

Oregon Corporate Activity Tax Statistics

Characteristics of CAT Taxpayers

2022 Edition: Tax Year 2020

150-106-010 (Rev. 03-22)



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Oregon Corporate Activity Tax Statistics

Characteristics of CAT Taxpayers

**2022 Edition
Tax Year 2020**

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The legislation establishing the new Oregon Corporate Activity Tax (CAT) passed in 2019 and the tax started January 1, 2020. Based on the most recent economic and revenue forecast from the Office of Economic Analysis (OEA),¹ actual corporate activity tax revenue for the 2019-21 biennium was \$1.37 billion and is forecasted to be \$2.39 billion for the 2021-23 biennium.

This annual report presents information about the Oregon CAT and provides a foundation for understanding the characteristics of corporate activity taxpayers. This first edition of *Oregon Corporate Activity Tax Statistics: Characteristics of CAT Taxpayers* provides detailed statistics based on tax year 2020 corporate activity tax returns received and processed by the Oregon Department of Revenue (DOR) through January 31, 2022.² The next report, based on tax year 2021 returns, will not be published until the end of 2023 due to changes in filing requirements starting with tax year 2021.³

This report contains the following main sections:

- ***How Commercial Activity Is Taxed:*** Contains background information on the corporate activity tax in Oregon. It includes a description of the computation of the tax.
- ***Corporate Activity Tax Returns:*** Focuses on corporate activity tax returns corresponding to tax year 2020. Taxpayers with Oregon commercial activity of at least \$1 million must file tax returns that contain detailed information about demographics, Oregon commercial activity, and the calculation of final tax liability. These return details allow for a thorough analysis of the characteristics of Oregon corporate activity taxpayers.
- ***Appendices:***
 - A:* Gives information on the data used in this report.
 - B:* Provides complete data on exclusions from commercial activity for tax year 2020, including statutory references.
 - C:* Provides an index of selected industry sectors.
 - D:* Contains a glossary of selected terms used in this report.

¹ www.oregon.gov/das/OEA/Documents/forecast0322.pdf.

² DOR is still receiving and processing tax year 2020 CAT returns, but for the purpose of this report, only returns received and processed by January 31, 2022 are included in the data presented. As of January 31, 2022, there was more than \$60 million in tax year 2020 CAT estimated payments not yet associated with a filed return, as approximately 1,700 taxpayers made estimated payments for tax year 2020 but have not yet filed a return. These taxpayers are not part of this report, as returns data is not yet available for them. As the returns are filed and processed, it is expected that the total TY2020 CAT liability, as reported on returns, will increase. However, all the CAT estimated payments made for TY2020 are already included in OEA forecast documents.

³ The passage of SB 164 (2021) adds fiscal year filing for CAT taxpayers who use a fiscal tax year other than the calendar year for federal tax purposes. Returns are due on or before the 15th day of the fourth month following the end of the tax year. If a taxpayer uses a federal tax year other than a calendar year for 2021, they must file a short period return that starts on January 1, 2021 and ends on the last day of the federal tax year that ends in 2021. Short period returns for 2021 are due on or before April 15, 2022.

Section I: Introduction

Together, these sections provide a comprehensive description of corporate activity taxpayers in Oregon using the most current information available at the time of publication.

Additional information about Oregon's taxes and areas of particular interest is available. Such information, forms, and publications are found on the following Oregon Department of Revenue webpages:

www.oregon.gov/dor/forms

- Corporate activity tax forms and instructions for current and prior tax years.

go.usa.gov/xzgB8

- More information about the Oregon corporate activity tax, including Frequently Asked Questions.

www.oregon.gov/dor/stats

- Statistical and descriptive information about Oregon's other tax programs, such as the corporation excise and income tax.

A. Background

The Student Success Act (HB 3427) was passed by the 2019 Oregon Legislature and signed into law on May 16, 2019 by Governor Kate Brown. The Act created the Fund for Student Success and a new tax on all types of business entities — the Corporate Activity Tax (CAT) — to generate revenue for the fund, net of the revenue loss from the reduced personal income tax rates that were also part of HB 3427.⁴

The Fund for Student Success is separate and distinct from the General Fund and consists of three separate accounts, namely the Student Investment Account (SIA), the Early Learning Account (ELA), and Statewide Education Initiatives Account (SEIA). After a one-time distribution to the State School Fund (SSF) for the 2019-21 biennium and an additional amount to the High Cost Disability Account within the SSF, the remaining net CAT revenue is disbursed to the three Fund for Student Success accounts.

The SIA receives 50 percent of the revenue and provides additional funding for K-12 public schools to increase academic achievement, reduce disparate outcomes among demographic groups, and better meet students' mental and behavioral health needs. At least 20 percent of the revenue goes to the ELA to fund various early learning programs such as Oregon Pre-K and early intervention. Finally, up to 30 percent of revenue flows to the SEIA and supports a list of statewide K-12 education initiatives.

The CAT is imposed on all business types for the privilege of doing business in Oregon. It is measured on a business's commercial activity, which is the total amount realized by a taxpayer from the transactions and activity in the regular course of their business in Oregon. Some categories of commercial activity are excluded and there is a subtraction for 35 percent of the greater of related cost inputs or labor costs and an additional 15 percent subtraction for certain subcontractor labor payments. The first \$1 million of the resulting taxable commercial activity is excluded from taxation and the remainder is taxed at a rate of 0.57 percent plus a \$250 base tax.⁵

⁴ Administrative costs are also subtracted from gross CAT revenue before distribution to the Fund for Student Success. For the 2021-23 biennium, administrative costs are estimated to be \$19.2 million.

⁵ See Oregon Revised Statutes (ORS), 2021 Edition, Chapter 317A — Corporate Activity Tax, for complete details.

Section II: How Commercial Activity Is Taxed

B. Filing Requirements

Any person, business, or unitary group of businesses with Oregon commercial activity of \$1 million or more must file a CAT return. A unitary group is a group of business entities or separate parts of a single entity that are united by more than 50 percent direct or indirect common ownership and engaged in a unitary business enterprise in which members share or exchange value. A unitary group may include a mix of different entity types, such as C Corporations, LLCs, S corporations, etc. A unitary group must file and pay the CAT as a single taxpayer and may exclude receipts from transactions among its members. For tax year 2020, all taxpayers were required to file using a calendar year basis.

C. Tax Calculation

Computation of the Corporate Activity Tax

Exhibit 1 provides a flowchart of the computation of the corporate activity tax. A discussion of the calculation steps follows. For additional information, please refer to the Oregon Department of Revenue's CAT forms and instructions available at www.oregon.gov/dor/forms.

Exhibit 1—Computation of the Corporate Activity Tax



Starting Point: Oregon Commercial Activity

Oregon commercial activity is commercial activity sourced to Oregon. It is the total amount realized by a taxpayer from the transactions and activity in the regular course of their business in Oregon, without deduction for expenses incurred by the business. This can include, but is not limited to, money, property received, debt forgiven, and services rendered. The definition of commercial activity is not based on or tied to the definition of gross income in the Internal Revenue Code (IRC) section 61.⁶ Commercial activity is realized according to the method of accounting used for federal income tax purposes.

Exclusions

When the new CAT was established and the tax base was defined, 48 items were listed as exclusions in HB 3427.⁷ However, the majority of these were included simply to define and clarify what is not part of the CAT tax base, they are not really deductions from Oregon commercial activity. A small number of the exclusions can likely be viewed as true deductions, including the following:

- Receipts from the sale of motor vehicle fuel.
- Receipts from the wholesale and retail sale of groceries.
- Farmer sales to an agricultural cooperative in Oregon.
- Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.
- Net revenue of residential care facilities or in-home care agencies received for providing services to Medicare recipients.

All the exclusions are reported on a separate schedule with the CAT return and are not included in total Oregon commercial activity.

CAT Subtraction

Taxpayers may subtract from their Oregon sourced commercial activity 35 percent of the greater of their eligible cost inputs or eligible labor costs. Cost inputs means the cost of goods sold (COGS) as calculated in arriving at federal taxable income under the IRC. COGS includes all the costs and expenses, such as factory labor, raw materials, and factory overhead, directly related to the production or acquisition of goods. It excludes indirect costs such as those related to sales and general and administrative expenses.⁸ Labor costs includes most types of compensation paid to employees, such as wages, health insurance benefits, retirement benefits, and any other fringe benefits, but it does not include employees' payroll taxes or compensation in excess of \$500,000 paid to any single employee.

⁶ Oregon Department of Revenue OAR 150-317-1000.

⁷ See Appendix B for the complete list of exclusions for tax year 2020.

⁸ In the case of a taxpayer that is engaged in a farming operation and does not report cost of goods sold for federal tax purposes, cost inputs mean the taxpayer's operating expenses excluding labor costs.

