



Oregon Corporate Excise & Income Tax Statistics

Characteristics of Corporate Taxpayers

2022 Edition:

Corporate Tax Receipts Fiscal Year 2021-22

Corporate Tax Returns Tax Year 2020

150-102-405 (Rev. 12-22)

2022 Edition



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For information on how to receive additional copies, contact:

**Oregon Department of Revenue
Research Section**

955 Center St NE
Salem, OR 97301-2555
503-945-8383
dor.research@dor.oregon.gov

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Oregon Corporate Excise and Income Tax Statistics

Characteristics of Corporate Taxpayers

2022 Edition

**Corporate Tax Receipts Fiscal Year 2021-22
and Corporate Tax Returns Tax Year 2020**

Prepared by

Research Section
Principal Economist: Mary Fitzpatrick

Oregon Department of Revenue
Salem, OR 97301-2555

150-102-405 (Rev. 12-22)

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Since 1929, corporations in Oregon have paid a form of income tax. These revenues were 10.3 percent of the General Fund in the 2021-22 fiscal year (July 1, 2021–June 30, 2022), and are projected to be about 9.3 percent of total General Fund revenue in the 2021-23 biennium.

| Exhibit 1—Oregon Corporate Tax Receipts 2021-22 Fiscal Year | |
|--|-----------------|
| Corporate Tax Revenue | \$1,539 million |
| Percent of General Fund | 10.3% |

Corporate revenues were a larger share of the General Fund in fiscal year 2020-21 than they are forecasted to be for the 2021-23 biennium due to a projected decline in corporate revenues. Corporate tax collections for the 2022-23 fiscal year are forecasted to decline almost 30 percent to approximately \$1.1 billion.

This summary report describes the characteristics of Oregon corporate taxpayers and is divided into three sections:

- ***How Corporations are Taxed:*** contains background information on the taxation of corporations in Oregon. It includes descriptions of the computation of tax and details on S corporations and insurance corporations.
- ***Corporate Tax Receipts:*** provides descriptive information based on corporate tax receipts through fiscal year 2021-22. Tax law requires corporations to make quarterly estimated payments on anticipated taxes for the current year in addition to making payments or receiving refunds after the end of a tax year. This receipt data is a rich source of information that allows for timely analysis of trends in overall corporation payments and in specific industry sectors.
- ***Corporate Tax Returns:*** focuses on corporate tax returns corresponding to tax year 2020. Corporations must file tax returns that contain detailed information about their income and the calculation of final tax liability. These details allow for more thorough analysis of the characteristics of Oregon corporate taxpayers. However, because corporations file tax returns well after the end of a tax year and often obtain deadline extensions before filing their returns, the information from return data is not as current as the data from receipts.

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

Section I: Introduction

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

www.oregon.gov/dor/forms

- Corporation income tax forms and instructions for current and previous tax years.

www.oregon.gov/dor/programs/businesses/pages/corp-requirements.aspx

- Provides excise and income tax filing information and requirements.

www.oregon.gov/dor/stats

- The State of Oregon 2023–25 Tax Expenditure Report.
- Other statistical and descriptive information about Oregon's tax programs.

A. Background

Oregon began taxing corporate net income in 1929, the same year that the state began taxing personal income. The state initially enacted these taxes to offer relief from property taxation. The 1929 law states that “...the revenue derived from the tax shall reduce by corresponding amount the direct tax levy which the tax commission would otherwise apportion to the several counties of the state” (*Corporation Excise of 1929*, Oregon Laws 1929, Chapter 427, sec. 23). Legislation enacted in 1951 broke this explicit tie to the property tax. From that time forward, revenues from the corporate tax have contributed to the General Fund for general appropriations.

Although commonly referred to as “Oregon corporate income tax,” corporations are subject to either the corporate excise tax or the corporate income tax.

