Worksheet OR-CAT

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Office use only

Instructions for calculating tax on corporate activity

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.

How to calculate Corporate Activity Tax (CAT)

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** mean total compensation of all employees, not to include compensation paid to any single employee in excess of $500,000.
- **Cost inputs** mean 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 installment 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 9 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 percentage[3] 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.

Annualized commercial activity worksheet

Note: Start with column A. Work down the column and complete all lines before going to Column B, C, and D.		A 01-01-20 to 03-31-20	B 01-01-20 to 06-30-20	C 01-01-20 to 09-30-20	D 01-01-20 to 12-31-20
Line 1.	Enter your Oregon taxable commercial activity for each period (see instructions).				
Line 2.	Annualization multiplier.	4	2	1.3	1
Line 3.	Annualized Oregon taxable commercial activity. Multiply line 1 by line 2.				
Line 4.	Commercial activity threshold.	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Line 5.	Percentage that applied for each period.	20%	40%	60%	80%
Line 6.	Oregon Corporate Activity Tax for the amount on line 3 (see Instructions).				
Line 7.	Multiply line 5 by line 6. This is the required installment payment amount.				

Example 2: Annualized method

Company is a business in Oregon with taxable commercial activity. Company estimates it will have $3,000,000 of taxable Oregon commercial activity, calculated as follows: for January to March, $400,000 of its taxable Oregon commercial activity; January to June $600,000; January to September $1,500,000; with the remainder by the end of December. Because Company's commercial activity occurs irregularly throughout the year, they plan on using an annualized basis to calculate their estimated payments.

Note: Start with column A. Work down the column and complete all lines before going to Column B, C, and D.		A 01-01-20 to 03-31-20	B 01-01-20 to 06-30-20	C 01-01-20 to 09-30-20	D 01-01-20 to 12-31-20
Line 1.	Enter your Oregon taxable commercial activity for each period (see instructions).	$400,000	$600,000	$1,500,000	$3,000,000
Line 2.	Annualization multiplier.	4	2	1.3	1
Line 3.	Annualized Oregon taxable commercial activity. Multiply line 1 by line 2.	$1,600,000	$1,200,000	$1,950,000	$3,000,000
Line 4.	Commercial activity threshold.	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Line 5.	Percentage that applied for each period.	20%	40%	60%	80%
Line 6.	Oregon Corporate Activity Tax for the amount on line 3 (see Instructions).	$9,370	$7,090	$11,365	$17,350
Line 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.

Overpayment

Generally, if a taxpayer's estimated payment exceeds the actual amount due for that quarter, a refund won't be issued prior to the filing of the taxpayer's return for the year for which estimated payments were made.

If a taxpayer files a completed CAT return and the tax calculated is less than the total amount of estimated payments paid that year, the taxpayer may make an irrevocable election for the overpayment to be refunded or applied as a payment of estimated tax.