Section II: How Commercial Activity Is Taxed

If a taxpayer has commercial activity both inside and outside of Oregon, they must apportion their eligible costs to only include those related to Oregon commercial activity. The amount of the CAT subtraction is limited to 95 percent of total Oregon commercial activity.

Subcontractor Exclusion

General contractors who incur labor costs for single-family residential construction located in Oregon may qualify for the subcontractor labor payment exclusion. The exclusion is 15 percent of the labor costs paid to a subcontractor. It does not include payments made for materials, land, or permits and is not allowed for payments between subcontractors.

Taxable Commercial Activity and Tax Liability

Taxable commercial activity is Oregon commercial activity minus the CAT subtraction and the subcontractor exclusion. Final CAT liability is calculated by subtracting \$1 million from taxable commercial activity, then multiplying the result by the 0.57 percent tax rate and adding the \$250 base tax. Only taxpayers with taxable commercial activity in excess of \$1 million pay the CAT. Those with taxable commercial activity of \$1 million or less do not owe even the base tax of \$250. They have no CAT liability.

Payments and Refunds

Businesses file a CAT return after the end of their tax year, which for tax year 2020 is the same as the calendar year for all taxpayers. Returns and tax are normally due on April 15 of the following year, but an extension for filing only is available until October 15. Because businesses may receive extensions to file returns and may make quarterly estimated payments,⁹ nearly all the payments associated with the Oregon corporate activity tax are received before the corresponding tax returns are filed.

The calculated tax liability from a return is compared to estimated payments already made by a taxpayer and this reconciliation may lead to final payments or refunds. If the total estimated payments are less than the tax liability, then an additional payment is required with the return to cover the tax due. If the estimated payments are more than the tax liability, the taxpayer receives a refund for the overpayment. The taxpayer may choose to apply some or all their refund toward the next year's estimated tax payments.

⁹ Taxpayers who expected to have tax liability of at least \$10,000 for tax year 2020 were required to make estimated payments. The due dates for tax year 2020 estimated payments were April 30, July 31, and October 31 of 2020 and January 31, 2021.

Section III

2020 Corporate Activity Tax Returns

This section provides summary information on key components of all tax year 2020 corporate activity tax returns filed and processed through January 31, 2022. The discussion order follows that of the return, starting with demographics, proceeding through the various components of the computation of tax liability, and ending with payments and refunds.

A. Demographics

Filing Entity

CAT returns may be filed by single entities or a unitary group of entities filing as a single taxpayer. In the latter case, the unitary group must designate a single member (designated CAT entity) to file and pay the CAT. The designated CAT entity must file a combined CAT return and include some information about all affiliates with Oregon commercial activity on the CAT affiliate schedule.

In this report, for unitary groups, all demographic data provided is based on the designated CAT entity. For example, if a designated CAT entity belongs to a different industry sector than one or more of the affiliates on a return, all the Oregon commercial activity, tax liability, etc. of the unitary group will be reported under the industry sector of the designated CAT entity.

Exhibit 2 provides information on returns filed by a single entity versus those filed by a designated CAT entity representing a unitary group of entities. While almost 68 percent of returns were filed by single entities, more than 72 percent of total tax liability came from unitary group returns.

Exhibit 2—Tax Year 2020 Corporate Activity Tax Returns

Type of Filing Entity

Type of Filing Entity	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Single Entity	14,037	67.6%	\$78,569	\$47,361	\$272,769	27.8%
Unitary Group of Entities	6,717	32.4%	\$164,906	\$123,914	\$707,753	72.2%
Total	20,754	100%	\$243,475	\$171,275	\$980,522	100%

Commercial Domicile

Exhibit 3a shows the distribution of returns and return details by the region of commercial domicile (the location of the business's headquarters). The state of commercial domicile is not necessarily the same state as the address on the returns or the state of incorporation. For tax year 2020, most of the returns and about half of the corporate activity tax liability came from businesses domiciled in the West region of the U.S.

**Exhibit 3a—Tax Year 2020 Corporate Activity Tax Returns
Region of Commercial Domicile**

Region	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
West	17,398	83.8%	\$133,200	\$85,868	\$492,952	50.3%
Midwest	1,212	5.8%	\$39,480	\$30,268	\$172,801	17.6%
Northeast	1,067	5.1%	\$33,952	\$27,060	\$154,478	15.8%
South	1,005	4.8%	\$36,233	\$27,698	\$158,103	16.1%
Outside U.S.	72	0.3%	\$609	\$381	\$2,188	0.2%
Total	20,754	100%	\$243,475	\$171,275	\$980,522	100%



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Section III: 2020 Corporate Activity Tax Returns

Exhibit 3b provides detail on commercial domicile by state for the West region. More than 71 percent of returns and almost 31 percent of tax liability was from businesses headquartered in Oregon.

Exhibit 3b—Tax Year 2020 Corporate Activity Tax Returns West Region, State of Commercial Domicile

State	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Arizona	114	0.5%	\$3,789	\$2,755	\$15,729	1.6%
California	1,043	5.0%	\$18,060	\$13,590	\$77,695	7.9%
Colorado	126	0.6%	\$2,633	\$1,951	\$11,144	1.1%
Idaho	113	0.5%	\$3,374	\$2,381	\$13,595	1.4%
Montana	26	0.1%	\$333	\$247	\$1,414	0.1%
Nevada	41	0.2%	\$1,180	\$787	\$4,496	0.5%
Oregon	14,793	71.3%	\$87,228	\$52,270	\$300,875	30.7%
Utah	92	0.4%	\$1,691	\$1,373	\$7,845	0.8%
Washington	1,028	5.0%	\$14,774	\$10,411	\$59,567	6.1%
Other*	22	0.1%	\$139	\$104	\$592	0.1%
Total	17,398	83.8%	\$133,200	\$85,868	\$492,952	50.3%

* Other includes Alaska, Hawaii, New Mexico, and Wyoming.

Industry Sector

Exhibit 4 shows the distribution of returns and returns details by industry sector.¹⁰ For tax year 2020, the following four sectors combined accounted for more than half of corporate activity tax liability:

- Manufacturing
- Wholesale Trade
- Retail Trade
- Management of Companies and Enterprises

¹⁰ See Appendix C: Index of Selected Industry Sectors for more details.

Section III: 2020 Corporate Activity Tax Returns

Exhibit 4—Tax Year 2020 Corporate Activity Tax Returns Industry Sector

Industry Sector *	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Agriculture, Forestry, Fishing, and Hunting	878	4.2%	\$3,375	\$1,602	\$9,281	0.9%
Mining	44	0.2%	\$371	\$245	\$1,404	0.1%
Utilities	68	0.3%	\$4,425	\$3,418	\$19,499	2.0%
Construction	3,174	15.3%	\$27,184	\$16,490	\$94,655	9.7%
Manufacturing	2,201	10.6%	\$32,482	\$21,843	\$124,963	12.7%
Wholesale Trade	1,432	6.9%	\$27,532	\$18,397	\$105,156	10.7%
Retail Trade	2,401	11.6%	\$41,633	\$28,950	\$165,492	16.9%
Transportation and Warehousing	536	2.6%	\$5,116	\$3,821	\$21,892	2.2%
Information	376	1.8%	\$14,817	\$12,878	\$73,485	7.5%
Finance and Insurance	781	3.8%	\$15,959	\$13,687	\$78,187	8.0%
Real Estate, Rental, and Leasing	1,794	8.6%	\$9,865	\$7,332	\$42,186	4.3%
Professional, Scientific, and Technical Services	2,002	9.6%	\$10,582	\$6,807	\$39,201	4.0%
Management of Companies and Enterprises	612	2.9%	\$27,055	\$21,098	\$120,399	12.3%
Administrative, Support, and Waste Management	516	2.5%	\$3,047	\$1,989	\$11,445	1.2%
Education Services	55	0.3%	\$248	\$164	\$945	0.1%
Health Care and Social Assistance	1,402	6.8%	\$7,920	\$5,055	\$29,091	3.0%
Arts, Entertainment, and Recreation	152	0.7%	\$645	\$416	\$2,401	0.2%
Accommodation and Food Services	1,092	5.3%	\$4,720	\$2,941	\$16,981	1.7%
Other Services (except Public Administration)	594	2.9%	\$2,007	\$1,075	\$6,244	0.6%
Unknown	644	3.1%	\$4,493	\$3,069	\$17,616	1.8%
Total	20,754	100%	\$243,475	\$171,275	\$980,522	100%

* The order and definitions for these sectors is from the North American Industry Classification System (NAICS). For additional information on NAICS sectors, please see Appendix C.

