



Pass-through Entity Elective (PTE-E) Tax

Operations and Policy Unit

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Email: BusinessAlternative.IncomeTax@dor.oregon.gov

PTE-E Return Filing

- Electronic file only
- Register to file
- Late filing of the OR-21
- PTE with loss or no tax to pay
- Action item alert appears while logged into Revenue Online

PTE-E Payments

- Payments
 - Return payments
 - Estimated payments
 - First installment due April 18, 2023
 - Second installment due June 15, 2023
 - Third installment due September 15, 2023
 - Fourth installment due January 16, 2024
- Refunds
 - Overpayment
 - PTE-E election not made
- Payments not showing on account
 - Send email to BusinessAlternative.IncomeTax@dor.oregon.gov

Estimated Payment Interest

Underpayment of estimated
tax interest applied during the
first year

Payment Effects on Members

- Members receive credit if the PTE did not make estimated payments:
 - Additional tax owed at the entity level
 - Entity subject to underpayment interest
- Member received letter denying credit

Payment Effects on Members

- Sufficient estimated payments made at member level:
 - Member withholding will not cover estimated payments
 - Member estimated payments considered for PTE requirement
- Waiver of underpayment penalties and interest:
 - PTE if election made and members made sufficient payments
 - Members if election not made and PTE made sufficient payments

House Bill (HB) 2083

One change during legislation:

Increase the PTE-E program
from two years to four years

Communicating with PTE-E Team

- Questions can be sent to:
 - BusinessAlternative.IncomeTax@dor.oregon.gov
- External Webpage:
 - www.oregon.gov/dor/programs/businesses/Pages/Pass-Through-Entity-Elective-Tax.aspx
 - *(From our main page, click the Businesses section and follow the link under Resources)*
- Subscribe to Pass-Through Entity Elective Tax Updates emails:
 - www.oregon.gov/dor
 - *(Under Contact and Follow Us at the bottom of the page)*
- Revenue Online: revenueonline.dor.oregon.gov





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 Kids Credit

Presented by Richard Daughters

Oregon Kids Credit

- House Bill 3235 (2023) created a new refundable credit.
- Eligibility:
 - Modified adjusted gross income of under \$30,000.
 - Credit phased out above \$25,000 modified AGI.
 - Dependent child age 5 or younger.
 - Not available for individuals who are married filing separately.
- Credit is up to \$1,000 per child, up to 5 children.

Oregon Kids Credit

- Must file an Oregon return to claim the credit.
- Advanced payments:
 - Quarterly payments, totaling 50% of credit.
 - Need federal waiver to not affect benefits.
 - If waiver is successful, advanced payments will begin in either 2025 or 2026.

Calculation

Oregon Kids Credit Worksheet

Part A: Credit amount

1. Enter your income after subtractions from line 15. 1. _____

2.

2a. Did you claim any losses on your Form 1040? Yes No

2b. Did you enter an amount greater than 0 on your Form OR-40, line 13? Yes No

If you answered **no to both** 2a and 2b, enter 0 on line 2 and continue. Do **not** complete Part B: Loss amount.

If you answered **yes to either** 2a or 2b, complete Part B: Loss amount and enter the total from line 10 on line 2.

3. Line 1 plus line 2 2. _____
3. _____

Is line 3 \$30,000 or more?

If **yes, STOP**. You can't claim the Oregon Kids Credit.

If **no**, continue to line 4.

Calculation (Cont.)

4. Phaseout amount 4. \$25,000
5. Line 3 minus line 4. If less than zero, enter 0. 5. _____
6. Line 5 divided by \$5,000. Round to two decimal places. 6. _____
7. Credit amount before phaseout:
 - 7a. Number of dependent children age five or younger. Don't enter more than 5. 7a. _____
 - 7b. Maximum credit amount per child. 7b. \$1,000Line 7a multiplied by line 7b. 7. _____
8. Credit reduction. Line 6 multiplied by line 7. 8. _____
9. Line 7 minus line 8. **This is your Oregon Kids Credit.** 9. _____
Enter the amount from line 9 on Form OR-40, line 37.

Calculation (Cont.)

- 10a. Capital (loss) from Form 1040, line 7 10a. _____
- 10b. Business (loss) from Form 1040, Schedule 1, line 3. If you claimed Oregon subtraction code 359 or 385, see instructions. 10b. _____
- 10c. Other (loss) from Form 1040, Schedule 1, line 4. 10c. _____
- 10d. Rental real estate, etc. (loss) from Form 1040, Schedule 1, line 5. 10d. _____
- 10e. Farm (loss) from Form 1040, Schedule 1, line 6. 10e. _____
- 10f. Net operating loss from Form 1040, Schedule 1, line 8a. 10f. _____
- 10g. Losses from Schedule OR-ASC, Section B (codes 321, 355, 356, and 357). 10g. _____
- 10h. Add lines 10a through 10g. 10h. _____
- Line 10h minus 20,000. If less than zero, enter 0. 10. _____
- Enter the amount from line 10 on Part A, line 2 of the worksheet.