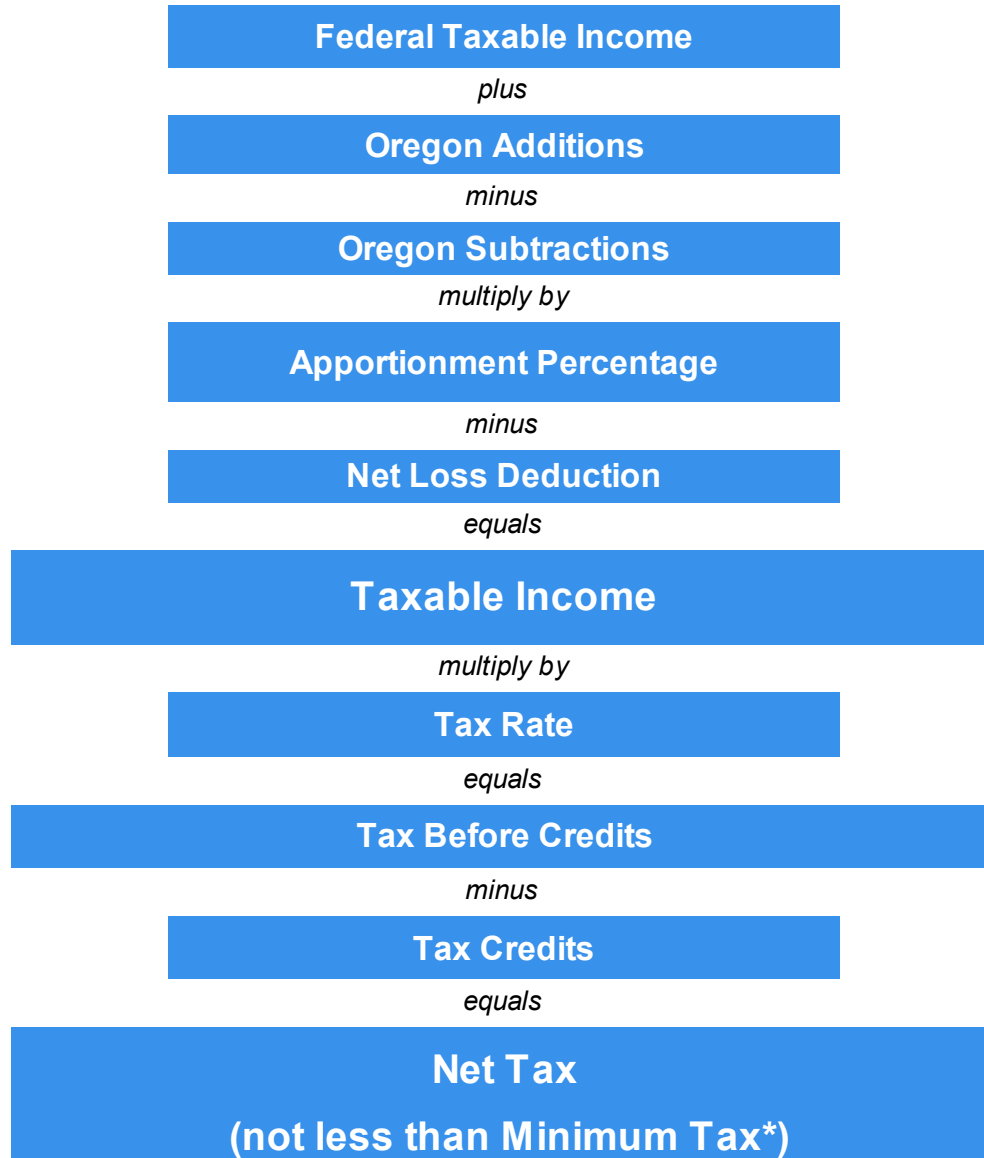
Corporations doing business in Oregon pay the **excise tax**. Doing business means carrying on or being engaged in any profit-seeking activity in Oregon. Corporations not doing business in Oregon but with income from an Oregon source pay the **income tax**. Most corporations pay the excise tax.

Current tax law treats corporations differently according to their organizational structure. Generally, C corporations pay corporate excise or income taxes on their income, while the income of S corporations passes through to shareholders who are then taxed under the personal income tax system. These distinctions are discussed in greater detail later in this report.

Tax Calculation

On the following page is a basic description of the calculation of taxes for corporations subject to the Oregon corporation excise or income tax. Because the corporate tax program is complex, not every detail is presented here. Instead, this discussion focuses on the major components of the computation of corporate taxes. Exhibit 2 provides a flowchart of this computation that is discussed below. For additional information, please refer to the Oregon Department of Revenue's corporation tax forms and instructions available at www.oregon.gov/dor/forms.

Exhibit 2—Computation of the Corporate Excise Tax



* Minimum tax is based on Oregon sales.

Starting Point: Federal Taxable Income

Oregon's definition of taxable income for corporations is tied to federal taxable income. Federal taxable income is essentially gross income minus the costs of doing business such as salaries, repair and maintenance, employee benefit programs, and depreciation. The Oregon corporate return modifies federal taxable income through additions and subtractions.

Oregon Additions

Additions are sources of gross income that are taxable in Oregon but not by the federal government or deductions allowed under federal law but not allowed under state law. Some common Oregon additions include state or municipal interest income, and Oregon excise tax or other state taxes measured by net income or profits.

Oregon Subtractions

Subtractions are sources of gross income that are taxable at the federal level but not by Oregon, or deductions allowed by state law but not allowed under federal law. Oregon subtractions include marijuana business expenses and income of non-unitary corporations.

Apportionable Income

Apportionable income is income arising from transactions and activities in the regular course of the taxpayer's business. It includes income from tangible and intangible property related to the regular business operation. For purposes of state taxation, income of corporations that conduct business exclusively in Oregon is taxed only by Oregon. Corporations doing business in more than one state must determine the share of their income earned from Oregon activities.

Before tax year 1991, a corporation's income was apportioned to Oregon by a three-factor formula. The factors used in this formula were Oregon payroll relative to total payroll in all states, Oregon property relative to total property in all states, and Oregon sales relative to total sales in all states. An Oregon percentage was calculated for each of these factors and these three percentages were weighted equally to determine an overall apportionment percentage that was applied to total income of the corporation.

Section II: How Corporations Are Taxed

In 1991, Oregon switched to a double-weighted sales factor to arrive at the apportionment percent, calculated as 50 percent of the sales factor plus 25 percent of the property factor and 25 percent of the payroll factor. Tax years starting on or after May 1, 2003 used a super weighted sales factor, where the apportionment percent was calculated as 80 percent of the sales factor plus 10 percent each of the property and payroll factors. Tax years starting on or after July 1, 2005 use only Oregon sales relative to sales in all states to determine apportionment percentage.¹ Refer to Exhibit 3 for a table summarizing the changes to apportionment.