Tax Entity and Legal Entity

All types of businesses are subject to the CAT. Taxpayers are asked to indicate their tax entity type and their legal entity type, if it is different. Tax entity type refers to how the business is taxed, while legal entity refers to the legal and liability structure of the business. Some entity types, such as sole proprietorship, are both a legal and a tax type. While others, such as partnership, are primarily a tax type and allow different legal structures, including partnership, limited liability partnership, and limited liability company (LLC) organized as a partnership.

Exhibits 5 and 6 provide details on this demographic information. S corporations filed the largest number of CAT returns, but C Corporations accounted for the largest share of tax liability. The unknown category contains taxpayers who did not provide this demographic information.

Exhibit 5—Tax Year 2020 Corporate Activity Tax Returns**Type of Tax Entity**

Type of Tax Entity	Number of Returns	Share of Returns	Oregon	Taxable	Tax Liability (\$ thousands)	Share of Tax Liability
			Commercial Activity (\$ millions)	Commercial Activity in Excess of \$1M (\$ millions)		
S Corporation	8,934	43.0%	\$50,988	\$29,753	\$171,367	17.5%
C Corporation	5,457	26.3%	\$150,533	\$113,679	\$649,165	66.2%
LLC Organized as a Corporation*	421	2.0%	\$3,648	\$2,461	\$14,115	1.4%
Partnerships	3,309	15.9%	\$21,913	\$14,650	\$84,198	8.6%
<i>LLC Organized as a Partnership</i>	1,909	9.2%	\$11,414	\$7,430	\$42,753	4.4%
<i>Partnership</i>	1,259	6.1%	\$9,433	\$6,451	\$37,032	3.8%
<i>Limited Liability Partnership</i>	141	0.7%	\$1,066	\$769	\$4,413	0.5%
Single-member LLC**	470	2.3%	\$2,821	\$1,857	\$10,679	1.1%
Sole Proprietorship	401	1.9%	\$884	\$341	\$2,013	0.2%
Other***	52	0.3%	\$1,584	\$1,127	\$6,432	0.7%
Unknown	1,710	8.2%	\$11,103	\$7,409	\$42,553	4.3%
Total	20,754	100%	\$243,475	\$171,275	\$980,522	100%

* Can elect classification as either an S corporation or a C corporation for tax purposes.

** Treated as a disregarded entity (part of the owner's tax return) for income tax purposes, unless elects to be treated as a corporation.

*** Includes Association/Trust, Other Foreign Entity, and Qualified Subchapter S Subsidiary.

Exhibit 6—Tax Year 2020 Corporate Activity Tax Returns**Type of Legal Entity**

Type of Legal Entity	Number of Returns	Share of Returns	Oregon	Taxable	Tax Liability (\$ thousands)	Share of Tax Liability
			Commercial Activity (\$ millions)	Commercial Activity in Excess of \$1M (\$ millions)		
S Corporation	8,254	39.8%	\$48,949	\$28,811	\$165,872	16.9%
C Corporation	5,481	26.4%	\$150,007	\$113,256	\$646,759	66.0%
LLCs	3,591	17.3%	\$22,097	\$14,322	\$82,372	8.4%
<i>LLC Organized as a Partnership</i>	2,000	9.6%	\$12,883	\$8,484	\$48,781	5.0%
<i>LLC Organized as a Corporation</i>	996	4.8%	\$5,914	\$3,734	\$21,485	2.2%
<i>Single-member LLC</i>	595	2.9%	\$3,300	\$2,104	\$12,106	1.2%
Partnership	1,196	5.8%	\$8,493	\$5,786	\$33,229	3.4%
Limited Liability Partnership	165	0.8%	\$1,195	\$850	\$4,883	0.5%
Sole Proprietorship	341	1.6%	\$743	\$278	\$1,646	0.2%
Other*	49	0.2%	\$1,450	\$1,019	\$5,820	0.6%
Unknown	1,677	8.1%	\$10,541	\$6,952	\$39,939	4.1%
Total	20,754	100%	\$243,475	\$171,275	\$980,522	100%

* Includes Association/Trust, Other Foreign Entity, and Qualified Subchapter S Subsidiary

B. Components of Tax Liability Computation**Oregon Commercial Activity**

Exhibit 7 shows the distribution of returns and return details by Oregon commercial activity category. Although taxpayers with less than \$1 million in Oregon commercial activity are not required to file a CAT return, more than 1,300 did file, although they had no tax liability. More than 36 percent of taxpayers had Oregon commercial activity between \$1 and \$2 million, but

Section III: 2020 Corporate Activity Tax Returns

they accounted for only 1 percent of total tax liability. While the returns with Oregon commercial activity greater than \$100 million represent only about 2 percent of returns filed, they had more than 51 percent of total tax liability.

Exhibit 7—Tax Year 2020 Corporate Activity Tax Returns Oregon Commercial Activity Category

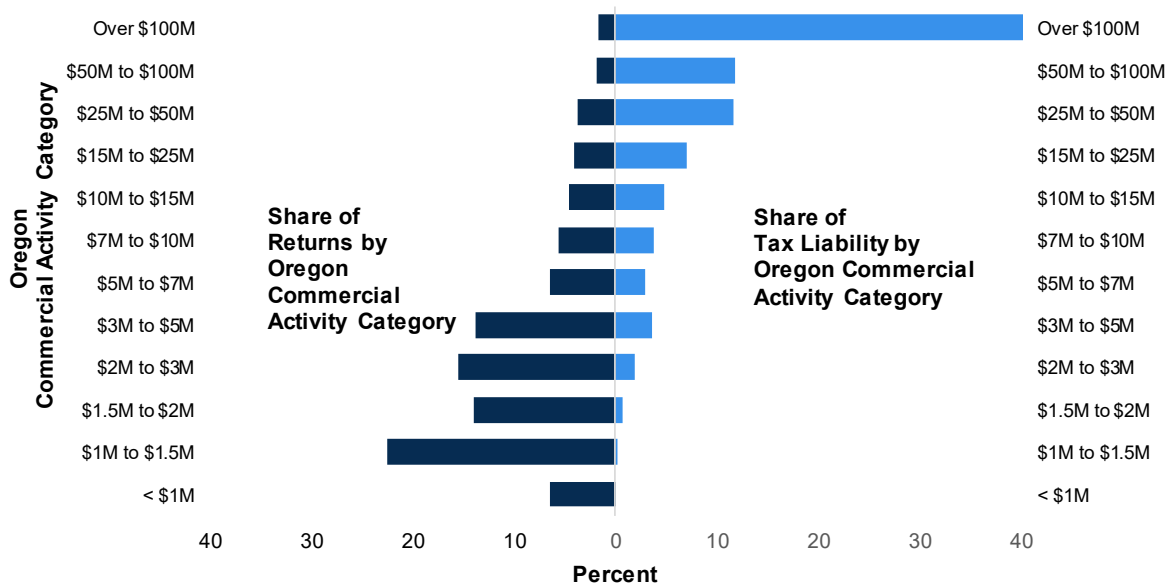
Oregon Commercial Activity Category	Number of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)
< \$1 million	1,339	\$677	\$547	\$0	\$0
\$1 million to \$1.5 million	4,658	\$5,743	\$4,729	\$345	\$2,562
\$1.5 million to \$2 million	2,883	\$5,002	\$4,055	\$1,190	\$7,490
\$2 million to \$3 million	3,203	\$7,810	\$6,290	\$3,107	\$18,506
\$3 million to \$5 million	2,871	\$11,035	\$8,834	\$5,980	\$34,796
\$5 million to \$7 million	1,341	\$7,975	\$6,344	\$5,008	\$28,877
\$7 million to \$10 million	1,149	\$9,605	\$7,583	\$6,437	\$36,976
\$10 million to \$15 million	958	\$11,650	\$9,242	\$8,286	\$47,467
\$15 million to \$25 million	847	\$16,271	\$12,816	\$11,969	\$68,434
\$25 million to \$50 million	771	\$27,021	\$20,915	\$20,144	\$115,012
\$50 million to \$100 million	379	\$26,549	\$20,763	\$20,384	\$116,286
Over \$100 million	355	\$114,137	\$88,781	\$88,426	\$504,115
Total	20,754	\$243,475	\$190,899	\$171,275	\$980,522

Percentage Distribution

Oregon Commercial Activity Category	Number of Returns	Oregon Commercial Activity	Taxable Commercial Activity	Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability
< \$1 million	6.5%	0.3%	0.3%	0.0%	0.0%
\$1 million to \$1.5 million	22.4%	2.4%	2.5%	0.2%	0.3%
\$1.5 million to \$2 million	13.9%	2.1%	2.1%	0.7%	0.8%
\$2 million to \$3 million	15.4%	3.2%	3.3%	1.8%	1.9%
\$3 million to \$5 million	13.8%	4.5%	4.6%	3.5%	3.5%
\$5 million to \$7 million	6.5%	3.3%	3.3%	2.9%	2.9%
\$7 million to \$10 million	5.5%	3.9%	4.0%	3.8%	3.8%
\$10 million to \$15 million	4.6%	4.8%	4.8%	4.8%	4.8%
\$15 million to \$25 million	4.1%	6.7%	6.7%	7.0%	7.0%
\$25 million to \$50 million	3.7%	11.1%	11.0%	11.8%	11.7%
\$50 million to \$100 million	1.8%	10.9%	10.9%	11.9%	11.9%
Over \$100 million	1.7%	46.9%	46.5%	51.6%	51.4%
Total	100%	100%	100%	100%	100%

Exhibit 8 shows the share of returns and the share of total tax liability by Oregon commercial activity categories. It highlights the concentration of returns among taxpayers with Oregon commercial activity less than \$5 million, but the concentration of tax liability among those with Oregon commercial activity greater than \$15 million.

