

**OREGON  
DEPARTMENT  
OF REVENUE**

**Tax Professional  
Liaison Meeting**

October 31, 2022  
Mona Henry, Senior Tax Auditor  
John Post, Senior Tax Auditor  
Questions? Email to [TaxProfessional.Meeting@dor.oregon.gov](mailto:TaxProfessional.Meeting@dor.oregon.gov)

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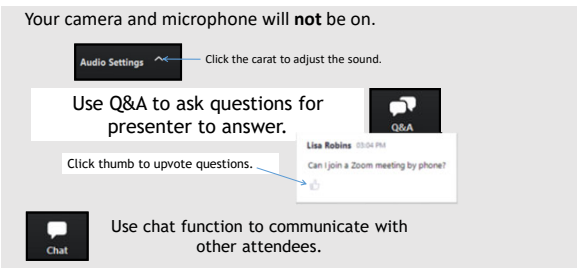
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### How to participate

Your camera and microphone will **not** be on.



Audio Settings — Click the carat to adjust the sound.

Use Q&A to ask questions for presenter to answer.

Click thumb to upvote questions.

Use chat function to communicate with other attendees.

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# Welcome!

- Agenda located on DOR website
- Use Q&A to ask presenter questions
- Code words for CE credit

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**OREGON  
DEPARTMENT  
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**Agricultural Worker  
Overtime Project  
HB 4002 (2022)**

Operations and Policy Unit  
Favi Morales, Project Manager  
Email: ag.overtime@dor.oregon.gov

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**Background**

- House Bill 4002 established mandatory overtime pay for certain employees working more than 40 hours per week.
  - The Legislature wanted to extend 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

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**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)

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Background (cont.)

**Agriculture Employer Overtime Tax Credit**

Year	Overtime threshold	Tax credit as a percentage of overtime costs			
		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

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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

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DOR Responsibility

- 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)

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### Application Filing Timeline 2024

- Application filing period January 1 through January 31
  - Automatic extension granted – extension filing due date October 15
- Department reviews applications
  - Approved
  - Denied – denial mailed by February 15
- Appeal process to be determined (Phase 2)
- Approval letter with allowed credit amount mailed by June 1

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### Outreach

- Listening sessions
- Tax Professional Liaison meeting
- Webpage
- GovDelivery

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### Communicating with Ag OT Team

Questions can be sent to: [Ag.Overtime@dor.oregon.gov](mailto: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](http://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](http://www.oregon.gov/dor)

(Under Contact and Follow Us at the bottom of the page)

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**OREGON  
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OF REVENUE**

**Pass-through Entity  
Elective Tax**

Tax Practitioner Liaison Meeting  
October 31, 2022  
Jackie Hovey

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**Pass-Through Entity Elective Tax – SB 727 (2021)**

- For tax years beginning on or after January 1, 2022 and before January 1, 2024
- Allows state income tax to be paid at pass-through entity level
- Avoids \$10,000 cap on state and local tax deduction
- SB 1524 (2022) requires estimated payments

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**Pass-Through Entity Elective Tax (PTE-E Tax)**

PTE and owner requirements

- PTE taxed as partnership or S corporation only
- Owners must be individuals only or upper-tier PTE with only individual members
- All owners must consent to election
  - Exception for authorized officer, manager, or member
- Upper-tier PTE may make its own election
- All owners must consent to revocation

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Pass-Through Entity Elective Tax (PTE-E Tax)

Election made by filing return

- Must elect for each year
- Calendar-year basis
- File electronically or through Revenue Online **only**
- Instructions will be available for download
  - Form OR-21 – return
  - Schedule OR-21-MD – member directory
  - Schedule OR-21-MD-PT – additional for tiered entities
  - Schedule OR-21-AP – if apportionment required

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Pass-Through Entity Elective Tax (PTE-E Tax)

