estimated payments.

Line 12: Estimated payment amount. Divide line 11 by the number of installment payments. For most businesses, this

will require four installments (April 30, July 31, October 31, and January 31).

Example 1

TV Mart has \$10 million of Oregon commercial activity. TV Mart has \$3,999,996 of labor cost attributable to commercial activity and \$3,714,282 of cost inputs attributable to commercial activity. TV Mart computes its Oregon estimated payments as follows:

Line 1. Oregon commercial activity.	1. \$10,000,000
Line 2. Expenses. (greater of cost inputs or labor costs).	2. \$3,999,996
Line 3. Subtraction percentage.	3. 0.35
Line 4. Cost subtraction. Multiply line 2 by line 3 (see instructions).	4. \$1,399,999
Line 5. Taxable commercial activity. Subtract line 4 from line 1.	5. \$8,600,001
Line 6. Commercial activity threshold.	6. \$1,000,000
Line 7. Taxable commercial activity in excess of \$1 million threshold. Subtract line 6 from line 5.	7. \$7,600,001
Line 8. Tax rate.	8. 0.0057
Line 9. Gross corporate activity tax. Multiply line 7 by line 10.	9. \$43,320.00
Line 10. Base tax.	10. \$250
Line 11. Annual corporate activity tax. Add line 9 to line 10.	11. \$43,570.00
Line 12. Installment payment amount. Divide line 11 by the number of installment payments.	12. \$10,893.00

Seasonal taxable commercial activity

Underpayment charges won't be imposed if each estimated payment is equal to or more than 20 percent of the total amount of Oregon taxable commercial activity. Seasonal commercial activity installments are calculated as follows:²

1. Taxable commercial activity for all months during the taxable year preceding the filing month. 1. _____
2. Divide line 1 by the base period percentage³ for all months during the taxable year preceding the filing month. 2. _____
3. Determine the tax on line 2. 3. _____
4. Multiply line 3 by the base period percentage for the filing month and all months during the taxable year preceding the filing month. 4. _____

² Taxpayers may only calculate seasonal commercial activity if the base period percentage for any six consecutive months of the taxable year is at least 70 percent.

³ The base period percentage for any period of months is the average percent that the taxable commercial activity for the corresponding months in each of the three preceding taxable years bears to the taxable commercial activity for the three preceding years.

Instructions for estimated payments worksheet annualized method

Amount of commercial activity sourced to Oregon. Determine the total amount of commercial activity sourced to Oregon that the business realized over the course of the quarter. Don't include receipts from items that are specifically excluded from commercial activity.

Expenses. You are allowed to claim the greater of your labor costs or cost inputs. Remember that expenses can't be claimed if they are not associated with commercial activity. For example, if you have costs associated with receipts you are excluding from commercial activity, you can't claim those costs.

- Labor costs means total compensation of all employees, not to include compensation paid to any single employee in excess of \$500,000.
- Cost inputs means the cost of goods sold as calculated in arriving at federal taxable income under the Internal Revenue Code.

Cost subtraction. The amount of the cost subtraction is limited to 95 percent of your commercial activity. This means that your cost subtraction can't be more than the amount on line 1 multiplied by 95 percent.

Taxable commercial activity. If your taxable commercial activity is equal to or less than \$1,000,000, stop. You don't need to make any installment payments.

Total Oregon taxable commercial activity for each period. This is the amount of commercial activity you expect to receive for the period. Enter the amount from each period on line 1 of the worksheet below.

Annualization multiplier. This is 12 months divided by the number of months in the period. Enter the annualization multiplier for each period on line 2 of the worksheet below.

Percentage applied. This is the percentage amount a taxpayer must pay to avoid underpayment.

	A 01-01-2020 to 03-31-2020	B 01-01-2020 to 06-30-2020	C 01-01-2020 to 09-30-2020	D 01-01-2020 to 12-31-2020
1. Enter your Oregon taxable commercial activity for each period (see Instructions).				
2. Annualization multiplier	4	2.0	1.3	1
3. Annualized Oregon taxable commercial activity. Multiply line 1 by line 2.				
4. Commercial activity threshold				
5. Percentage that applied for each period	20%	40%	60%	80%
6. Oregon Corporate Activity Tax for the amount on line 3 see Instructions).				
7. Multiply line 5 by line 6. This is the required installment payment amount.				

Example 2

Annualized commercial activity worksheet *Sample*

Note: Start with column A. Work down the column and complete all lines before going to column B, C, and D.

	A 01-01-2020 to 03-31-2020	B 01-01-2020 to 06-30-2020	C 01-01-2020 to 09-30-2020	D 01-01-2020 to 12-31-2020
1. Enter your Oregon taxable commercial activity for each period (see Instructions).	\$400,000	\$600,000	\$1,500,000	\$3,000,000
2. Annualization multiplier	4	2.0	1.3	1
3. Annualized Oregon taxable commercial activity. Multiply line 1 by line 2.	\$1,600,000	\$1,200,000	\$1,950,000	\$3,000,000
4. Commercial activity threshold	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
5. Percentage that applied for each period	20%	40%	60%	80%
6. Oregon Corporate Activity Tax for the amount on line 3 see Instructions).	\$9,370	\$7,090	\$11,365	\$17,350
7. Multiply line 5 by line 6. This is the required installment payment amount.	\$1,874	\$2,836	\$6,819	\$13,880

Unitary group returns

If a unitary group CAT return is filed, any underpayment shall be computed on a combined basis. Each entity of the unitary group shall be jointly and severally liable for the payment of the estimated tax liability.