**Exhibit 8—Tax Year 2020 Corporate Activity Tax Returns
Share of Returns and Tax Liability by Oregon Commercial Activity Category**



Select Exclusions

Exhibit 9 provides detail on the few exclusions from commercial activity that are thought to be true deductions in computation of the Oregon CAT, rather than just part of the definition of the tax base.¹¹ Note that none of the exclusion amounts are included in the total Oregon commercial activity detailed above.

**Exhibit 9—Tax Year 2020 Corporate Activity Tax Returns
Select Exclusions (Deductions) from Oregon Commercial Activity**

Exclusion	Number of Returns with Exclusion	Total Exclusion Amount (\$ millions)
Receipts from the wholesale or retail sale of groceries	564	\$17,624
Receipts from the sale, transfer, exchange, or other disposition of motor vehicle fuel	175	\$5,997
Farmer sales to an agricultural cooperative in Oregon	112	\$387
Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative	*	*
Net revenue of residential care facilities or in-home care agencies received for providing services to Medicare recipients	56	\$1,060
Total	907	\$25,068

* Included in farmer sales to an agricultural cooperative in Oregon.

¹¹ See Appendix B for the complete list of exclusions for tax year 2020.

Section III: 2020 Corporate Activity Tax Returns

CAT Subtraction

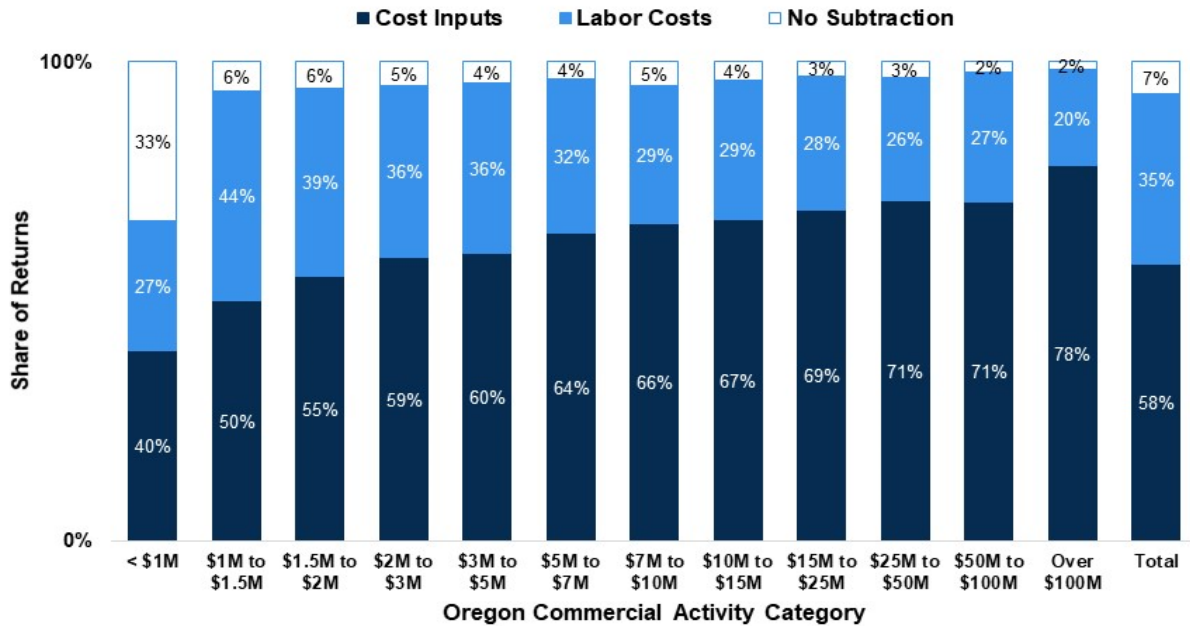
For the CAT subtraction, taxpayers can use 35 percent of the greater of their cost inputs or eligible labor costs related to their Oregon commercial activity. Exhibit 10 provides details on the CAT subtraction by Oregon commercial activity category. Most taxpayers took a CAT subtraction, but within all categories there were taxpayers who did not claim a CAT subtraction. The latter was most common for those with less than \$1 million of Oregon commercial activity. As these taxpayers did not have any CAT liability, it is likely that many simply did not complete the CAT subtraction section of the return. Most taxpayers used cost inputs, rather than labor costs, as the basis for their CAT subtraction.

Exhibit 10—Tax Year 2020 Corporate Activity Tax Returns CAT Subtraction and Basis for CAT Subtraction by Oregon Commercial Activity Category

Oregon Commercial Activity Category	Total Returns	No CAT Subtraction Returns	Total CAT Subtraction		CAT Subtraction Using Cost Inputs		CAT Subtraction Using Labor Costs	
			Returns	(\$ millions)	Returns	(\$ millions)	Returns	(\$ millions)
< \$1 million	1,339	449	890	\$130	530	\$93	360	\$37
\$1 million to \$1.5 million	4,658	287	4,371	\$1,011	2,331	\$647	2,040	\$363
\$1.5 million to \$2 million	2,883	159	2,724	\$943	1,592	\$654	1,132	\$289
\$2 million to \$3 million	3,203	163	3,040	\$1,510	1,895	\$1,097	1,145	\$413
\$3 million to \$5 million	2,871	125	2,746	\$2,190	1,721	\$1,615	1,025	\$574
\$5 million to \$7 million	1,341	48	1,293	\$1,625	857	\$1,291	436	\$334
\$7 million to \$10 million	1,149	57	1,092	\$2,017	759	\$1,639	333	\$379
\$10 million to \$15 million	958	37	921	\$2,402	642	\$1,958	279	\$444
\$15 million to \$25 million	847	26	821	\$3,450	584	\$2,927	237	\$524
\$25 million to \$50 million	771	26	745	\$6,096	547	\$5,204	198	\$892
\$50 million to \$100 million	379	8	371	\$5,780	267	\$4,915	104	\$865
Over \$100 million	355	6	349	\$25,326	276	\$23,562	73	\$1,764
Total	20,754	1,391	19,363	\$52,480	12,001	\$45,602	7,362	\$6,878

Exhibit 11 shows the basis for the CAT subtraction by Oregon commercial activity category. Cost inputs were the predominant basis for the CAT subtraction across all categories of Oregon commercial activity and their share generally increased as Oregon commercial activity increased.

**Exhibit 11—Tax Year 2020 Corporate Activity Tax Returns
Basis for CAT Subtraction by Oregon Commercial Activity Category**



Another way to view the CAT subtraction is by industry sector, as shown in Exhibits 12 and 13. In every industry sector, most taxpayers claimed a CAT subtraction.

**Exhibit 12—Tax Year 2020 Corporate Activity Tax Returns
CAT Subtraction and Basis for CAT Subtraction by Industry Sector**

Industry Sector*	Total Returns	No CAT Subtraction Returns	Total CAT Subtraction		CAT Subtraction Using Cost Inputs		CAT Subtraction Using Labor Costs	
			Returns	(\$ millions)	Returns	(\$ millions)	Returns	(\$ millions)
Agriculture, Forestry, Fishing, and Hunting	878	51	827	\$1,008	615	\$924	212	\$84
Mining	44	<6	<44	\$84	<37	\$79	<8	\$5
Utilities	68	8	60	\$942	37	\$924	23	\$17
Construction	3,174	49	3,125	\$7,531	2,660	\$7,302	465	\$228
Manufacturing	2,201	78	2,123	\$8,578	1,876	\$8,434	247	\$144
Wholesale Trade	1,432	68	1,364	\$7,810	1,281	\$7,773	83	\$38
Retail Trade	2,401	61	2,340	\$10,430	2,202	\$10,329	138	\$101
Transportation and Warehousing	536	23	513	\$783	246	\$336	267	\$447
Information	376	23	353	\$1,587	136	\$1,177	217	\$410
Finance and Insurance	781	121	660	\$1,532	87	\$627	573	\$906
Real Estate, Rental, and Leasing	1,794	566	1,228	\$811	325	\$502	903	\$309
Professional, Scientific, and Technical Services	2,002	107	1,895	\$1,894	496	\$756	1,399	\$1,138
Management of Companies and Enterprises	612	35	577	\$5,366	350	\$4,494	227	\$871
Administrative, Support, and Waste Management	516	25	491	\$570	201	\$264	290	\$306
Education Services	55	<6	<55	\$34	<10	\$9	<46	\$25
Health Care and Social Assistance	1,402	43	1,359	\$1,528	147	\$258	1,212	\$1,270
Arts, Entertainment, and Recreation	152	6	146	\$87	40	\$27	106	\$60
Accommodation and Food Services	1,092	43	1,049	\$728	536	\$443	513	\$286
Other Services (except Public Administration)	594	12	582	\$358	357	\$246	225	\$112
Unknown	644	65	579	\$820	367	\$699	212	\$120
Total	20,754	1,391	19,363	\$52,480	12,001	\$45,603	7,362	\$6,877