Exhibit 3—Contribution of Factors to Apportionment Percentage

| | Property | Payroll | Sales |
|---------------------------------|-----------------|----------------|--------------|
| Three factor (pre-1991) | 33% | 33% | 33% |
| Double-weighted sales (1991) | 25% | 25% | 50% |
| Super-weighted sales (5/1/2003) | 10% | 10% | 80% |
| Single sales factor (7/1/2005) | 0% | 0% | 100% |

Allocation of Nonapportionable Income

Income that is not apportionable is not apportioned using the apportionment formula, but generally is allocated to the state where the income-producing activity occurs or to the state of the taxpayer's commercial domicile. For instance, rental income or loss that is not associated with the taxpayer's regular business would be assigned to the state where the rental takes place. Nonapportionable income from intangible assets such as patent royalties may be assigned to the state of the taxpayer's commercial domicile in certain circumstances.

Net Loss Deduction

Oregon law allows an operating loss to be used to offset future tax liability for up to 15 years. Apportioned losses carried forward from prior years may reduce a corporation's current-year taxable income. Oregon law does not allow operating losses to offset past tax liability. Capital losses may be used to reduce the amount of capital gain income taxed by Oregon. Capital losses may be carried back for up to three years, and then carried forward for up to five years.

Taxable Income and Tax Before Credits

Oregon taxable income results from applying apportionment and allocation, then subtracting losses explained above. Multiplying Oregon taxable income by the tax rate produces tax before credits based on rates. The tax rate has changed many times since corporate tax was introduced in 1929, with rates ranging from 5 to 9 percent. In 1987, the rate was reduced from 7.5 to 6.6 percent, where it remained until 2009.

¹ The apportionment methods described here are used for most corporations. Utilities and telecommunications companies may elect to use a double-weighted sales factor formula. This exception and the effect on these corporations' tax are described in more detail in the *State of Oregon 2023-25 Tax Expenditure Report*, which is available at www.oregon.gov/dor/stats.

With the voter approval of Measure 67 in January 2010, a second marginal corporate tax rate was created. For tax years 2009 and 2010, corporations paid a tax rate of 6.6 percent on taxable income up to \$250,000, and a rate of 7.9 percent on any amount of taxable income greater than \$250,000. For tax years 2011 and 2012, the tax rate remained at 6.6 percent for income up to \$250,000, while the tax rate for taxable income greater than \$250,000 decreased from 7.9 percent to 7.6 percent. With the passage of HB 3601 during the 2013 special legislative session, for tax year 2013 forward, the tax rate is 6.6 percent for taxable income of \$1 million or less, and 7.6 percent for taxable income greater than \$1 million. Exhibit 4 provides a history of Oregon corporation tax rates.

Exhibit 4—Corporate Tax Rates, 1929 to Present

| Tax Year | Tax Rate | Type of Corporation |
|-----------------|-----------------|---|
| 1929 | 5.0% | All Corporations |
| 1932 | 8.0% | All Corporations |
| 1955 | 4.0% | All Corporations |
| 1957 | 6.0% | Regular Corporations |
| | 7.0% | Public Utilities |
| | 9.0% | Financial Corporations |
| 1959 | 6.0% | Regular Corporations |
| | 6.0% | Public Utilities |
| | 9.0% | Financial Corporations |
| 1963 | 6.0% | Regular Corporations |
| | 6.0% | Public Utilities |
| | 8.0% | Financial Corporations |
| 1976 | 6.5% | Regular Corporations |
| | 6.0% | Public Utilities |
| | 6.5% | Financial Corporations |
| 1977 | 7.0% | All Corporations |
| 1978 | 7.5% | All Corporations |
| 1987 | 6.6% | All Corporations |
| 2009 | 6.6% | All Corporations, taxable income <= \$250,000 |
| | 7.9% | All Corporations, taxable income > \$250,000 |
| 2011 | 6.6% | All Corporations, taxable income <= \$250,000 |
| | 7.6% | All Corporations, taxable income > \$250,000 |
| 2013 | 6.6% | All Corporations, taxable income <= \$1 M |
| | 7.6% | All Corporations, taxable income > \$1 M |

Minimum Tax

When established in 1929, the corporation excise tax included a minimum tax of \$25. The 1931 Legislature decreased the minimum excise tax to \$10. With voter approval of Measure 67 in January 2010, a new minimum tax structure was implemented effective for the 2009 tax year.

Section II: How Corporations Are Taxed

The tiered minimum tax amounts are detailed in Exhibit 5. The corporate minimum tax is based on Oregon sales as defined in ORS 314.665. For a corporation that only does business in Oregon, this amount is the total sales of the business. If a corporation does business in multiple states, the sales in Oregon, as defined by ORS 314.665, are used to determine the minimum tax.

In May of 2013, the Oregon Supreme Court decided in *Con-way, Inc. & Affiliates v. Department of Revenue* that all C corporation tax credits, except for the “contributions of computers or scientific equipment for research” credit and the surplus kicker credit, could be applied against the minimum tax of C corporations.² So although a corporation’s tax liability before credits was the greater of the calculated tax based on rates or the minimum tax, the use of credits could reduce the final net tax below the minimum. However, with the passage of HB 2171 during the 2015 legislative session, C corporations were not allowed to use credits to offset the minimum tax for tax years 2015 through 2020 and this change became permanent with the passage of HB 2066 in 2017.