Return instructions

Heading and checkboxes

Extension checkbox. Check this box if you submitted Form OR-CAT-EXT.

More time to file doesn't mean more time to pay your tax. To avoid penalty and interest, pay tax due prepayments online, or by mail with Form OR-CAT-V, on or before the original due date of your return.

Note: To file an extension you must submit Form OR-CAT-EXT Application for Extension of Time to File an Oregon Corporate Activity Tax Return. You must file your extension before the filing deadline of April 15, 2021. Filing a payment voucher, Form OR-CAT-V isn't an extension of time to file your tax return. If you're making an extension payment by mail, send the payment to: Oregon Department of Revenue, PO Box 14950, Salem OR 97309-0950. Include on your check:

- Designated CAT entity. Enter the legal name and FEIN. If you're a sole proprietorship without a FEIN, enter your name and SSN.
- "Extension."
- Tax year.
- Daytime phone.

Amended checkbox. Check the amended box if this is an amended return.

Alternative apportionment request included. Check this box if you have included a request for alternative apportionment with your return. See Appendix C for complete information. This box is used to denote requests only and isn't to be used after a request is approved.

Short year checkbox. Check this box if you are filing a short year return. A short year is a tax year of less than 12 months.

Caution: CAT doesn't allow for fiscal year filing.

Short year dates. Enter the dates that your tax year began and ended.

Legal name of designated CAT entity. Enter the legal name of designated CAT entity (sole proprietor—complete line below)

FEIN. Enter the federal employer identification number (FEIN) of the entity named on the Oregon return.

First name (if sole proprietorship), initial, last name, and SSN. If you're a sole proprietorship without an FEIN, enter your name and Social Security number (SSN).

Deceased. If you're filing for someone who died in 2020, check the "Deceased" box.

DBA. If the entity is doing business under a different name, for example, DBA or ABN, enter that name.

Current address, city, state, zip code, country (if other than US). Always enter the entity's current address. If the address for the year you're filing was different, don't use the old address.

Business information

- Incorporated in (state), incorporated on (date).** Enter the state in which your entity was incorporated in and the date it became incorporated on.
- State of commercial domicile.** Enter in the state of your commercial domicile.
- Business activity code.** Refer to the current list of North American Industry Classification System (NAICS) codes found with your federal tax return instructions.
- Tax entity type.** Enter the code from the following list that matches the tax entity type of your designated CAT entity.

Code Entity type

CC	C corporation
SC	S corporation
PA	Partnership
SP	Sole proprietorship
LC	LLC organized as a corporation
LP	LLC organized as a partnership
LL	Limited liability partnership
AT	Association/trust
QS	Qualified subchapter S subsidiary
SM	Single-member LLC
OF	Other foreign entity

E. Legal entity type. Enter the legal entity type if it is different from your tax entity type.

F. Consolidated federal return. Check this box if you filed a consolidated federal return. Include a list of the corporations included in the consolidated federal return with your Oregon CAT return as an attachment.

Combined Oregon return. Check this box if this is a combined Oregon CAT return.

Entities included in consolidated federal return, but not in Oregon return. Check this box if it applies. Include a list of entity's included in the consolidated federal return that aren't included in this Oregon CAT return. List each entity's name and FEIN. Include this attachment with your Oregon CAT return.

Entities included in combined Oregon CAT return, but not in federal return. Check this box if it applies. Include the entity's name and FEIN as an attachment with your Oregon CAT return.

Elect to file as modified unitary group. Check this box if you are electing to exclude non-U.S. members with no commercial activity, or amounts realized but by definition excluded from commercial activity, that is sourced to Oregon.

Elect to use prior fiscal year information. Check this box if you are electing to use your most recent fiscal year information for purposes of determining your subtraction. An

election to use your most recent fiscal year information to determine your subtraction must be made on a timely filed (including extensions), original return and is binding for the tax year in which it is made.

- G. Name and FEIN of parent corporation, if different than designated CAT entity (if applicable).** If the filing corporation (shown above as legal name) is a subsidiary in an affiliated group, or a subsidiary in a parent-subsidiary controlled group, enter the name and FEIN of the parent corporation. For definition of a subsidiary in an affiliated group or a parent-subsidiary controlled group, see federal Form 1120, Schedule K.
- H. Number of affiliates included in this return (You must include Schedule OR-AF-CAT if this is a combined return).** Enter the total number of affiliates doing business in Oregon that are included in this return.
- I. List the tax years for which federal waivers of the statute of limitations are in effect and dates which waivers expire.** Include a statement with your return if you need more space than the return provides.
- J. List the tax years for which your federal income attributable to Oregon commercial activity was changed by an IRS audit or by an amended federal return filed during this tax year.**
- K. If final return, indicate:** Withdrawn Dissolved Merged or reorganized.
- L. Name and FEIN of merged or reorganized business.**
- M. Financial institution.** Check this box only if the entity is a financial institution. CAT defines financial institutions under ORS 314.610 except CAT excludes credit unions from this definition.
- N. Insurer.** Check this box if the entity is an insurer. CAT defines insurers as any domestic, foreign, or alien insurer, any interinsurance and reciprocal exchange as found in Corporate Excise Tax, ORS 317.101. The definition of insurers doesn't include title insurers or health care service providers operating pursuant to ORS 750.005 to 750.095.
- O. Farming operation.** Check this box if the entity is a farming operation. CAT defines farming operation as an entity doing business in a sector described under codes 111, 112 or 115 of the North American Industry Classification System.

