

Questions about payments

Q: Should quarterly estimates be based on annual expectations or quarterly results? For example, should second quarter estimated payments be based on April-June results? Labor costs attributable to Oregon—should those be calculated based on the unitary group’s full labor costs multiplied by the apportionment factor if you do not have labor costs that are directly sourced to Oregon?

A: Taxpayers should make estimated payments based on the estimated annual tax liability. The CAT [Estimated Payment Worksheet](#) is available on our website to assist taxpayers in estimating the required installment. On Line 1, enter the annual commercial activity. On the last line divide by installment payments, which more than likely would mean four quarterly payments. Taxpayers who want to use quarterly data will need to annualize. There is an example on how to annualize commercial activity on the third page of the worksheet. The department understands that estimating annual tax liability might be difficult, especially due to unexpected fluctuations in commercial activity due to the pandemic. As long as you are making a good faith effort to calculate estimated payments correctly, the department will not impose penalties if taxpayers follow and meet the requirements under [OAR 150-317-1500 \(Good Faith Effort\)](#). Further information on 2020 penalty relief is also available on the [CAT Beyond the FAQ](#) webpage.

The department is amending OAR 150-317-1200 (Cost Input or Labor Cost Subtraction) and other guidance regarding the 35 percent subtraction to reflect changes made by [HB 4202 \(first 2020 special session\)](#). The administrative rule provides guidance on apportioning and calculating the subtraction. The updated rule will be finalized by December 1, 2020 and will be available on the [Secretary of State website](#). Guidance will also be available on our CAT [Beyond the FAQ](#) webpage. The October [Notice of Proposed Rulemaking—CAT October 1, 2020](#) document has information on proposed rules and proposed amendments to rules.

Q: What happens when the due date for the estimated tax falls on a weekend? For example: October 31 is on a Saturday in 2020.

A: If a due date falls on a weekend or holiday, the payment will be due the next business day. For Q3, the payment is due November 2, 2020.

Q: How to send or make payments? How do we know if we are already registered? (We don't remember if we registered.) I assume restaurants need to pay CAT, is that right?

A: You can make a payment through your Revenue Online account with either a checking account number and routing number or with a credit card (surcharge fee applies to credit cards). You can mail in a check with a payment voucher. You can complete the application on the Department of Revenue website to do ACH credit payments through your bank. You can contact the Corporate Activity Tax department to confirm your registration. You can also log

into your Revenue Online account and see if you have the Corporate Activity Tax link. Yes, restaurants are subject to the CAT.

Q: If we originally used the incorrect calculations to determine our CAT liability for 2020 and anticipated we would owe less than \$10,000 for the year, but now have determined we will owe more than \$10,000, should we include first quarter and second quarter amounts when we pay for the third quarter this month?

A: If your calculations show that you will need to make estimated payments, then yes, you should make the payments that should have been made for the first quarter and second quarter as soon as possible.

Q: When a business makes quarterly Corporate Activity Tax payments, what happens if there is an overage for the year? How is the overage handled?

A: If an overpayment has been made, that would be reflected on the CAT return and would result in a refund, which may be refunded or applied as an estimated payment to the following year.

Q: Will direct deposit of a refund be allowed with electronic filing of the return?

A: All CAT refunds will be paid by check.