Exhibit 5—Corporate Minimum Tax For Tax Years Beginning in 2009

| Oregon Sales | Minimum Tax |
|-------------------------------|--------------------|
| < \$500,000 | \$150 |
| \$500,000 to \$1 million | \$500 |
| \$1 million to \$2 million | \$1,000 |
| \$2 million to \$3 million | \$1,500 |
| \$3 million to \$5 million | \$2,000 |
| \$5 million to \$7 million | \$4,000 |
| \$7 million to \$10 million | \$7,500 |
| \$10 million to \$25 million | \$15,000 |
| \$25 million to \$50 million | \$30,000 |
| \$50 million to \$75 million | \$50,000 |
| \$75 million to \$100 million | \$75,000 |
| \$100 million or more | \$100,000 |

Credits and Net Tax

For tax year 2020, a corporation could claim any of 33 applicable credits to reduce its Oregon tax liability. A corporation’s tax liability or net tax is the greater of the minimum tax or the amount of tax calculated to be owed by subtracting credits from the tax based on rates. See pages 34 to 35 for information on credit usage by C corporations. The *State of Oregon 2023-25 Tax Expenditure Report* also provides a thorough discussion of corporate tax credits. The report is available at www.oregon.gov/dor/stats.

² Due to the passage of Measure 85 in 2012, corporate kicker refunds are now allocated to the General Fund to provide additional funding for K through 12 education. See Appendix A: Surplus Kicker for more information.

Other Corporations

The minimum tax for S corporations filing excise tax returns increased from \$10 to \$150 starting with tax year 2009 due to Measure 67. Oregon statute does not allow any tax credits to be applied against the S corporation minimum tax (ORS 314.752). The taxation of S corporations varies from the taxation of C corporations because nearly all income of S corporations is passed on to the corporation's shareholders and taxed as personal income.

The taxation of insurance corporations also varies from the taxation of C corporations. Insurance corporations use different definitions and application of apportionment factors and a different computation of taxable income that is based on their annual statement filed with the Oregon Insurance Commissioner. See Section 2B for more information on S corporations and Section 2C for additional information on insurance corporations.

Section II: How Corporations Are Taxed

B. S Corporations

Certain corporations are known as "pass-through" entities because their income (or loss) passes through to the individual shareholders, then is taxed as personal income. These S corporations (so named because of the section in the IRS Code describing them) must be U.S. corporations subject to certain limitations. S corporations must have:

- One class of stock.
- No more than 100 shareholders.
- Only U.S. citizens or residents as shareholders.
- Only individuals, estates, or certain trusts as shareholders.

In exchange for these limitations, the S corporation receives certain tax advantages. The net income of a C corporation is taxed once at the corporate level and again when the corporate net income is distributed as dividends to shareholders. An S corporation avoids this double taxation because the income is not taxed at the corporate level. Oregon recognizes the S corporation election made for federal purposes allowing a corporation to function as a pass-through entity. It is important to note that just as not all C corporations are large businesses, not all S corporations are small businesses.

S corporations that pay either the income or the excise tax file Oregon tax Form OR-20-S. Since S corporations generally pass their income through to their shareholders, relatively few of them have income that is subject to Oregon corporate tax. This type of income generally occurs when a corporation converts from a C corporation to an S corporation.

Most S corporation filers pay the excise minimum tax because they pass their income through to their shareholders. With voter approval of Measure 67, this minimum tax increased from \$10 to \$150 effective for the tax year beginning January 1, 2009.

The number of S corporations had been steadily increasing for many years but declined slightly for tax years 2009 and 2010, likely related to the Great Recession, before increasing for tax years 2011 through 2020. For the 1990 tax year, 18,437 S corporations filed returns in Oregon. For the 2020 tax year, 74,444 S corporations filed returns, 1.7 percent more than tax year 2019. For more statistics on S corporations, please refer to Section 4C, starting on page 44.

For more information, please refer to the Oregon Department of Revenue's S Corporation Tax Instructions, Form OR-20-S, available at www.oregon.gov/dor/forms.

C. Insurance Corporations

Before 1997, foreign (out-of-state) insurers paid a retaliatory tax and gross premiums tax instead of the corporate excise tax. In response to legal challenges by foreign insurers, the 1995 Legislature enacted laws that equalized the tax treatment of foreign and domestic (in-state) insurers. Starting with tax year 1997, all foreign and domestic insurance corporations have been subject to the corporate excise tax. Insurers file Form OR-20-INS.

For tax years beginning on or after January 1, 1997, and before January 1, 2002, Oregon law required foreign insurers to pay a transition tax to the Department of Consumer and Business Services (DCBS) as the gross premiums tax was being phased out. For tax years after 2001, foreign insurers are no longer subject to the transition tax, but are subject to the retaliatory tax that is paid to DCBS.³ Oregon requires insurance companies to file their corporate excise tax returns on a calendar-year basis with the Oregon Department of Revenue.

Until 2007, insurers were required to use an apportionment formula with three equally weighted factors. These factors were:

- The Oregon share of real estate income and interest relative to total real estate income and interest.
- The Oregon share of wages and commissions relative to total wages and commissions.
- The Oregon share of insurance sales (total premiums written) relative to the total insurance sales.