Line instructions

- 1. Total commercial activity.** Report the amount of commercial activity sourced to Oregon. Commercial activity means the fair market value of all amounts realized in the regular course of a taxpayer's trade or business that meet the transactional test. This can include, but isn't limited to, money, property received, debt forgiven, and services rendered. Commercial activity doesn't include amounts that only meet the functional test. **Note:** Don't include amounts reported on Line 2.
- 2. Total exclusions from commercial activity (attach schedule OR-EXC-CAT).** Use Schedule OR-EXC-CAT to report the amount and description code of each exclusion. Use the description code from the list in Appendix A. The total of all exclusions is entered on Form OR-CAT, line 2.

- 3. Cost inputs attributable to commercial activity.** Report your cost inputs that are attributable to Oregon commercial activity. "Cost inputs" means the cost of goods sold (COGS) as calculated in arriving at federal taxable income under the Internal Revenue Code. Only include the cost of goods sold associated with your Oregon commercial activity subject to the tax. Taxpayers can refer to IRS Publication 538, *Accounting Periods and Methods*, for more information on cost of goods sold.

Determining your COGS:

Accrual basis taxpayers. Use the same method used for your federal income tax purposes.

Cash basis taxpayers. Determine your COGS based on whether you keep an inventory.

- If you keep an inventory, use the same accounting method for valuing inventory and determining COGS as you do for your federal income tax.
- **Farming operations.** For a farming operation that does not report cost of goods sold for federal tax purposes, "cost inputs" means operating expenses, excluding labor costs [HB 4202, section 1(2)(b)]. Farming operation is defined in HB 4202, section 6(1)(c).

- 4. Labor costs attributable to commercial activity (not to exceed \$500,000 for any single employee).** Report your labor costs that are attributable to Oregon commercial activity. Only include the labor cost associated with your Oregon commercial activity subject to the tax. Labor costs include most types of compensation paid to employees, such as wages, health insurance benefits, retirement benefits, and any other fringe benefits, but it doesn't include employees' payroll taxes or compensation in excess of \$500,000 paid to any single employee. For purposes of the CAT, "employee" means an individual who provides services under the control of another person or organization. Generally, an individual will be considered an employee if the person or organization that receives the services is subject to industrial accident insurance, unemployment compensation, federal Social Security, or federal tax withholding for that individual. "Employees" don't include:

- Partners in a partnership who receive guaranteed payments or distributive income.
- Members in a limited liability company (LLC) who receive guaranteed payments or distributive income.
- Statutory employees described in the Internal Revenue Code (IRC) Section 3121(d)(3).
- Independent contractors as defined in ORS 670.600.

- 5. Multiply either line 3 or line 4, whichever is greater, by 35 percent and round the product to the nearest whole dollar.**

- 6. Apportionment percentage of subtraction.** Include an attachment showing calculations. Check the box if electing the substitute method.

- **Substitute method.** Check this box if you are electing to use the substitute method to determine what expenses are attributable to commercial activity. If

using the substitute method you must calculate a commercial activity ratio as follows:

- (a) A taxpayer's costs under the commercial activity ratio ("applicable costs") equal 35 percent of the greater of total cost of goods everywhere or total labor costs everywhere, as those costs are determined before application of ORS 317A.119(2)(b) for items that are not commercial activity. Expenses from transactions among members of a unitary group must be excluded.
- (b) The commercial activity ratio is a fraction, the numerator of which is the taxpayer's commercial activity sourced to Oregon and the denominator of which is the sum of the taxpayer's total commercial activity everywhere plus amounts excluded under ORS 317A.100(1)(b)(Q), ORS 317A.100(1)(b)(Y), ORS 317A.100(1)(b)(AA), ORS 317A.100(1)(b)(DD), ORS 317A.100(1)(b)(EE), ORS 317A.100(1)(b)(TT), and 317A.100(1)(b)(VV). Receipts from transactions among unitary group members are not included in either the numerator or denominator.
- (c) Multiply the applicable costs determined under subsection (a) by the commercial activity ratio determined under subsection (b). Enter the amount of the subtraction on line 7.

- 7. CAT subtraction.** You may subtract from your Oregon sourced commercial activity 35 percent of the greater of your eligible cost inputs or eligible labor costs. Eligible cost inputs or eligible labor costs for the subtraction may not include costs from transactions among members of a unitary group as excluded under ORS 317A.106 or costs that are attributable to your receipts from an item that isn't included in your commercial activity.

If all your commercial activity is sourced to Oregon, your subtraction equals your eligible costs. If you have commercial activity both within and without Oregon, you must apportion your eligible costs as provided in ORS 314.650 and ORS 314.665. If you are subject to alternative apportionment under ORS chapter 314, you must use your required apportionment method.

If you are filing as an entity that is identical to the entity or the group of entities reporting on the apportionment schedule filed for purposes of Oregon income or excise tax under ORS chapters 314, 316, 317, or 318, you must multiply your eligible costs by the apportionment factor from your apportionment schedule to determine the amount of your subtraction. You must use the apportionment schedule filed with your most recent Oregon income or excise tax return covering a 12-month period.

If you are filing as an entity that is not identical to the entity or the group of entities reporting on the apportionment schedule filed for purposes of Oregon income or excise tax under ORS chapters 314, 316, 317, or 318, you must compute your Oregon apportionment factor using the applicable apportionment method under ORS chapters 314 or 317 and multiply your eligible costs by the computed apportionment factor to determine the

amount of your subtraction. You may elect to use your most recent fiscal year information for purposes of determining your subtraction.