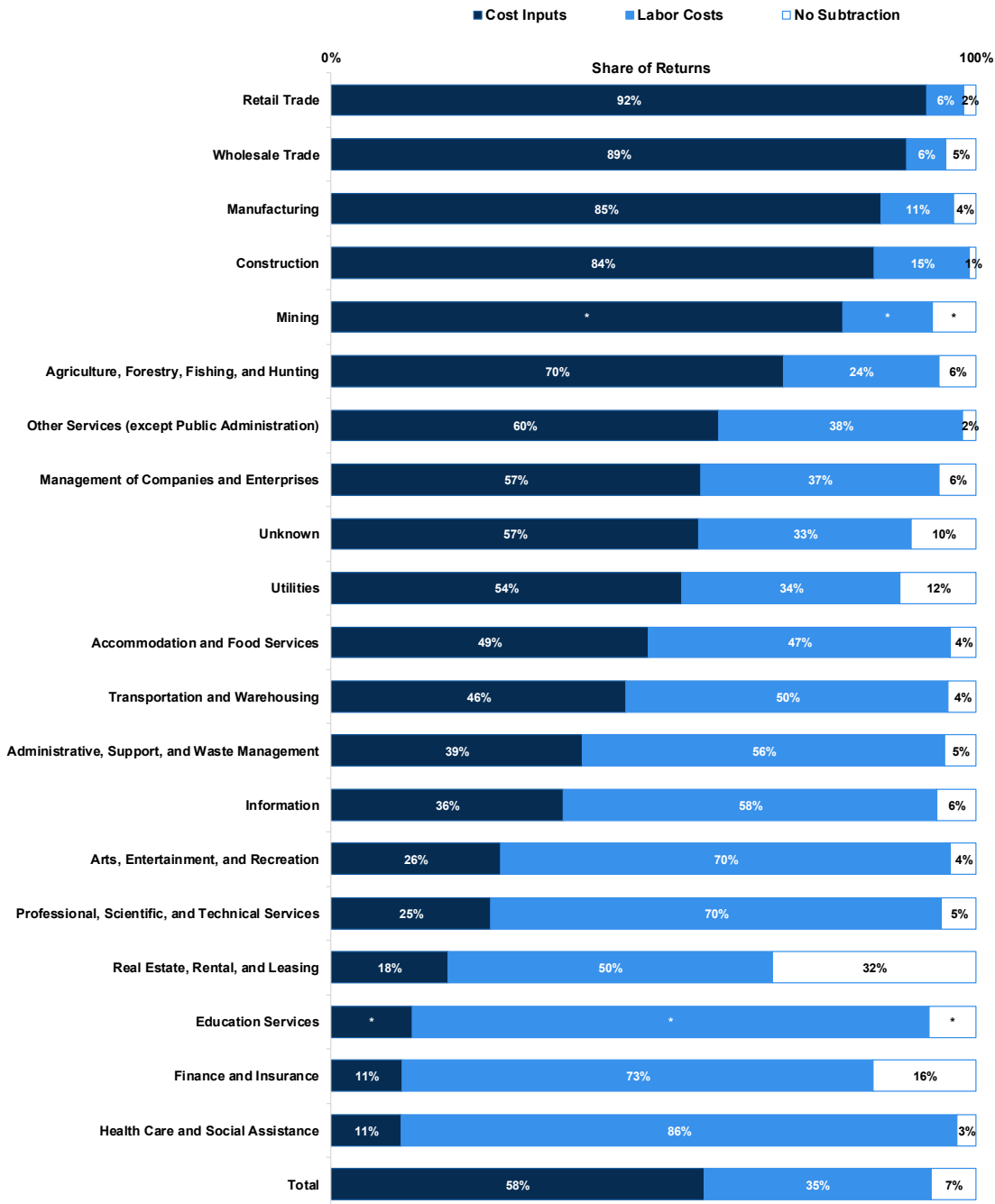
*The order and definitions for these sectors is from the North American Industry Classification System (NAICS). For additional information on NAICS sectors, please see Appendix C.

Exhibit 13 shows the basis for the CAT subtraction by industry sector. Cost inputs were the predominant basis for industries focused on the production or sale of goods such as

Section III: 2020 Corporate Activity Tax Returns

manufacturing, construction, and wholesale and retail trade. Meanwhile, labor costs were the predominant basis for service industries such as healthcare and social assistance, education services, and finance and insurance.

Exhibit 13—Tax Year 2020 Corporate Activity Tax Returns Basis for CAT Subtraction by Industry Sector



* Percent not provided due to disclosure guidelines.

Subcontractor Exclusion

Exhibit 14 provides details on the taxpayers using the subcontractor labor payment exclusion by Oregon commercial activity category. The exclusion is available to general contractors who incur labor costs for single-family residential construction located in Oregon.

Exhibit 14—Tax Year 2020 Corporate Activity Tax Returns Subcontractor Exclusion by Oregon Commercial Activity Category

Oregon Commercial Activity Category	Number of Returns with Subcontractor Exclusion	Subcontractor Exclusion (\$ thousands)	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)
< \$1.5 million	36	\$3,106	\$45	\$1	\$12
\$1.5 million to \$2 million	38	\$3,931	\$66	\$8	\$52
\$2 million to \$3 million	46	\$9,095	\$113	\$30	\$185
\$3 million to \$5 million	41	\$11,544	\$161	\$64	\$377
\$5 million to \$7 million	18	\$5,866	\$110	\$55	\$320
\$7 million to \$10 million	11	\$4,277	\$86	\$46	\$265
\$10 million to \$15 million	15	\$5,995	\$179	\$105	\$599
\$15 million to \$25 million	8	\$5,280	\$153	\$93	\$532
\$25 million to \$50 million	8	\$10,414	\$322	\$211	\$1,207
Over \$50 million	8	\$36,333	\$1,078	\$750	\$4,278
Total	229	\$95,842	\$2,312	\$1,364	\$7,826

Taxable Commercial Activity and Tax Liability

Exhibit 15 provides detail on the components of tax liability by Oregon commercial activity category. Eighteen percent of filers did not have taxable commercial activity in excess of \$1 million and therefore had no CAT liability. While about one-third of these filers had Oregon commercial activity less than \$1 million, the others had Oregon commercial activity up to \$25 million, but reduced their taxable commercial activity below \$1 million using the CAT subtraction and/or the subcontractor exclusion.

For taxpayers with taxable commercial activity in excess of \$1 million, tax liability is calculated by combining the base tax of \$250 and the rate tax of 0.57 percent of the taxable commercial activity in excess of \$1 million. Most of the tax liability comes from the tax based on rates.

Section III: 2020 Corporate Activity Tax Returns

Exhibit 15—Tax Year 2020 Corporate Activity Tax Returns Tax Liability Components by Oregon Commercial Activity Category

Oregon Commercial Activity Category	Number of Returns	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Number of Returns with a Tax Liability	Tax Liability from Base Tax of \$250 (\$ thousands)	Tax Liability from 0.57% Rate (\$ thousands)	Total Tax Liability (\$ thousands)	Number of Returns with No Tax Liability	Share of Returns with No Tax Liability
< \$1 million	1,339	\$0	0	\$0	\$0	\$0	1,339	100%
\$1 million to \$1.5 million	4,658	\$345	2,384	\$525	\$1,967	\$2,562	2,274	48.8%
\$1.5 million to \$2 million	2,883	\$1,190	2,829	\$610	\$6,783	\$7,490	54	1.9%
\$2 million to \$3 million	3,203	\$3,107	3,176	\$665	\$17,710	\$18,506	27	0.8%
\$3 million to \$5 million	2,871	\$5,980	2,848	\$571	\$34,086	\$34,796	23	0.8%
\$5 million to \$7 million	1,341	\$5,008	1,333	\$258	\$28,546	\$28,877	8	0.6%
\$7 million to \$10 million	1,149	\$6,437	1,143	\$206	\$36,691	\$36,976	6	0.5%
\$10 million to \$15 million	958	\$8,286	<958	\$157	\$47,230	\$47,467	<6	<0.5%
\$15 million to \$25 million	847	\$11,969	<847	\$134	\$68,223	\$68,434	<6	<0.5%
\$25 million to \$50 million	771	\$20,144	771	\$104	\$114,821	\$115,012	0	0.0%
\$50 million to \$100 million	379	\$20,384	379	\$43	\$116,189	\$116,286	0	0.0%
Over \$100 million	355	\$88,426	355	\$32	\$504,028	\$504,115	0	0.0%
Total	20,754	\$171,275	17,016	\$3,303	\$976,268	\$980,522	3,738	18.0%

Exhibit 16 shows the distribution of returns and detail by tax liability category. Eighteen percent of taxpayers had no tax liability and another almost 18 percent had liability less than \$2,500. The almost 8 percent of taxpayers with tax liability greater than \$100,000 accounted for 76 percent of the total tax liability.