Senate Bill 179, passed during the regular legislative session in 2007, changed the apportionment formula for insurance companies from three equally weighted factors to a single sales factor for the tax years starting on or after January 1, 2007. This change made treatment of the insurance companies similar to other corporations for the matters of apportionment.

Insurers file Form OR-20-INS; however, title insurers file Form OR-20 instead of Form OR-20-INS and use the same apportionment factors as most other corporations.

For more information on insurance corporations, please refer to Oregon Department of Revenue's Insurance Excise Tax Instructions and Form OR-20-INS, available at www.oregon.gov/dor/forms.

³ The retaliatory tax is based on a comparison of the taxes, fees, assessments, penalties, and fines that an Oregon insurance company would pay in the foreign state to the taxes, fees, assessments, penalties, and fines that the foreign insurer actually pays in Oregon. If another state heavily taxes Oregon insurance companies that do business in that state, the retaliatory tax applies that level of tax to the foreign state's companies that do business in Oregon.

Timing of Tax Payments

Corporations file a tax return after the end of their tax year, which is usually the same as a calendar year. However, for some corporations, the tax year covers a period of time significantly different from a calendar year.⁴ Because corporations may receive extensions to file returns, and they make quarterly estimated payments, nearly all of the payments associated with the Oregon corporate excise and income tax are received before the corresponding tax returns are filed. Other payments or refunds occur after the tax returns are filed due to amended or audited returns. Payments received and refunds issued by the Oregon Department of Revenue during any fiscal year (July 1–June 30) represent tax liabilities from many different tax years.

Exhibit 6—Corporate Tax Receipts in Fiscal Year 2021-22 By Tax Year

| Tax Year | Net Receipts (\$ thousands) |
|---------------|--------------------------------|
| 2016 or prior | \$45,585 |
| 2017 | \$359 |
| 2018 | -\$1,818 |
| 2019 | -\$26,592 |
| 2020 | -\$239,972 |
| 2021 | \$1,414,416 |
| 2022 | \$367,886 |
| Total | \$1,559,864 |

Exhibit 6 provides details on the tax years for which payments were received and refunds issued in fiscal year 2021-22. These are net receipts—composed of estimated payments, final payments associated with a return, and refunds issued to taxpayers.

Most of the payments were received for tax years 2021 and 2022, while refunds issued for earlier tax years were significant. Exhibit 13 on page 21 provides detailed information on the timing of corporate receipts for tax year 2020.

⁴ For more detail on corporations' fiscal years and the due dates of corporations' tax returns, see Appendix B: Data Construction.

Trends in Corporate Tax Receipts

Exhibit 7 shows corporate receipts history for the 20 most recent fiscal years. Total tax receipts increased by 43 percent from fiscal year 2019-20 to fiscal year 2020-21. One reason for the large increase was a shift in some tax receipts from fiscal year 2019-20 to fiscal year 2020-21 due to the extension of filing and payment deadlines for most tax year 2019 returns to July 15, 2020, because of the COVID-19 pandemic. Also, after a temporary drop in early 2020 related to the very brief pandemic recession, corporate tax receipts quickly rebounded and remained strong through the rest of fiscal years 2020-21 and 2021-22, increasing by more than 32 percent between the fiscal years. Despite high inflation, consumer demand remained strong, and many businesses were able to pass increased costs to customers and realize substantial profits.

Exhibit 7—Corporate Receipts History

| Fiscal Year* | Net Receipts (\$ thousands) | Growth |
|---------------------|--|---------------|
| 2002-03 | \$225,525 | 14.9% |
| 2003-04 | \$320,164 | 42.0% |
| 2004-05 | \$324,936 | 1.5% |
| 2005-06 | \$442,306 | 36.1% |
| 2006-07 | \$413,226 | -6.6% |
| 2007-08 | \$438,313 | 6.1% |
| 2008-09 | \$243,806 | -44.4% |
| 2009-10 | \$376,135 | 54.3% |
| 2010-11 | \$476,525 | 26.7% |
| 2011-12 | \$447,676 | -6.1% |
| 2012-13 | \$462,561 | 3.3% |
| 2013-14 | \$492,147 | 6.4% |
| 2014-15 | \$619,863 | 26.0% |
| 2015-16 | \$607,435 | -2.0% |
| 2016-17 | \$583,535 | -3.9% |
| 2017-18 | \$731,534 | 25.4% |
| 2018-19 | \$922,826 | 26.1% |
| 2019-20 | \$823,855 | -10.7% |
| 2020-21 | \$1,178,445 | 43.0% |
| 2021-22 | \$1,559,864 | 32.4% |