Unitary groups with members subject to multiple apportionment methods under ORS chapters 314 or 317 must compute the group's eligible costs as a summation of the apportionment factor percentages of each subgroup of members using the same apportionment method.

You may, in lieu of calculating and apportioning eligible costs, elect to approximate and apportion eligible costs by means of the commercial activity ratio.

Refer to OAR 150-317-1200 for further details on calculating your subtraction.

8. Reserved.

9. Commercial activity after subtraction, line 1 minus line 7.

- 10. Subcontractor exclusion (ORS 317A.122).** If you are a general contractor and incurred labor costs for single-family residential construction located in Oregon, you may qualify for the subcontractor labor payment exclusion. The exclusion is 15 percent of the labor costs paid to a subcontractor. It doesn't include payments made for materials, land or permits and isn't allowed for payments between subcontractors. Single-family residential construction means the construction of new single-family housing such as single-family detached or semidetached houses and townhouses or row houses where each housing unit:
- Is separated from the adjacent unit by a ground-to-roof wall;
 - Has no housing units constructed above or below;
 - Doesn't share heating or air-conditioning systems; and
 - Doesn't share utilities.

11. Taxable Oregon commercial activity. Line 9 minus line 10.

12. \$1 million threshold.

13. Taxable Oregon commercial activity in excess of \$1 million threshold. Line 11 minus line 12.

14. CAT base tax. Enter \$250.

15. Multiply line 13 by 0.57 percent and round the product to the nearest whole dollar.

16. Total Corporate Activity Tax (line 14 plus line 15) If the amount on line 11 is less than line 12 enter 0.

17. 2020 Estimated CAT payments and other prepayments from Schedule OR-ES-CAT line 6. Include payments made with extension. Report the total amount of estimated tax payments, extension payments or other prepayments for the 2020 tax year.

Schedule OR-ES-CAT Estimated Tax Payments and Other Prepayments instructions: Fill in the total estimated tax payments made before filing your Oregon return. Include any payments made with Form OR-CAT-V on lines 1-4. List name and FEIN of the payer only if different from the entity filing this return.

Note: Combined return filers. If estimated payments were made under a different name, fill in the paying

entity's name and FEIN on Schedule OR-ES-CAT for the correct application of estimated payments.

Caution: Missing or incomplete information on payment made by an affiliate could result in a billing.

- Enter payments made with your extension or other prepayments on line 5.
- Carry the total from line 6 to Form OR-CAT, line 17.

18. Tax due. Is line 16 more than line 17? If so, line 16 minus 17.

19. Overpayment. Is line 16 less than line 17? If so, line 17 minus line 16.

20. Penalty due with this return—Quarterly Underpayment Penalty (QUP). Include a penalty of 5% of the tax amount if you had an underpayment of estimated taxes. Due to the impact of the COVID-19 pandemic, the department has adjusted the Corporate Activity Tax estimated payment requirements for 2020. If businesses expect they'll owe \$10,000 or more in annual corporate activity tax in 2020 and can pay, they should make estimated quarterly payments and comply with the law.

The department won't assess penalties for underestimating quarterly payments if the business has made a good faith effort to comply. The department also won't assess a penalty for failure to make a quarterly payment if a business doesn't have the financial ability to make the estimated payment. A good-faith effort can be demonstrated by the extent of the taxpayer's efforts to accurately estimate and pay the required quarterly installment. To demonstrate a good-faith effort, business taxpayers should keep documentation showing:

- The taxpayer was unable to pay a full quarterly installment because of insufficient funds due to COVID-19.
- The taxpayer couldn't reasonably calculate a quarterly payment or annual tax liability due to the impact of COVID-19 on their business.
- The taxpayer can show that they had no ability to determine whether they will have CAT liability for the 2020 tax year, after taking into consideration exclusions and subtractions provided in ORS Chapter 317A.
- The taxpayer made a reasonable estimate of the quarterly installment based on information available to them at the time.
- The taxpayer relied on information contained in a proposed administrative rule.

Taxpayers must use the best information available, and document all information and assumptions relied upon. Taxpayers are not required to submit documentation to the department unless requested. Use exception 5 on Form OR-QUP-CAT if you made a good faith effort.

Example

Your tax liability at the end of the year was \$10,000 and you didn't pay at least \$2,000 (\$10,000 tax ÷ 4 quarters = \$2,500 and 80% of \$2,500 is \$2,000) in each quarter. Your penalty is calculated for each quarter of estimated tax payment.

End of year tax liability	\$10,000
Divide by four	÷ 4
Quarterly estimated payments	2,500
Multiply by 80%	0.80
Required minimum quarterly payment	2,000

Payments made:

Quarter 1	1,800
Quarter 2	2,000
Quarter 3	2,500
Quarter 4	1,300

Penalty must be calculated on Quarters 1 and 4.

Quarter 1 minimum estimated payment due	2,000
Less payment made	(1,800)
Underpayment	200
Multiply by 5%	x 0.05
Quarter 1 penalty	10
Quarter 4 minimum estimated payment due	2,000
Less payment made	(1,300)
Underpayment	700
Multiply by 5%	x 0.05
Quarter 4 penalty	35

Failure to register penalty. Include a penalty if you failed to register for the CAT program within 30 days of exceeding \$750,000 in commercial activity for the tax year. The penalty isn't to exceed \$100 per month per person or unitary group that has failed to register or a total of \$1,000 for the calendar year. To calculate your penalty, take the date on which your commercial activity exceeded \$750,000 and add 30 days. For the remaining months of the taxable year, include a \$100 penalty, not to exceed \$1,000. (ORS 317A.131) You may use the worksheet below to calculate this penalty.

