

This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). For more information, refer to the laws and rules at www.oregon.gov/dor.

A tax credit is available to offset certain tribal taxes paid or incurred by an eligible business in operating a qualified new business facility. The qualified new business facility is required to conduct revenue producing activities within a reservation enterprise zone or reservation partnership zone.

An “eligible business” is one that owns or occupies the new business facility and engages in virtually any type of business activity, other than leasing the facility to another person.

“Tribal tax” includes, but isn’t limited to, an income or excise tax, an ad valorem property tax, a gross receipts tax, or a sales and use tax.

What qualifies a business to claim this credit?

A qualified, new business facility is an asset acquired, or for which construction or installation is completed, on or after January 1, 2002, located within a reservation/partnership enterprise zone, and used in operating a revenue producing enterprise. Tribal designation of a reservation enterprise zone is approved by the Oregon Business Development Department (Business Oregon). A reservation partnership zone is based on an intergovernmental agreement between the tribal government and one or more city, port or county governments.

The following don't qualify as a new business facility:

- A facility used in substantially the same enterprise as it was previously used immediately before being acquired, if located on the reservation.
- Property that merely replaces existing property and doesn't expand the capacity of the enterprise to produce revenue.
- Activities as a lessor of the property.

Who may claim the credit?

Eligible businesses located in Oregon reservation enterprise zones may claim the credit. The credit is available to individuals, partnerships, fiduciaries, and corporations.

How is the credit computed?

The amount of the credit is:

- The amount of tribal property tax imposed on a new business facility of an eligible business; or

- The amount of any tribal tax paid or incurred by the eligible business if the eligible business didn't previously conduct business operations within the reservation enterprise zone prior to that tax year.

The credit is based on the applicable tribal tax paid or incurred during the tax year.

The credit may not exceed the tax liability of the taxpayer and may not be carried forward to a succeeding year. It also cannot reduce minimum tax.

Corporations. The credit is claimed on Schedule OR-ASC-CORP.

Fiduciaries. The credit is claimed on Schedule OR-ASC-FID.

Individuals and partnerships. The credit is claimed on Schedule OR-ASC.

Nonresident and part-year resident personal income taxpayers who meet the eligibility requirements may receive a credit. The credit must be multiplied by the Oregon percentage on Form OR-40-N or OR-40-P (ORS 316.117).

If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440, the credit allowed under this section shall be prorated or computed in a manner consistent with ORS 314.085. Keep your computations with this schedule.

Is the schedule included with the tax return when filed?

Corporations and fiduciaries. Include a copy of this schedule with your return and also keep a copy for your records.

Individuals and partnerships. Don't include the schedule with your tax return. Keep the completed schedule with your tax records. Upon audit or examination, make the information available to the department to verify any credit claimed.

When may the credit be claimed?

The credit may be claimed for a tax year beginning on or after January 1, 2002, and before January 1, 2028.

For assistance in determining whether you qualify to use this credit, contact the tribal government or local zone sponsor, as well as your tax advisor.

Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.

Oregon Business Development Department:
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