Exhibit 16—Tax Year 2020 Corporate Activity Tax Returns Tax Liability Category

Tax Liability Category	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
\$0	3,738	18.0%	\$2,608	\$0	\$0	0.0%
< \$2,500	3,686	17.8%	\$4,351	\$665	\$4,712	0.5%
\$2,500 to \$5,000	2,631	12.7%	\$4,196	\$1,565	\$9,581	1.0%
\$5,000 to \$10,000	2,819	13.6%	\$6,258	\$3,439	\$20,310	2.1%
\$10,000 to \$20,000	2,567	12.4%	\$8,842	\$6,275	\$36,409	3.7%
\$20,000 to \$50,000	2,553	12.3%	\$16,621	\$14,068	\$80,823	8.2%
\$50,000 to \$100,000	1,188	5.7%	\$15,848	\$14,660	\$83,860	8.6%
\$100,000 to \$500,000	1,258	6.1%	\$46,353	\$45,095	\$257,358	26.2%
\$500,000 to \$1 million	185	0.9%	\$22,417	\$22,232	\$126,770	12.9%
\$1 million to \$2 million	65	0.3%	\$14,760	\$14,695	\$83,778	8.5%
\$2 million to \$3 million	27	0.1%	\$11,504	\$11,477	\$65,425	6.7%
Over \$3 million	37	0.2%	\$37,140	\$37,103	\$211,495	21.6%
Total	20,754	100%	\$190,899	\$171,275	\$980,522	100.0%

Exhibits 17a and 17b show what months in 2021 and 2022 that tax year 2020 CAT returns were received, and the amount of tax liability reported on the returns. While the highest number of returns was received in April of 2021, coinciding with the regular filing deadline of April 15, most of the tax liability was reported on returns received in October of 2021, coinciding with the six-month extension filing deadline of October 15.

**Exhibit 17a—Tax Year 2020 Corporate Activity Tax Returns
Reported Tax Liability by Month Returns Received**

Month Received	Number of Returns*	Tax Liability Reported (\$ thousands)	Percent of Total Tax Liability Reported	Cumulative Tax Liability (\$ thousands)	Cumulative Percent
January 2021	149	\$3,675	0.4%	\$3,675	0.4%
February	407	\$7,186	0.7%	\$10,861	1.1%
March	2,290	\$31,292	3.2%	\$42,153	4.3%
April	7,012	\$177,319	18.1%	\$219,472	22.4%
May	1,419	\$24,199	2.5%	\$243,671	24.9%
June	724	\$22,975	2.3%	\$266,646	27.2%
July	710	\$22,070	2.3%	\$288,716	29.4%
August	896	\$22,254	2.3%	\$310,970	31.7%
September	2,597	\$85,068	8.7%	\$396,038	40.4%
October	3,927	\$552,264	56.3%	\$948,302	96.7%
November	354	\$22,357	2.3%	\$970,659	99.0%
December	168	\$5,676	0.6%	\$976,335	99.6%
January 2022	101	\$4,188	0.4%	\$980,522	100.0%
Total	20,754	\$980,522	100.0%		

* Tax liability and number of returns reported in this table are based on original returns except when replaced by amended returns.

**Exhibit 17b—Tax Year 2020 Corporate Activity Tax Returns
Reported Tax Liability by Month Returns Received**



C. Payments and Refunds

Exhibit 18 shows pre-payments from estimated payments as reported on the tax return along with those who made no estimated payments. This exhibit also shows details on whether a taxpayer was required to make a payment with their return, received a refund, or had a zero balance. The total amount for returns with tax to pay includes only tax due and does not include penalty and interest. The total amount of refunds includes both amounts carried forward as estimated payments for the following tax year and amounts refunded to taxpayers.

**Exhibit 18—Tax Year 2020 Corporate Activity Tax Returns
Reported Payments and Refunds on Returns**

	Number of Returns	Total (\$ thousands)
Pre-Payments		
Estimated Payments	12,225	\$1,041,537
No Estimated Payments	8,529	\$0
Final Payment Category		
Payment Due with Return*	8,480	\$99,366
Zero balance	5,148	\$0
Refund**	7,126	\$159,903
Carried Forward to 2021	5,105	\$122,757
Net Refund	2,519	\$37,146

* Does not include any penalty or interest

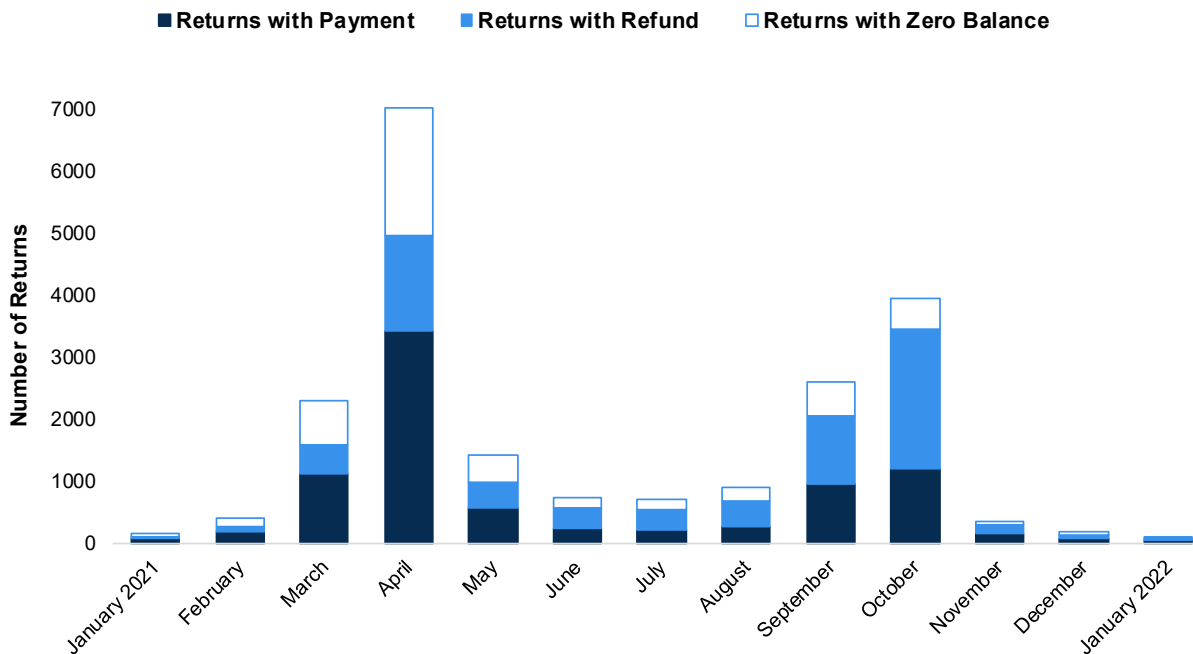
**The number of returns with a refund does not equal the sum of the number carried forward and the number with a net refund because refunds can be carried forward to the next tax year and/or refunded.

Exhibits 19a and 19b show tax returns received by month and type (i.e., refund, payment, and zero balance). Overall, returns with a payment due were the most common and those with a zero balance were the least common. However, in June through November, refund returns were the predominant type received.