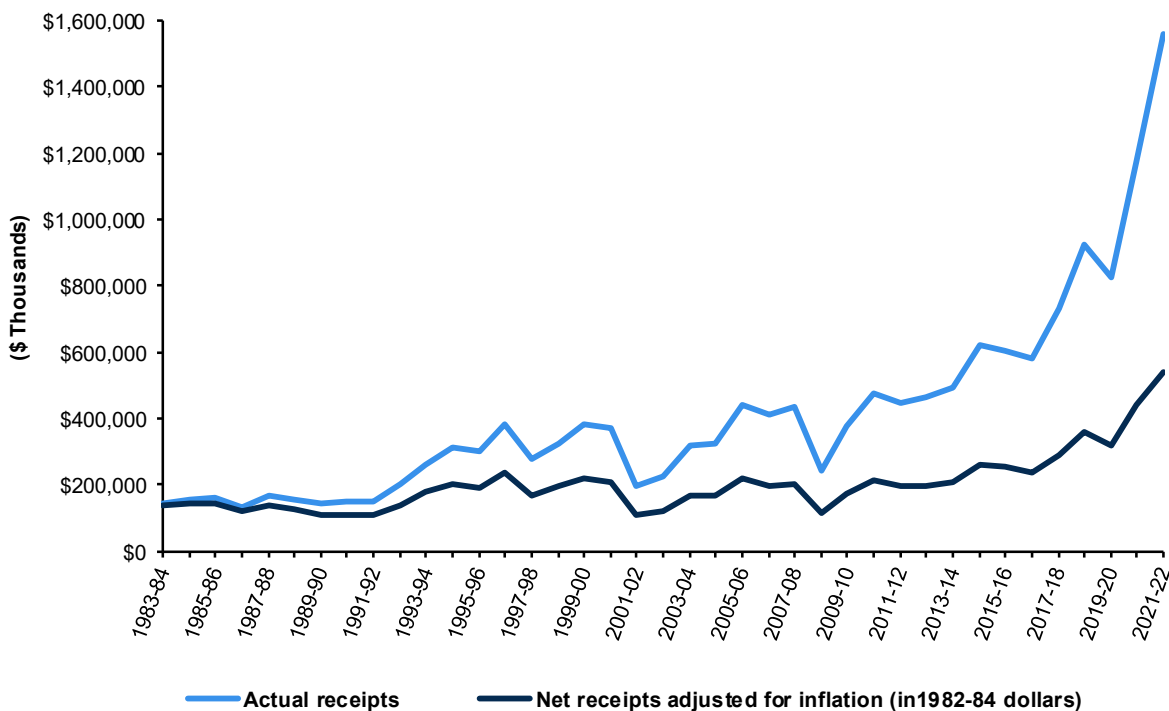
* Fiscal year starts July 1.

Exhibit 8 displays both actual net corporate tax receipts and net receipts adjusted for inflation since fiscal year 1983-84. Actual net receipts were relatively flat throughout the 1980s, fluctuated throughout the 1990s, and sharply declined in fiscal year 2001-02, coinciding with a recession. Beginning with fiscal year 2002-03, receipts began to rise and nearly quadrupled by fiscal year 2005-06 relative to fiscal year 1983-84.

However, due to the Great Recession, receipts dropped sharply in fiscal year 2008-09, but rebounded substantially through fiscal year 2010-11. With the exception of a surge in fiscal year 2014-15, receipts were relatively constant for the next several fiscal years.

Receipts increased substantially for fiscal years 2017-18 and 2018-19, due at least in part to the federal Tax Cuts and Jobs Act of 2017, including the deemed repatriation provision. Receipts decreased for fiscal year 2019-20, primarily due to the deemed repatriation provision winding down and the extension of filing and payment deadlines for tax year 2019 returns to July 15, 2020, due to the COVID-19 pandemic. As discussed previously, tax receipts increased significantly for fiscal years 2020-21 and 2021-22. However, as can be seen in Exhibit 8, these increases are not nearly as substantial when adjusted for inflation, as inflation rose significantly during 2021 and 2022.

Exhibit 8—Oregon Corporation Excise and Income Tax Net Receipts by Fiscal Year



Section III: Corporate Tax Receipts

Receipts by Industry Sector

Exhibit 9 compares corporate tax receipts from all sectors for fiscal years 2020-21 and 2021-22. Most sectors reflected the overall 32 percent increase in tax receipts and showed strong growth between fiscal years. But a few sectors, including agriculture, forestry, fishing, and hunting; construction; finance and insurance; and healthcare and social assistance, posted declines, likely related at least in part to the effects of high inflation on profits. While some other sectors, namely information; educational services; and accommodation and food services had outsized gains. For the latter two categories, this was primarily due to tax receipts rebounding in fiscal year 2021-22 after being suppressed during fiscal year 2020-21 because of pandemic-related closures and restrictions. The information sector continued the recent trend of unusually high tax receipts (fiscal years 2019-20 and 2021-22) following a year of more normal receipts (fiscal years 2018-19 and 2020-21).