Line 1	Date exceeding \$750,000	xx/xx
Enter \$100 for each month that is applicable based on line 1		
	January	N/A
Line 2	February	\$100.00
Line 3	March	\$100.00
Line 4	April	\$100.00
Line 5	May	\$100.00
Line 6	June	\$100.00
Line 7	July	\$100.00
Line 8	August	\$100.00
Line 9	September	\$100.00
Line 10	October	\$100.00
Line 11	November	\$100.00
Line 12	December	\$100.00
Line 13	Subtotal	\$1,100.00
Line 14	Maximum of \$1,000	\$1,000.00
Line 15	Enter the lesser of line 13 or 14	\$1,000.00

21. Reserved.

22. Total due (line 18 plus line 20).

23. Refund available (line 19 minus 20).

24. Amount of refund you want applied to your estimated tax account. You may elect to apply part or all of your refund to your next year's estimated tax payments. Fill in the amount you want to apply. Your election is irrevocable. Elected amounts that are attributable to estimated tax payments received prior to the following year's first quarter estimated tax due date, will be applied as a timely first quarter installment of the following year. Elected amounts attributable to payments received after the following year's first quarter estimated tax due date, will be applied to the following year's estimated tax account as of the date the payment is received.

25. Net refund (line 23 minus 24).

Code Entity type

CC	C corporation
SC	S corporation
PA	Partnership
SP	Sole proprietorship
LC	LLC organized as a corporation
LP	LLC organized as a partnership
LL	Limited liability partnership
AT	Association/trust
QS	Qualified subchapter S subsidiary
SM	Single-member LLC
OF	Other foreign entity

- Enter the two letter code if the affiliate's legal entity type if it is different from their tax entity type.
- Include as many schedules as necessary to list all affiliates in your CAT unitary group.

Schedule OR-AF-CAT instructions

If you file a combined Oregon CAT return you must complete Schedule OR-AF-CAT and submit it with your Oregon return. This form is listed at www.oregon.gov/dor.

Schedule OR-AF-CAT should list only those affiliates with Oregon commercial activity that are included in the combined Oregon CAT return. Don't include the designated CAT entity on the Schedule OR-AF-CAT.

Report the following on Schedule OR-AF-CAT:

- Name and address of each affiliate with Oregon commercial activity.
- FEIN.
- Date the affiliate became part of the unitary group only if this occurred during the tax year being reported.
- Date the affiliate left the unitary group only if this occurred during the tax year being reported.
- Amount of Oregon commercial activity.
- Affiliate's business activity code.
- Enter the two letter code from the following list that matches the tax entity type of the affiliate.

Schedule OR-EXC-CAT instructions

Use this form to report exclusions from commercial activity on your Oregon Corporate Activity Tax Return. Use codes from the Appendix A to identify which exclusions you are claiming. If you are claiming multiple exclusions, list out each one individually. Make a copy of this form if you have more than 9 exclusions from commercial activity.

Report the following on the Schedule OR-EXC-CAT:

- Exclusion code.
- Exclusion amount.
- Total amount of exclusions.

Do you have questions or need help?

www.oregon.gov/dor
503-945-8005
Cat.help.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Appendix A
2020 Form OR-CAT Corporate Activity Tax
Schedule OR-EXC-CAT codes
Exclusions from commercial activity

Description	Citation	Code
Interest income.	ORS 317A.100(1)(b)(A)	700
Receipts from the sale, exchange or other disposition of an asset.	ORS 317A.100(1)(b)(B)	701
If received by an insurer, federally reinsured premiums or income from transactions between a reciprocal insurer and its attorney in fact.	ORS 317A.100(1)(b)(C)	702
Receipts from hedging transactions.	ORS 317A.100(1)(b)(D)	703
Proceeds received attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual, fund, certificate of deposit or marketable instrument.	ORS 317A.100(1)(b)(E)	704
Principal amounts received under a repurchase agreement or loan.	ORS 317A.100(1)(b)(F)	705
Contributions received by a trust, plan or other arrangement.	ORS 317A.100(1)(b)(G)	706
Compensation received.	ORS 317A.100(1)(b)(H)	707
Proceeds received from the issuance or sale a taxpayer's own stock.	ORS 317A.100(1)(b)(I)	708
Proceeds received from insurance policies owned by the taxpayer.	ORS 317A.100(1)(b)(J)	709
Gifts or charitable contributions received, membership dues received by trade, professional, homeowners' or condominium associations, payments received for educational courses, meetings or meals, or similar payments to a trade, professional or other similar association, and fundraising receipts received by any person when any excess receipts are donated or used exclusively for charitable purposes.	ORS 317A.100(1)(b)(K)	710
Damages received as the result of litigation in excess of amounts that, if received without litigation, would be treated as commercial activity.	ORS 317A.100(1)(b)(L)	711
Property, money and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission, fee or other remuneration.	ORS 317A.100(1)(b)(M)	712
Tax refunds, other tax benefit recoveries and reimbursements.	ORS 317A.100(1)(b)(N)	713
Pension reversions.	ORS 317A.100(1)(b)(O)	714
Contributions to capital.	ORS 317A.100(1)(b)(P)	715
Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel.	ORS 317A.100(1)(b)(Q)	716
Federal and state excise taxes paid on cigarettes or tobacco products.	ORS 317A.100(1)(b)(R)	717
Federal and state excise taxes paid on alcoholic beverages.	ORS 317A.100(1)(b)(S)	718
Federal and state excise taxes paid on marijuana items.	ORS 317A.100(1)(b)(T)	719
Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages.	ORS 317A.100(1)(b)(U)	720
Tips or gratuities collected by a restaurant or other food establishment and passed on to employees.	ORS 317A.100(1)(b)(V)	721
Receipts from vehicle dealer trades to meet a specific customer's preference.	ORS 317A.100(1)(b)(W)	722
Registration fees or taxes collected by a vehicle dealer at the sale or other transfer of a motor vehicle, that are owed to a third party by the purchaser of the motor vehicle and passed to the third party by the dealer.	ORS 317A.100(1)(b)(X)	723
Receipts from a financial institution for services provided to the financial institution in connection with the issuance, processing, servicing and management of loans or credit accounts, if the financial institution and the recipient of the receipts have at least 50 percent of their ownership interests owned or controlled, directly or constructively through related interests, by common owners.	ORS 317A.100(1)(b)(Y)	724