Exhibit 19a—Tax Year 2020 Corporate Activity Tax Returns Received by Month and Type

Month Received	Returns with Zero Balance	Returns with Refund	Returns with Payment	All Returns		
				Number	Share	Cumulative
January 2021	47	44	58	149	0.7%	0.7%
February	142	89	176	407	2.0%	2.7%
March	723	444	1,123	2,290	11.0%	13.7%
April	2,068	1,526	3,418	7,012	33.8%	47.5%
May	432	431	556	1,419	6.8%	54.3%
June	168	309	247	724	3.5%	57.8%
July	184	305	221	710	3.4%	61.2%
August	232	394	270	896	4.3%	65.6%
September	556	1,096	945	2,597	12.5%	78.1%
October	484	2,253	1,190	3,927	18.9%	97.0%
November	59	155	140	354	1.7%	98.7%
December	29	55	84	168	0.8%	99.5%
January 2022	24	25	52	101	0.5%	100.0%
Total	5,148	7,126	8,480	20,754	100%	

Exhibit 19b—Tax Year 2020 Corporate Activity Tax Returns Received by Month and Type



The Oregon Department of Revenue computer systems provide information on corporate activity tax payments and returns. We use tax return data for the most recent year with complete information. The corporate activity tax database is revised for amended returns. These returns replace the original where applicable. Original and amended returns and audit results received after finalizing the publication database will not be reflected in the analysis.

The Department of Revenue Research Section checks the tax return data for errors to construct a finalized data set used for analysis. Returns that are not internally consistent are identified and to the extent possible, inconsistent data are modified in a manner believed to correct errors on the returns. For example, if the return claims an exclusion but does not include it in the final total exclusion amount, the reported amount is replaced by zero. Certain discrepancies or minor errors may not be resolved.

Due Dates for Returns

For tax year 2020, all CAT filers were required to file using a calendar year basis. All returns were due by April 15, 2021, but a six-month extension was available.

Taxes must be paid by the original due date of the return to avoid interest and penalty charges, whether an extension is filed or not. Therefore, payment data for a given year is normally completed sooner than return data.

Demographic Data

All demographic data in this report, including NAICS codes, are self-reported by taxpayers on their CAT returns. For NAICS codes, this is different than what is used for the Department of Revenue's *Oregon Corporate Excise and Income Tax* reports, where the NAICS codes are assigned based primarily on information reported by the Oregon Employment Department. See Appendix C of the most recent report at www.oregon.gov/dor/stats for more details.

Exclusions from Commercial Activity

Exhibit 20—Tax Year 2020 Corporate Activity Tax Returns
Exclusions from Oregon Commercial Activity

Citation	Exclusion	Number of Returns with Exclusion	Total Exclusion Amount (\$ millions)
ORS 317A.100(1)(b)(A)	Interest income	2,200	\$3,169
ORS 317A.100(1)(b)(B)	Receipts from the sale, exchange or other disposition of an asset.	1,304	\$3,658
ORS 317A.100(1)(b)(C)	If received by an insurer, federally reinsured premiums, or income from transactions between a reciprocal insurer and its attorney in fact.	14	\$2,445
ORS 317A.100(1)(b)(D)	Receipts from hedging transactions	33	\$1,071
ORS 317A.100(1)(b)(E)	Proceeds received attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument.	38	\$567
ORS 317A.100(1)(b)(F)	Principal amounts received under a repurchase agreement or loan	87	\$56
ORS 317A.100(1)(b)(G)	Contributions received by a trust, plan or other arrangement	*	*
ORS 317A.100(1)(b)(H)	Compensation received	21	\$489
ORS 317A.100(1)(b)(I)	Proceeds received from the issuance or sale a taxpayer's own stock	*	*
ORS 317A.100(1)(b)(J)	Proceeds received from insurance policies owned by the taxpayer	177	\$188
ORS 317A.100(1)(b)(K)	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.	32	\$17
ORS 317A.100(1)(b)(L)	Damages received as the result of litigation in excess of amounts that, if received without litigation, would be treated as commercial activity.	17	\$2
ORS 317A.100(1)(b)(M)	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.	290	\$4,811
ORS 317A.100(1)(b)(N)	Tax refunds, other tax benefit recoveries and reimbursements.	313	\$26
ORS 317A.100(1)(b)(O)	Pension reversions	*	*
ORS 317A.100(1)(b)(P)	Contributions to capital	13	\$17
ORS 317A.100(1)(b)(Q)	Receipts from the sale, transfer, exchange, or other disposition of motor vehicle fuel.	175	\$5,997
ORS 317A.100(1)(b)(R)	Federal and state excise taxes paid on cigarettes or tobacco products.	83	\$418
ORS 317A.100(1)(b)(S)	Federal and state excise taxes paid on alcoholic beverages.	79	\$99
ORS 317A.100(1)(b)(T)	Federal and state excise taxes paid on marijuana items.	10	\$4
ORS 317A.100(1)(b)(U)	Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages	*	*
ORS 317A.100(1)(b)(V)	Tips or gratuities collected by a restaurant or other food establishment and passed on to employees	78	\$13
ORS 317A.100(1)(b)(W)	Receipts from vehicle dealer trades to meet a specific customer's preference	45	\$199
ORS 317A.100(1)(b)(X)	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.	31	\$12
ORS 317A.100(1)(b)(Y)	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)(Z)	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.	*	*

Appendix B: Exclusions from Commercial Activity

Exhibit 20 cont.—Tax Year 2020 Corporate Activity Tax Returns Exclusions from Oregon Commercial Activity

Citation	Exclusion	Number of Returns with Exclusion	Total Exclusion Amount (\$ millions)
ORS 317A.100(1)(b)(AA)	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.	56	\$1,060
ORS 317A.100(1)(b)(BB)	Dividends received	497	\$1,738
ORS 317A.100(1)(b)(CC)	Distributive income received from a pass-through entity	264	\$763
ORS 317A.100(1)(b)(DD)	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.	171	\$1,126
ORS 317A.100(1)(b)(EE)	Receipts from the wholesale or retail sale of groceries	564	\$17,624
ORS 317A.100(1)(b)(FF)	Receipts from transactions among members of a unitary group	1,234	\$15,974
ORS 317A.100(1)(b)(GG)	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)(HH)	Moneys collected by a utility from customers for the payment of loans through on-bill financing	*	*
ORS 317A.100(1)(b)(II)	Surcharges collected under ORS 757.736	*	*
ORS 317A.100(1)(b)(JJ)	Power Act Exchange credits or pursuant to any settlement associated with the exchange credit.	*	*
ORS 317A.100(1)(b)(KK)	Moneys collected or recovered for fees payable under ORS 756.310, right-of-way fees, franchise fees, privilege taxes, federal taxes and local taxes.	25	\$381
ORS 317A.100(1)(b)(LL)	Charges paid to the Residential Service Protection Fund	*	*
ORS 317A.100(1)(b)(MM)	Universal service surcharge moneys collected or recovered and paid into the universal service fund	11	\$306
ORS 317A.100(1)(b)(NN)	Moneys collected for public purpose funding	*	*
ORS 317A.100(1)(b)(OO)	Moneys collected or recovered and paid into the federal universal service fund.	*	*
ORS 317A.100(1)(b)(PP)	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)(QQ)	The amount of tax imposed under ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging.	28	\$3
ORS 317A.100(1)(b)(RR)	The amount of tax imposed under ORS 320.415 upon retail sales of bicycles	*	*
ORS 317A.100(1)(b)(SS)	The amount of tax imposed under ORS 307.872 upon the rental price of heavy equipment	*	*
ORS 317A.100(1)(b)(TT)	Farmer sales to an agricultural cooperative in this state that is a cooperative organization described in section 1381 of the Internal Revenue Code.	112	\$387
ORS 317A.100(1)(b)(UU)	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	135	\$716
ORS 317A.100(1)(b)(VV)	Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.	**	**
	All Other and Unknown	88	\$444
	Total	8,225	\$63,783

* Included in All Other and Unknown.

** Included in farmer sales to an agricultural cooperative in Oregon.

Index of Selected Industry Sectors

Sector classification information is based on the 2017 North American Industry Classification System (NAICS) sectors.

A brief description of industries found in each sector appears below. Additional information regarding the NAICS system may be found at www.census.gov/naics/.

Exhibit 21—NAICS Sector Codes, Titles, and Descriptions

Code	NAICS Sector Title and Description
11	Agriculture, Forestry, Fishing, and Hunting. Includes farming, animal production, logging, and support activities.
21	Mining. Includes the extraction of mineral solids, liquid minerals, and gases. Also includes mineral quarrying such as crushed gravel and sand mining.
22	Utilities. Includes electric, natural gas, and water utilities.
23	Construction. Includes residential and commercial construction, and specialty trade construction.
31	Manufacturing. Includes food, apparel, wood products, paper, chemical, plastics, machinery, computer products, electronics, and furniture manufacturing.
42	Wholesale Trade. Includes wholesalers for durable and nondurable goods. Also includes wholesale trade agents and brokers.
44	Retail Trade. Includes motor vehicle dealers. Includes furniture, building material, garden equipment, food, drug, clothing, sporting goods, music, and general merchandise stores. Includes non-store retailers such as catalog, online, and mail order firms.
48	Transportation and Warehousing. Includes air, rail, water, and truck transportation. Includes charter buses and sightseeing operations. Includes postal service and courier services.