**Exhibit 9—Corporate Tax Receipts by Industry Sector
Fiscal Years 2020-21 and 2021-22**

| Industry Sector * | FY 2020-21 (\$ thousands) | FY 2021-22 (\$ thousands) | Growth | Share of Total Receipts for FY 2021-22 |
|--|------------------------------|------------------------------|------------|--|
| Agriculture, Forestry, Fishing, and Hunting | \$12,268 | \$9,844 | -20% | 0.6% |
| Mining | \$1,355 | \$3,951 | 192% | 0.3% |
| Utilities | \$4,232 | \$6,429 | 52% | 0.4% |
| Construction | \$47,069 | \$37,956 | -19% | 2.4% |
| Manufacturing | \$104,518 | \$152,677 | 46% | 9.8% |
| Wholesale Trade | \$168,447 | \$284,396 | 69% | 18.2% |
| Retail Trade | \$140,619 | \$198,860 | 41% | 12.7% |
| Transportation and Warehousing | \$40,970 | \$51,480 | 26% | 3.3% |
| Information | \$18,861 | \$109,867 | 483% | 7.0% |
| Finance and Insurance | \$217,857 | \$182,740 | -16% | 11.7% |
| Real Estate, Rental, and Leasing | \$25,665 | \$29,466 | 15% | 1.9% |
| Professional, Scientific, and Technical Services | \$67,661 | \$108,618 | 61% | 7.0% |
| Management of Companies and Enterprises | \$254,786 | \$261,684 | 3% | 16.8% |
| Administrative, Support, and Waste Management | \$24,656 | \$28,268 | 15% | 1.8% |
| Educational Services | \$386 | \$3,703 | 859% | 0.2% |
| Health Care and Social Assistance | \$16,093 | \$14,026 | -13% | 0.9% |
| Arts, Entertainment, and Recreation | \$1,610 | \$2,874 | 79% | 0.2% |
| Accommodation and Food Services | \$4,851 | \$12,183 | 151% | 0.8% |
| Other Services (except Public Administration) | \$20,403 | \$33,714 | 65% | 2.2% |
| Unknown | \$6,138 | \$27,127 | N/A *** | 1.7% |
| Total | \$1,178,445 | \$1,559,864 | 32% | 100% |

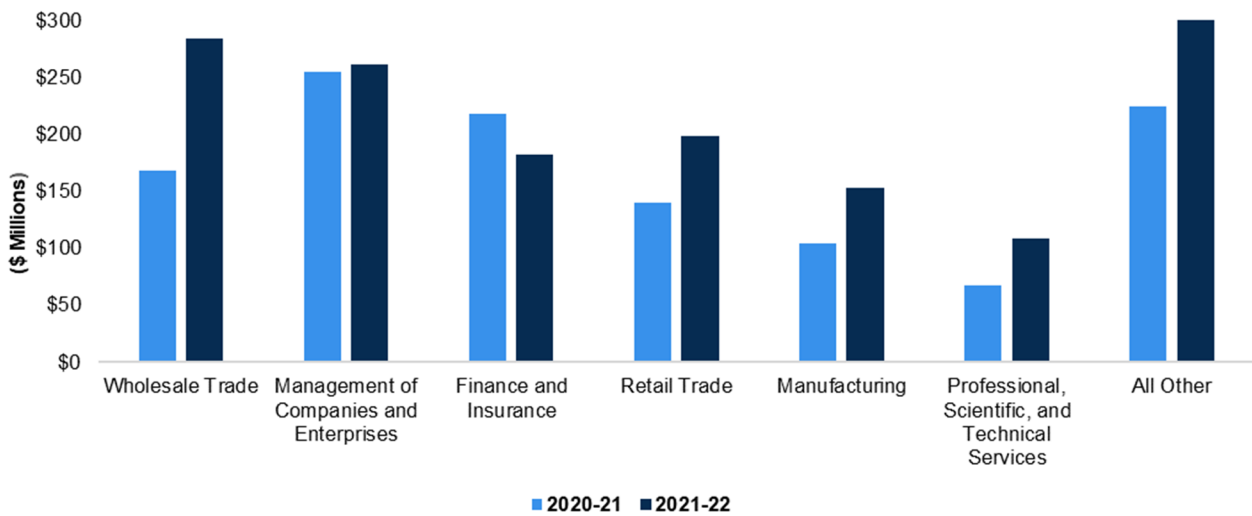
* The order and definitions for these sectors is from the North American Industry Classification System (NAICS). For additional information on NAICS sectors, please see Appendix C — "Index of Selected Industry Sectors."

*** The magnitude of change is not meaningful for this category. The number of unclassified corporations and receipts attributable to them will drop significantly with time due to the on-going efforts to improve NAICS code assignment to corporate taxpayers.

Exhibit 10 highlights the sectors with the largest shares of total tax receipts for fiscal years 2020-21 and 2021-22. Among the six largest sectors, receipts increased between fiscal years except for the finance and insurance sector, where receipts declined for fiscal year 2021-22. The primary sectors that contribute to the “All Other” category include the following:

- Construction
- Information
- Transportation and warehousing

**Exhibit 10—Corporate Tax Receipts by Industry Sector
Fiscal Years 2020-21 and 2021-22**



A. Summary of All Corporate Returns

Corporations may file one of four Oregon tax returns depending on their business structure and nature of their business. C corporations may file Form OR-20, OR-20-INC, or OR-20-INS, while S corporations file Form OR-20-S. Exhibit 11 provides details on the returns filed for tax year 2020 by return type.

- **Form OR-20, Excise Tax.** Corporations doing business in Oregon file Form OR-20 and pay the corporation excise tax. Since tax year 2009, the minimum corporation excise tax is based on Oregon sales and ranges from \$150 to \$100,000.
- **Form OR-20-INC, Income Tax.** Corporations not doing business in Oregon, but with income from one or more Oregon sources, pay the income tax and file Form OR-20-INC. Income is from an Oregon source if it is derived from tangible or intangible property located in Oregon or any activity carried on in Oregon that is not considered doing business in Oregon. Income tax filers are not subject to a minimum tax.
- **Form OR-20-INS, Insurance.** Insurance corporations file Form OR-20-INS and pay the excise tax. They are subject to the same minimum tax requirement as filers of Form OR-20.
- **Form OR-20-S, S Corporation.** An S corporation is one that has chosen to pass net income through to its shareholders for taxation. This election is made with the federal Internal Revenue Service. S corporations subject to either the excise or the income tax file Form OR-20-S. Shareholders must include S corporation income or loss on their personal income tax returns. Since tax year 2009, corporate excise taxpayers pay a minimum tax of \$150. Corporate income taxpayers are not subject to a minimum tax.