Estimated payments required

- Calendar-year due dates
- Publication OR-21-EST available for download
- Register on Revenue Online before making estimated tax payments
- Fourth quarter estimated payment due January 17, 2023
  - First and second quarter payments were due June 15, 2022
  - Third quarter was due September 19, 2022

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Pass-Through Entity Elective Tax (PTE-E Tax)

Information for owners

- Downloadable form and instructions
  - Schedule OR-21-K-1
- Distributive share of income from K-1 reported as usual
- Individual reports addition required for PTE-E tax deducted on entity's federal return – Code 167
- Individual claims refundable credit for PTE-E tax paid – Code 900

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### Pass-Through Entity Elective Tax (PTE-E Tax)

#### Amended rules

- 150-314-0515 Oregon Composite Return
- 150-314-0520 Pass-through Entity Withholding Requirements
- 150-316-0043 Qualified Business Income Reduced Tax Rate (QBIRTR)
- 150-316-0084 Credit for Income Taxes Paid to Another State – Computation

#### New rules

- 150-314-XXXX Timing of fiscal year PTEs and when members claim the addition and credit.
- 150-314-XXXX Estimated tax, UND, and Waiver of UND

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#### Questions?

For general questions about the PTE-E, email:  
[BusinessAlternative.IncomeTax@dor.oregon.gov](mailto:BusinessAlternative.IncomeTax@dor.oregon.gov)

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### Capital Losses

Tax Practitioner Liaison Meeting  
 October 31, 2022  
 Jason Larimer

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Break | 9:55 – 10:05

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OREGON DEPARTMENT OF REVENUE

Oregon Psilocybin Tax: An Introduction

Tax Practitioner Liaison Meeting  
October 31, 2022  
Kelvin Adkins-Heljeson

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**Psilocybin Tax Basics: ORS 475A.658-475A.714**

- Beginning on January 1, 2023. A 15% tax on the purchase price of psilocybin products sold at OHA licensed psilocybin service centers.
- Associated services are *not* subject to the tax.
- Tax is paid by clients and held in trust by the Psilocybin Service Center Operator to be remitted to the Oregon Department of Revenue.
- If a Service Center Operator charges a client too much tax, they will be required to refund the excess to the client.

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### Psilocybin Tax: Registration

- All Psilocybin Service Centers must register with the Department of Revenue on Revenue Online as a Psilocybin Tax Collector.

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### Psilocybin Tax Registration

- Information needed for registration:
  - Business Name
  - Federal Employer Identification Number (FEIN) if registering as a business.
  - Social Security Number or Individual Tax Identification Number (ITIN) if individual.
  - Mailing Address and Physical Location Address.
  - The date you will begin selling psilocybin products.
  - Valid email address or Revenue Online Account.
  - Oregon Health Authority Psilocybin License Number.

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### Psilocybin Tax: Returns

- Psilocybin Tax Returns are due quarterly on the last business day of the month following the calendar quarter.
  - 1st quarter, due April 30
  - 2nd quarter, due July 31
  - 3rd quarter, due October 31
  - 4th quarter, due January 31
- All returns will be filed electronically on Revenue Online.
- You will need to input the month of sales, the number of psilocybin products sold, and the amount of taxable psilocybin sales.

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### Psilocybin Rulemaking

- The Department of Revenue held two Rules Advisory Committee meetings (August and September 2022).
- Rules will be published in the November 2022 Bulletin.
- Public Comments on the proposed rules will be accepted, and a Public Hearing will occur on November 17, 2022.

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### Other issues to remember

- Penalties apply to unpaid taxes and for failure to file a return. The penalties can be up to 100% of the unpaid tax.
- Interest applies to unpaid taxes.
- ORS 475A.674 provides the Department of Revenue authority to hold psilocybin service center operators personally liable for unpaid trust fund taxes.
- Refunds are capped at \$1,000 per quarter. The rest in excess of \$1,000 will be applied to a subsequent filing period.

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### Internal Revenue Code Section 280E

- No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.