Code	NAICS Sector Title and Description
51	Information. Includes book, newspaper, radio, and television broadcasting, telecommunications, data processing, and libraries.
52	Finance and Insurance. Includes banks, mortgage lenders, insurance companies, and pension funds.
53	Real Estate and Rental and Leasing. Includes offices of real estate agents and brokers. Includes automobile, videotape, consumer electronics, and industrial machinery rental and leasing services.
54	Professional, Scientific, and Technical Services. Includes legal services, architectural and engineering firms, accounting, advertising, photographic, marketing, and veterinary services.
55	Management of Companies and Enterprises. Includes offices of bank holding companies and other holding companies.
56	Administrative and Support and Waste Management and Remediation Services. Includes employment and security agencies. Includes exterminating, janitorial, and landscaping services. Includes waste management and remediation.
61	Educational Services. Includes technical and trade schools. Includes educational support services.
62	Health Care and Social Assistance. Includes offices of doctors and dentists. Includes hospitals, nursing care facilities, and day care facilities.
71	Arts, Entertainment, and Recreation. Includes performing arts, sports, museums, theme parks, golf and skiing facilities, and bowling centers.
72	Accommodation and Food Services. Includes hotels and restaurants.
81	Other Services (except Public Administration). Includes automotive, electronic equipment, industrial equipment repair, and household goods repair. Includes personal care services, dry cleaning, and photo finishing services.

Apportion. To proportionally attribute the cost subtraction to the states in which a taxpayer is doing business. The taxpayer's cost subtraction is divided proportionally, based on an apportionment method, among the states where the taxpayer does business. See *Cost Subtraction* and *Doing Business*.

Biennium. The period of two fiscal years for which the state budgets are determined. For example, July 1, 2019 to June 30, 2021 is referred to as the 2019-21 biennium.

CAT Subtraction. Taxpayers may subtract from their Oregon sourced commercial activity 35 percent of the greater of their eligible cost inputs or eligible labor costs. If a taxpayer has commercial activity both inside and outside of Oregon, they must apportion their eligible costs to only include those related to Oregon commercial activity. The amount of the CAT subtraction is limited to 95 percent of total Oregon commercial activity. See *Apportion*, *Commercial Activity*, *Cost Inputs*, and *Labor Costs*.

C Corporation. Refers to Internal Revenue Code subchapter "C." These corporations pay tax on their net income at the corporate level. Their corporate net income is taxed again when it is distributed as dividends to shareholders.

Commercial Domicile. Under ORS 314.610(2), the principal place from which the trade or business of a taxpayer is directed or managed (generally, the headquarters).

Commercial Activity. Under ORS 317A.100(1)(a), the total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business, without deduction for

expenses incurred by the trade or business. See OAR 150-317-1000 for more details.

Cost Inputs. The cost of goods sold (COGS) as calculated in arriving at federal taxable income under the Internal Revenue Code. For taxpayers engaged in farming operations doing business under NAICS code 111 (crop production), 112 (animal production and aquaculture), or 115 (support activities for agriculture and forestry) who are not required to report cost of goods sold for federal tax purposes, "cost inputs" means the taxpayer's operating costs excluding labor costs. See *COGS*.

Cost of Goods Sold (COGS). The direct costs of producing or acquiring the goods sold by a company. It includes the cost of material and labor directly used to create or acquire the goods, such as factory labor, raw materials, and factory overhead. It does not include indirect costs such as sales, advertising, accounting and legal fees, management salaries, office rents, etc.

Doing Business. Under ORS 317A.100(3), doing business means engaging in any activity, whether legal or illegal, that is conducted for, or results in, the receipt of commercial activity at any time during a calendar year

Employee. 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. "Employee" doesn't include:

- Partners in a partnership who receive guaranteed payments or distributive income.

Appendix D: Glossary of Terms

- 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.

Estimated Payments. Payments made during the tax year based on the expected final tax liability. For tax year 2020, estimated payments were only required if the taxpayer expected to have a tax liability of \$10,000 or more. Due dates were April 30, July 31, and October 31 of 2020 and January 31, 2021.

Exclusions. Receipts from certain items are excluded from Oregon commercial activity and are not taxed. See Appendix B for details on tax year 2020 exclusions.

Final Payment. A payment due with the return because the final tax liability was greater than the total pre-payments. For tax year 2020, pre-payments only include estimated payments.

Groceries. 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.

Labor Costs. Includes most types of compensation paid to employees, such as wages, health insurance benefits, retirement benefits, and any other fringe benefits, but it does not include employees' payroll taxes or compensation in excess of \$500,000 paid to any single employee. See *Employee*.

Limited Liability Partnership. A form of a partnership in which all partners have limited liability from errors, omissions, negligence, incompetence, or malpractice committed by other partners or by employees of the partnership. It is most used by professionals, such as doctors or lawyers, who practice together. See *Partnership*.

LLC. A limited liability company (LLC) is a business structure that protects its owners from personal responsibility for its debts and liabilities.

LLC Organized as a Partnership. A limited liability company treated as a partnership for tax purposes. An LLC with at least two members is classified as a partnership for federal income tax purposes unless it files Form 8832 and elects to be treated as a corporation. See *LLC* and *Partnership*.

LLC Organized as a Corporation. A limited liability company that has elected to be treated as a corporation for tax purposes by filing Form 8832 with the IRS. See *LLC*.

Partnership. A partnership is a business organization comprised of two or more people engaged in trade or business. Each person contributes money, property, labor or skill, and shares in the profits and losses of the business. The partners are jointly liable for the partnership's debts. A partnership does not pay income tax. Instead, it "passes through" profits or losses to its partners. Each partner reports their share of the partnership's income or loss on their personal income tax return.

Qualified Subchapter S Subsidiary. An S corporation that is owned by another S corporation. It is treated as a subsidiary of the parent corporation and in general, only the parent corporation files a federal tax return which include the income and deductions of the subsidiary. See *S Corporation*.

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. See *Groceries*.

S Corporation. Refers to Internal Revenue Code subchapter "S." S corporations are "pass-through" entities, in which the

corporation's income and losses are passed through to the S corporation's shareholders, where they are taxed as personal income. A corporation qualifying under this section can have no more than 100 shareholders, which should be U.S. citizens or residents. There should be only one class of stock (though there may be voting and nonvoting shares). Trusts holding stock must meet certain conditions as well.

Single-Family Residential Construction.

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.

Single Member LLC. A limited liability company with one owner. The owner is generally protected from personal liability for debts associated with the business. By default, the IRS tax treatment is the same as for a sole proprietorship, with all business losses and profits reported on the owner's individual tax return. However, the owner does have the option of choosing to be taxed as a corporation. See *LLC*.

Sole Proprietorship. A business entity owned and managed by one individual. The owner does not pay separate income tax on the business but reports all losses and profits on their individual tax return. Because the owner is indistinguishable from the business, the owner remains personally liable for all debts of the business.

State of Incorporation. The state where a business is registered as a corporation making it a legal entity separate from its owners and staff.

Subcontractor Exclusion. An amount subtracted from Oregon commercial activity, available to general contractors who incur labor costs for single-family residential construction located in Oregon. The exclusion is 15 percent of the labor costs paid to a subcontractor. It does not include payments made for materials, land or permits and is not allowed for payments between subcontractors. See *Single-Family Residential Construction*.

Tax Base. In general, the total amount of income, property, assets, consumption, transactions, or other economic activity subject to taxation by a tax authority. For the CAT, the tax base is commercial activity as defined in ORS 317A.100(1)(a)-(b).

Taxable Commercial Activity. Oregon commercial activity minus the CAT subtraction and the subcontractor exclusion. The first \$1 million of taxable commercial activity is excluded from taxation. See *CAT Subtraction* and *Subcontractor Exclusion*.

Tax Liability. Also referred to as tax or the CAT. The amount of tax calculated to be owed. It does not include penalties or interest.

Taxpayer. Under ORS 317A.100(17)(a), any person or unitary group required to register, file, or pay the corporate activity tax under ORS 317A.100 to 317A.158.

Unitary Business. A unitary business is one that has, directly or indirectly between members or parts of the enterprise, either a

sharing or an exchange of value shown by one or more of the following:

- Centralized management or a common executive force
- Centralized administrative services or functions resulting in economies of scale
- Flow of goods, capital resources, or services showing functional integration.

See also *Unitary Group*.

Unitary Group. Under ORS 317A.100(19), unitary group means a group of persons with more than 50 percent common ownership, either direct or indirect, that is engaged in business activities that constitute a unitary business.

Wholesale Sales of Groceries. A taxpayer may exclude receipts from the wholesale sale of groceries provided that the sale meets all 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. 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).

See *Groceries*.