Appendix A (continued)
2020 Form OR-CAT Corporate Activity Tax
Schedule OR-EXC-CAT codes
Exclusions from commercial activity

Description	Citation	Code
Amounts specified under ORS chapter 462 that must be paid to or collected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to be used as purse money.	ORS 317A.100(1)(b)(Z)	725
Net revenue of residential care facilities as defined in ORS 443.400 or in-home care agencies as defined in ORS 443.305, to the extent that the revenue is derived from or received as compensation for providing services to a medical assistance or Medicare recipient.	ORS 317A.100(1)(b)(AA)	726
Dividends received.	ORS 317A.100(1)(b)(BB)	727
Distributive income received from a pass-through entity.	ORS 317A.100(1)(b)(CC)	728
Receipts from sales to a wholesaler in this state, if the seller receives certification at the time of sale from the wholesaler that the wholesaler will sell the purchased property outside this state.	ORS 317A.100(1)(b)(DD)	729
Receipts from the wholesale or retail sale of groceries.	ORS 317A.100(1)(b)(EE)	730
Receipts from transactions among members of a unitary group.	ORS 317A.100(1)(b)(FF)	731
Moneys, including public purpose charge moneys collected under ORS 757.612 and costs of funding or implementing cost-effective energy conservation measures collected under ORS 757.689, that are collected from customers, passed to a utility and approved by the Public Utility Commission and that support energy conservation, renewable resource acquisition and low-income assistance programs.	ORS 317A.100(1)(b)(GG)	732
Moneys collected by a utility from customers for the payment of loans through on-bill financing.	ORS 317A.100(1)(b)(HH)	733
Surcharges collected under ORS 757.736.	ORS 317A.100(1)(b)(II)	734
Power Act Exchange credits or pursuant to any settlement associated with the exchange credit.	ORS 317A.100(1)(b)(JJ)	735
Moneys collected or recovered for fees payable under ORS 756.310, right-of-way fees, franchise fees, privilege taxes, federal taxes and local taxes.	ORS 317A.100(1)(b)(KK)	736
Charges paid to the Residential Service Protection Fund.	ORS 317A.100(1)(b)(LL)	737
Universal service surcharge moneys collected or recovered and paid into the universal service fund.	ORS 317A.100(1)(b)(MM)	738
Moneys collected for public purpose funding.	ORS 317A.100(1)(b)(NN)	739
Moneys collected or recovered and paid into the federal universal service fund.	ORS 317A.100(1)(b)(OO)	740
In the case of a seller or provider of telecommunications services, the amount of tax imposed under ORS 403.200 for access to the emergency communications system that is collected from subscribers or consumers.	ORS 317A.100(1)(b)(PP)	741
The amount of tax imposed under ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging.	ORS 317A.100(1)(b)(QQ)	742
The amount of tax imposed under ORS 320.415 upon retail sales of bicycles.	ORS 317A.100(1)(b)(RR)	743
The amount of tax imposed under ORS 307.872 upon the rental price of heavy equipment.	ORS 317A.100(1)(b)(SS)	744
Farmer sales to an agricultural cooperative in this state that is a cooperative organization described in section 1381 of the Internal Revenue Code.	ORS 317A.100(1)(b)(TT)	745
Revenue received by a business entity that is mandated by contract or subcontract to be distributed to another person or entity if the revenue constitutes sales commissions that are paid to a person who is not an employee of the business entity.	ORS 317A.100(1)(b)(UU)	746
Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.	ORS 317A.100(1)(b)(VV)	747

Appendix B
Sample certificates



Oregon Corporate Activity Tax
Motor Vehicle Resale Certificate

For purposes of the Corporate Activity Tax (CAT), motor vehicle dealers may exclude receipts realized from the sale or transfer of a motor vehicle to another vehicle dealer, provided that certain requirements are met. In order to qualify for the exclusion, the transaction must meet **all** of the following requirements:

1. The transferor and transferee must be licensed motor vehicle dealers.
2. The transfer must be made for the purpose of resale by the transferee vehicle dealer.
3. The transfer must be based upon the transferee vehicle dealer's need to meet a specific customer's preference.