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**What about Oregon?**

- ORS 316.680(1)(j) allows a subtraction from Oregon income for the same ordinary and necessary business expenses incurred for your business that are allowed for other businesses in the state.
- Taxpayers will submit a second Oregon-only schedule to determine the amount of the Oregon Income Tax subtraction. This is filed with the form OR-ASC, section B or OR-ASC-NP, section C.

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**Contact information/Questions?**

- Psilocybin Tax questions?
  - [Psilocybin.help@dor.oregon.gov](mailto:Psilocybin.help@dor.oregon.gov)

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**OREGON  
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**Property Tax**

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Tax Practitioner Liaison Meeting  
October 31, 2022

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Property Tax Questions?


**Finance, Taxation, & Exemptions Team**

503-945-8293 (message line)  
[finance.taxation@dor.oregon.gov](mailto:finance.taxation@dor.oregon.gov)




Local Budget Law


Property Tax Exemptions


Tax Roll & Tax Collection Generally

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## DOR Updates

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Tax Practitioner Liaison Meeting  
October 31, 2022

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## Earned Income Credit (EIC) Changes and Updates

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October 28, 2022  
Codi Trudell  
Oregon Taxpayer Advocate

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EIC for ITIN Filers

HB 2433-A Section 49

Enrolled  
**House Bill 2433**

- Amends ORS 315.266
  - Allows for individuals who'd qualify for the EIC, if it weren't for IRC Section 32(m), to claim the EITC in Oregon.
    - IRC Section 32(m) specifies that eligible individuals must have an issued Social Security Number.

**W-9**  
Form  
File: October 2018  
Department of the Treasury  
Internal Revenue Service

**Request for Taxpayer  
Identification Number and Certification**

Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

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EIC for ITIN Filers

- Earned Income Credit for ITIN filers is calculated using Schedule OR-EIC-ITIN, a new schedule for tax year 2022.
  - This schedule *must* be included with the Oregon return when filed.
- The credit is claimed on the OR-ASC using code 898.

Section B: Refundable credits  
(codes 890-899)

Code	Amount
F1	F2
F3	F4
F5	F6
Total refundable credits	
F7	Total F7

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Obtaining an ITIN

First step to claiming Oregon EIC for many

- Two ways to apply
  - Submit original documents to IRS along with a completed tax return
    - IRS estimates ITIN applications, Form W-7, take seven weeks to complete.
    - Mailing original documents like birth certificates, VISAs or passports is cause for anxiety for some eligible persons.
  - Make application with the help of a Certifying Acceptance Agent (CAA)
    - CAA can make copies of the document and assist individuals in completing Form W-7 and making application.
    - IRS website includes a list off CAAs in Oregon.

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DOR ITIN/EIC project

Agency will partner with community organizations

- Culturally-responsive groups can help spread the word
- Tax assistance groups like CASH Oregon can directly assist taxpayers

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Plan to expanding ITIN/EIC filers

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HB 4117 Tax Filing Assistance Grant Program

- Appropriated approx. \$4M in the 2021-23 biennium to DHS to fund a grant program DHS must adopt that helps low-income residents of Oregon file their taxes.
  - Expand community-based organizations understanding of financial services to include considerations for tax support services
  - Current or new networks to support culturally specific, culturally responsive, tribal communities and rural tax support providers under-resourced, in need of stabilization and/or expansion
  - Avenue to address and minimize existing knowledge and geographical gaps and barriers surrounding the benefits of tax support services

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Phase I Grants

- Community-based organizations can apply now.
  - New and existing direct tax filing services
- Request amounts up to \$150k
  - Money must be spent by June 30, 2023
  - Ongoing resources available for this work in 2023
- Contact
  - James Barta: [james.barta@dhsoha.state.or.us](mailto:james.barta@dhsoha.state.or.us)

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**Questions?**  
Codi Trudell  
503-985-2973  
[codi.trudell@dor.Oregon.gov](mailto:codi.trudell@dor.Oregon.gov)

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10:50-11:00

Association  
Updates & News

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