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Oregon Updates

Presenter: Chelse Leavitt

October 27, 2023



Military Residency Election

October 27, 2023

Military Residency Election

A military servicemember and the servicemember's spouse may now elect to use as their tax residence:

- The residence of the servicemember.
- The residence of the spouse.
- The permanent duty station of the servicemember.



Property Casualty Loss

October 27, 2023

House Bill (HB) 2812 (2023) – Property Casualty Loss

- Creates Oregon personal income tax subtraction
- Amount of personal casualty loss
- Governor must declare a state disaster or invoke Emergency Conflagration Act

HB 2812 (2023) – Property Casualty Loss

- Previously only presidential disasters qualified, not state disasters
- Disaster declaration list at [Office of Oregon Governor, Executive Orders.](#)

HB 2812 (2023) – Property Casualty Loss

- Applies to tax years 2020 through 2026
- Includes Oregon 2020 Labor Day Fires – can amend past tax
- Burned 1.2 million acres and destroyed 5,000 structures



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Agricultural Worker
Overtime Project
House Bill 4002 (2022)

Background

- House Bill 4002 established mandatory overtime pay for certain employees working more than the maximum allowable hours per week.
 - The Legislature extended overtime pay to employees working in the agricultural industry.
 - The measure includes almost every sector of the industry.
 - Includes a tax credit for employers.
 - The credit is not offered to labor contractors.
- \$55 million total credit per year
- Application process, not a certification process

Background (cont.)

- Automatic filing extension for all applicants
- Six-year phase-in period
- SB 1524 (2022)
 - Three-year net operating loss (NOL) for personal income and corporation tax programs
- Exceptions:
 - Family members
 - Administrative employees
 - Individuals described in ORS 653.020(1)

Background (cont.)

Agriculture Employer Overtime Tax Credit

	Tax credit as a percentage of overtime costs				
Year	Overtime threshold	More than 50 FTE*	26 to 50 FTE* & dairies with more than 25 FTE*	Not more than 25 FTE*	Dairies with not more than 25 FTE*
2023	55 hours	60%	75%	90%	100%
2024	55 hours	60%	60%	80%	100%
2025	48 hours	45%	60%	80%	100%
2026	48 hours	30%	50%	60%	100%
2027	40 hours	15%	50%	60%	100%
2028	40 hours	15%	50%	60%	100%

**FTE is full-time equivalent*

DOR Responsibility

- Create an application approval process
 - Electronically through Revenue Online
- Develop unit to process applications
 - Review application
 - Deny or approve
 - Work appeals
 - Monitor amount of credit requested
 - Apportion credits
 - Mail notices to eligible applicants of allowable credit

DOR Responsibility (cont.)

- Create administrative rules
 - Phase 1
 - Phase 2
- Partner with external agencies for rules and reporting
 - Bureau of Labor Industries (BOLI)
 - Oregon Department of Agriculture (ODA)
 - Oregon Business Development Department
 - Oregon Employment Department (OED)

Application Filing Timeline 2024

- January 1 to January 31 - Tax credit application filing period.
- January to February - Department reviews tax credit applications.
- February 15 – Denial letters mailing deadline.
- February to March - Taxpayer appeal process.
 - Must appeal within 30 days of letter.
 - Final determination will be by mid-May.
- June 1 - Tax credit approval letter mailed with allowed credit amount.
- October 15 - Extension filing due date (an automatic tax return filing extension granted to all applicants).

Outreach

- Continued in 2023
 - Conventions, conferences, fairs, and more
- Tax Professional Liaison meetings
- Webpage
- GovDelivery bulletins

Communicating with Ag OT Team

- Tax credit questions can be sent to Ag.Overtime@dor.oregon.gov
- Project managers:
 - Daron Prara, PTAC Operations and Policy Unit
 - Favi Morales, PTAC Operations and Policy Unit
- External Webpage
 - www.oregon.gov/dor/programs/businesses/Pages/ag-overtime
 - *(From our main page, click the Businesses section and follow the link under Resources)*
- Subscribe to Agriculture Overtime Update emails
 - www.oregon.gov/dor
 - *(Under Contact and Follow Us at the bottom of the page)*
- Wage and hour questions can be sent to Ag.Overtime@boli.oregon.gov