Because both the transferee and the transferor may be eligible to claim the exclusion, both motor vehicle dealers must retain documentation demonstrating that the vehicle transfer meets the applicable requirements. Any document will suffice, provided that it contains the following information:

1. Name, address, dealer license number, and federal tax identification number for both the seller and the purchaser.
2. Vehicle description, including Vehicle Identification Number (VIN), if one exists.
3. A statement that the vehicle is being transferred for resale in order to meet a specific customer's preference.
4. The signature of the transferee vehicle dealer, the dealer's employee, or authorized representative of the dealer.
5. Date of execution of the document.

The form below is provided by DOR as an example. **Motor vehicle dealers are not required to use this form. Any document containing all of the required information is sufficient.**

Do not submit the resale certificate documentation to the Department of Revenue when filing a return. Retain the documentation for your records. You may be asked to provide documentation to verify the transfer meets the exclusion requirements.



Oregon Corporate Activity Tax Motor Vehicle Resale Certificate

To be completed and signed by the motor vehicle dealer receiving the qualifying motor vehicle

Transferee dealership name

Dealership Federal Tax Identification number

Dealership license number

Licensing jurisdiction

Transferee street address

City, State, Zip

Year/Make/Model and VIN (if available)

- I certify that the transfer of the above listed motor vehicle(s) was for the purpose of resale, and was based on my dealership's need to meet a specific customer's preference.

Signature of dealer, employee or representative

Date

Transferer motor vehicle dealer

Transferer dealership name

Dealership Federal Tax Identification number

Dealership license number

Licensing jurisdiction

Transferer street address

City, State, Zip

This form shall be retained by both dealers and shall not be submitted to the Oregon Department of Revenue as part of the tax return.

Are receipts from sales to Oregon wholesalers excludable?

Answer: A taxpayer may exclude receipts from sales to Oregon wholesalers if the wholesaler provides the taxpayer with an out-of-state resale certificate showing that the purchased items will be resold out of the state. Any document may serve as an out-of-state resale certificate, provided it contains the required information. Refer to the “Required documentation” section below for information on the out-of-state resale certificate.

Information for sellers

A seller may only exclude receipts from a sale to a wholesaler in Oregon if the wholesaler provides the seller with an out-of-state resale certificate. The seller must obtain an out-of-state resale certificate from the wholesaler **at the time of the sale**. Refer to the “Required documentation” section below to ensure you have sufficient documentation to claim the exclusion.

Example: Rosslyn LLC manufactures widgets. Rosslyn sells widgets to Twinbrook Wholesalers for \$10,000. Twinbrook Wholesalers issues Rosslyn an out-of-state resale certificate at the time of the transaction. The out-of-state resale certificate shows that Twinbrook will resell 80 percent of the purchased widgets to California and Nevada; and 20 percent of the purchased widgets will be resold in Oregon. While Rosslyn realized \$10,000 from the sale to Twinbrook, with an out-of-state resale certificate, Rosslyn is able to exclude 80 percent (\$8,000) of the receipts from the sale to Twinbrook. Rosslyn will include 20 percent (\$2,000) in their commercial activity.

Information for wholesalers

A wholesaler is a business entity primarily doing business by merchant distribution of tangible personal property to retailers or other wholesalers. A wholesaler in Oregon who purchases property with the intent to resell the property outside of the state may provide the seller with an out-of-state resale certificate. This certificate allows the seller to claim an exclusion for the out-of-state resales, and must be provided at the time of the transaction. Any document may serve as an out-of-state resale certificate, provided it contains the required information. Refer to the “Required documentation” section below for information on the out-of-state resale certificate.

A wholesaler must determine the amount of purchased property that will be resold out of Oregon based on the facts at the time it purchases the property. If, at the time of purchase, the wholesaler is unable to determine the amount of purchased property that will be resold outside of Oregon, it may estimate the amount of property to be sold out of state using either the approximation ratio or another method described below, if, at the time of the wholesale purchase, the ratio or other method fairly and accurately reflects estimated out-of-state resales of property delivered from the wholesaler’s Oregon locations.

Approximation ratio

Commercial activity from Oregon sales in the prior year

÷

Commercial activity from all sales in the prior year

The approximation ratio is a fraction. The numerator is the amount of commercial activity the wholesaler realized from all sales to Oregon customers during the prior year. The denominator is the commercial activity realized from all sales everywhere in the prior year.

Wholesalers located in multiple states may only include in the ratio commercial activity realized from sales of property delivered from their Oregon locations. Sales of items delivered from a wholesaler’s locations outside of Oregon are not included in the numerator or denominator of the ratio.

Example: Alpha Corporation is a wholesaler with one location in Klamath Falls, Oregon. In March 2020, Alpha purchases tangible personal property from Indigo LLC, paying a total price of \$500,000. At the time of the transaction, Alpha is unable to determine the exact amount of tangible property that Alpha will resell outside of Oregon. In order to provide Indigo with an out-of-state resale certificate, Alpha uses the approximation ratio based on Alpha’s 2019 commercial activity.

In 2019, Alpha realized a total of \$2 million dollars of commercial activity from the sale of widgets delivered from its Klamath Falls location to customers everywhere, including \$100,000 to Oregon customers delivered from Alpha’s Klamath Falls location. Alpha calculates the approximation ratio by dividing Oregon commercial activity by everywhere commercial activity resulting in an approximation ratio of 0.05. (\$100,000 ÷ \$2,000,000 = 0.05)

Alpha applies the approximation ratio of 0.05 to the purchase price ($\$500,000 \times 0.05 = \$25,000$). Of the total \$500,000 widget purchase, Alpha approximates that \$25,000 will be resold in Oregon, and \$475,000 will be resold outside of Oregon. Alpha provides Indigo with an out-of-state resale certificate documenting that \$475,000 worth of the purchased widgets will be resold outside of Oregon.

