Schedule OR-21-AP Instructions

Oregon Pass-through Entity Elective Tax
Apportionment of Income

2022

Purpose of Schedule OR-21-AP

Any PTE with income from business activity that is taxable by Oregon and one or more other states must apportion their income according to Oregon's Uniform Division of Income for Tax Purposes Act, ORS 314.605 to 314.675, unless the PTE is a financial institution or public utility. In that case, the PTE must apportion their income using the provisions of ORS 314.280. PTEs doing all of their business within Oregon don't need to use Schedule OR-21-AP. Include this schedule when you file Form OR-21.

General information

Oregon income is the sum of the PTE's Oregon apportioned income and income allocated to Oregon.

Apportionable income

Apportionable income is:

- Income from transactions and activity in the regular course of the PTE's business.
- Income from acquiring, managing, employing, developing, or disposing of tangible or intangible property if related to the operation of the PTE's business.
- Any other income that is apportionable under federal law and not allocated under Oregon law or that is allocable under federal law but is apportioned under Oregon law.

An apportionment formula is used to divide apportionable income among the states where the PTE does business. The formula is based on the PTE's sales factor.

Sales factor. The sales factor is a fraction where the numerator is the PTE's total sales in Oregon and the denominator is the PTE's total sales everywhere during the tax year. For purposes of the PTE-E tax, all of a PTE's apportionable income must be apportioned using the sales factor.

Non-apportionable income. This is all income other than apportionable income. Generally speaking, this includes income from investments or other sources that are not related to the regular course of the PTE's business. Non-apportionable income is allocated to a particular state based upon the source of the income.

Allocable income

Certain types of non-apportionable income are allocable to Oregon under state law. Examples of income allocable to Oregon include rents and royalties from real or tangible personal property, capital gains, interest, dividends, and patent or copyright royalties.

Sales of tangible personal property

In general, sales of tangible personal property are allocated to Oregon if the property is:

- Shipped or delivered to a purchaser in Oregon, other than the U.S. government.
- Shipped from an office, store, warehouse, factory, or other place of storage in Oregon, and the purchaser is the U.S. government or the PTE isn't taxable in the purchaser's state.

Taxability in another state. The PTE is taxable in another state if the PTE is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax in that state. The PTE is also taxable in another state if that state has jurisdiction to subject the PTE to a tax that is imposed on or measured by net income, even if the state doesn't actually impose such a tax on the PTE.

Other types of sales

All other types of sales, including rentals, leases, licenses, and charges for services, are in Oregon if the PTE's market for sales is in Oregon.

Market for sales in Oregon. A PTE's market for sales is in Oregon in the following cases:

- The sale, rental, lease, or license of real property, if the real property is located in Oregon.
- The rental, lease, or license of tangible personal property located in Oregon.
- Charges for a service, if the service is delivered to a location in Oregon.

Intangible property. The PTE's market for sales of intangible property that is sold by the PTE is in Oregon to the extent that the property is used in Oregon. A contract right, government license, or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is considered to be used in Oregon if the geographic area includes all or part of Oregon.

The PTE's market for sales of intangible property that is rented, leased, or licensed is in Oregon to the extent that the property is used in Oregon. Sales of intangible property that are contingent on the productivity, use, or disposition of the property are treated the same way as rented, leased, or licensed property. If intangible property is used in marketing goods or services to customers, it is used in Oregon if the goods or services are purchased by a customer in Oregon.

Line instructions

Line 1. Enter the total sales of tangible personal property that were shipped or delivered from outside the state to a purchaser within Oregon other than the U.S. government during the tax year.

Line 2. Enter the total sales of tangible personal property that were shipped from a store, warehouse or other place of storage within Oregon, **other than** sales to the U.S. government or to purchasers in a state where the PTE is not subject to tax.

Line 3. Enter the total sales to the U.S. government of tangible personal property that were shipped from a store, warehouse, or other place of storage within Oregon.

Line 4. Enter the total sales of tangible personal property to purchasers in a state where the PTE is not subject to tax.

Line 5. Enter the PTE's total Oregon sales from all partnerships of which the PTE is a partner. Use Schedule OR-PI as a guide. The amount to enter would be the amount shown on Schedule OR-PI, line 3. (**Note:** Schedule OR-PI is a required schedule for corporations that are partners in partnerships. It isn't required to be filed with Form OR-21.)

Line 6. Enter the total of all other business receipts, including charges for services delivered to a location in Oregon. Include the rental, lease, license, or sale of intangible property that was used or considered to be used in Oregon during the tax year.

Lines 7, 8, and 9. These lines are to be completed by insurance companies only. For additional information about these items, see ORS 317.660, Oregon Administrative Rule (OAR) 150-317-0480, and Schedule OR-AP Instructions.

Line 10. Add lines 1 through 9. These are the PTE's total Oregon sales.

Line 11. Enter the PTE's total sales everywhere.

Line 12. Divide the PTE's total Oregon sales on line 10 by the PTE's total sales everywhere on line 11. Round to four decimal places and enter as a percentage. This is the PTE's apportionment percentage. Enter it on Form OR-21, line 19.

Include Schedule OR-21-AP when you file Form OR-21.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@dor.oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Worksheet OR-21-AP

Complete this worksheet to prepare to file Schedule OR-21-AP. To complete your filing, go to Revenue Online at www.oregon.gov/dor. This worksheet is for informational purposes only. **Do not file this worksheet**.

Oregon sales

1.	Shipped from outside Oregon	1. _____
2.	Shipped from inside Oregon (but not to the U.S. government or purchasers where the PTE isn't taxable)	2. _____
3.	Shipped from inside Oregon to the U.S. government	3. _____
4.	Shipped from inside Oregon to purchasers where the PTE isn't taxable	4. _____
5.	Partnership sales	5. _____
6.	Other business receipts	6. _____
7.	Direct premiums (insurance only)	7. _____
8.	Annuity considerations (insurance only)	8. _____
9.	Finance and service charges (insurance only)	9. _____
10.	Total Oregon sales. Add lines 1 through 9	10. _____

Sales everywhere

11.	Total sales everywhere	11. _____

Oregon apportionment percentage

12.	**Oregon apportionment percentage.** Line 10 divided by line 11. Round to four decimal places. Enter on Form OR-21, line 19	12. _____