While Indigo realized \$500,000 of commercial activity from the sale to Alpha, only \$25,000 of receipts from the sale will be included in Indigo's Oregon commercial activity. Indigo will exclude \$475,000.

Note: If, at the time of the wholesale sale, the approximation ratio does not fairly represent a wholesaler's estimated out-of-state sales, the wholesaler may not use the approximation ratio. However, a wholesaler may use a reasonable alternative method that fairly and accurately reflects, at the time of the wholesale sale, the amount that the wholesaler estimates will be resold outside Oregon. A wholesaler who uses an alternative method must document the alternative method used, including how the method was determined, why the approximation ratio based on prior year's resales from the wholesaler's Oregon locations is not a fair representation of the wholesaler's sales at the time of the wholesale purchase, and retain certain information. Once an alternative method has been used, the wholesaler must continue to use the same method, until the alternative method is no longer a fair and accurate representation of the wholesaler's out-of-state sales. Refer to OAR 150-317-1400 for further requirements on using alternative methods.

Required documentation for out-of-state resale certificates

Any document may serve as an out-of-state resale certificate, provided that it contains:

- The wholesaler's legal name and Oregon address;
- The wholesaler's federal tax identification number;
- The date of the purchase;
- The total amount of purchased property;
- The purchase price paid by the wholesaler;
- The dollar amount of purchased property that the wholesaler will resell outside of Oregon; and
- The signature of the wholesaler, their authorized representative, or employee, certifying that the entity is a wholesaler, as that term is defined in Oregon Revised Statute (ORS) 317A.100(1)(b)(DD).

The Oregon Department of Revenue has provided an out-of-state resale certificate form that wholesalers may provide taxpayers to use to document excluded sales. Wholesalers are not required to use the department's form. Any document with all of the information listed above is sufficient.

Sellers must retain the certification for their records. Don't submit the certificate to the Oregon Department of Revenue unless requested.

Farming operations taxpayers seeking information about obtaining certificates from a broker or wholesaler for sales of agricultural commodities, or who want to use industry average percentages should consult the FAQ "How can farming operations selling agricultural commodities demonstrate out-of-state-sales?"



Oregon Corporate Activity Tax

Out-of-State Resale Certificate for Sales to Wholesalers

A. Wholesaler information

Legal name	Federal tax identification number
Oregon address	

B. Purchased property

Description of purchased property:	Date of purchase:
	Total amount of purchased property:
	Purchase price:
	Amount purchased for resale out-of-state (dollar amount):

I hereby certify that the purchaser is a wholesaler primarily doing business by merchant distribution of tangible personal property to retailers or other wholesalers.¹

Name of wholesaler, authorized representative, or employee

Signature of wholesaler, authorized representative, or employee

Don't attach or submit this form to the Oregon Department of Revenue as part of a tax return.

¹ORS 317A.100(1)(b)(DD)

Appendix C

Oregon Corporate Activity Tax return OR-CAT

Alternative apportionment

Oregon law allows taxpayers to request an alternative method of apportionment using the instructions below.

Administration

We will review the alternative apportionment request and issue a decision letter.

If your alternative apportionment petition is denied, you may appeal the denial of your petition to Oregon Tax Court as provided in ORS 305.275.

If your alternative apportionment petition is approved, you may amend your returns within the normal statute of limitations. The approval of your petition will remain in effect unless and until we revoke it during audit or you file a new petition and receive our approval of the new proposal.

Allow at least 6 months for us to make a determination. Also, note that all petitions for alternative apportionment may result in additional review and documentation requests.

Instructions

- Your written petition for alternative apportionment can be submitted with your original or amended return (Method 1) or separate from your original or amended return (Method 2).
- For administrative purposes, we prefer Method 2.

Method 1—Alternative apportionment petition submitted with your original or amended return

- Check the alternative apportionment checkbox on the front of the return. Failure to do so could result in your request being overlooked. This box is to denote requests only and isn't to be used after a request is approved.
- Include a written petition for alternative apportionment with your original or amended return.

- Don't complete the original or amended return using an alternative method of apportionment unless/until that alternative method of apportionment has been approved.
- Mail your petition to our normal return filing addresses. See "Filing checklist."

Note: Clearly identify that you're requesting alternative apportionment by writing the words "Alternative apportionment request" at the top and adhere to all other requirements. Determinations to amended returns may take longer to process.

Method 2—Alternative apportionment petition submitted separately from your original or amended return

- Your written petition must have the title "Alternative apportionment request."
- Mail your petition to: Oregon Department of Revenue, CAT Section, 955 Center St NE, Salem OR 97301-2555.

Both methods of petition

- The petition must be signed by the taxpayer or the taxpayer's representative.
- The petition must fully explain the extent of the taxpayer's business activity in Oregon and why standard apportionment doesn't fairly and equitably represent the taxpayer's business activity in Oregon.
- Your petition must fully explain your proposed method of alternative apportionment and explain why this proposed method is more accurate in reflecting business activity in Oregon than the standard formula.
- The petition must show how the Oregon return (Form OR-CAT) would be completed, including the net tax calculation, using the proposed method of alternative apportionment.