A consolidated Oregon return is required when two or more affiliated corporations are unitary and included in the same consolidated federal return, and at least two of the affiliated corporations are doing business in Oregon or have Oregon-source income.

Exhibit 11—Tax Year 2020 Corporation Tax Returns

Type of Return Filed

| Oregon Tax Form Filed | Number of Returns | Share of Returns | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Net Tax |
|--|-------------------|------------------|----------------------------------|---------------------------|------------------|
| OR-20 Oregon Corporation Excise Tax Return | 30,426 | 28.3% | \$13,066,505 | \$966,985 | 92.7% |
| OR-20-INC Oregon Corporation Income Tax Return | 1,546 | 1.4% | \$50,908 | \$2,253 | 0.2% |
| OR-20-INS Oregon Insurance Excise Tax Return | 1,169 | 1.1% | \$805,725 | \$62,289 | 6.0% |
| OR-20-S Oregon S Corporation Tax Return | 74,444 | 69.2% | \$9,928 | \$11,412 | 1.1% |
| Total | 107,585 | 100.0% | \$13,933,065 | \$1,042,939 | 100.0% |

Section IV: Corporate Tax Returns

Timing of Filing Tax Returns

Corporations' tax years may cover a period significantly different from a calendar year.⁵ Because of this and extensions for filing returns, most tax year 2020 returns were received during a two-year period.

Exhibit 12 shows when the returns were received. By December 2021, more than 73 percent of the total net tax for tax year 2020 had been reported on returns.

| Exhibit 12—Tax Year 2020 Corporation Tax Returns Received by Month | | | | | |
|---|---------------------------|--|--|--|-------------------------|
| Month | Number of Returns* | Net Tax Reported (\$ thousands) | Share of Total Net Tax Reported | Cumulative Net Tax (\$ thousands) | Cumulative Share |
| February 2021 or prior | 6,072 | \$2,458 | 0.2% | \$2,458 | 0.2% |
| March 2021 | 20,630 | \$13,572 | 1.3% | \$16,030 | 1.5% |
| April 2021 | 12,089 | \$25,107 | 2.4% | \$41,137 | 3.9% |
| May 2021 | 9,026 | \$26,786 | 2.6% | \$67,923 | 6.5% |
| June 2021 | 3,736 | \$3,033 | 0.3% | \$70,956 | 6.8% |
| July 2021 | 3,761 | \$11,623 | 1.1% | \$82,579 | 7.9% |
| August 2021 | 5,373 | \$8,813 | 0.8% | \$91,393 | 8.8% |
| September 2021 | 20,815 | \$50,985 | 4.9% | \$142,378 | 13.7% |
| October 2021 | 11,743 | \$331,098 | 31.7% | \$473,475 | 45.4% |
| November 2021 | 4,725 | \$229,374 | 22.0% | \$702,849 | 67.4% |
| December 2021 | 1,385 | \$60,965 | 5.8% | \$763,813 | 73.2% |
| January 2022 | 1,571 | \$24,926 | 2.4% | \$788,740 | 75.6% |
| February 2022 | 1,312 | \$32,138 | 3.1% | \$820,878 | 78.7% |
| March 2022 | 914 | \$29,717 | 2.8% | \$850,595 | 81.6% |
| April 2022 | 826 | \$29,467 | 2.8% | \$880,061 | 84.4% |
| May 2022 | 662 | \$48,898 | 4.7% | \$928,959 | 89.1% |
| June 2022 | 541 | \$10,682 | 1.0% | \$939,641 | 90.1% |
| July 2022 or later | 2,404 | \$103,298 | 9.9% | \$1,042,939 | 100.0% |
| Total | 107,585 | \$1,042,939 | 100.0% | | |

* Net tax and number of returns reported in this table are based on original returns except when replaced by amended or audited returns.

⁵ For more detail on corporations' fiscal years and the due dates of corporations' tax returns, see Appendix B: Data Construction.

Timing of Receipts for Tax Year 2020

Because corporations generally must make quarterly estimated payments of tax liability before their returns are filed, and because of differences in filing periods, payments for any tax year will be received during several calendar years. Exhibit 13 shows that corporations significantly overpaid their 2020 tax liability through September 2021. Large corporations that pay less than their actual tax liability can face underpayment penalties, so it is likely that they overpay to avoid those penalties. The resulting overpayments led to significant refunds beginning in October 2021, once the filed returns were processed and actual tax liability was determined.

Exhibit 13—Tax Year 2020 Corporation Tax Receipts by Month

| Month Received | Net Receipts for Tax Year* (\$ thousands) | Share of Total Receipts for Tax Year | Cumulative Receipts (\$ thousands) | Cumulative Share |
|-----------------------|---|--|--|---------------------|
| March 2020 or prior | \$15,736 | 1.5% | \$15,736 | 1.5% |
| April 2020 | \$54,777 | 5.2% | \$70,514 | 6.7% |
| May 2020 | \$15,983 | 1.5% | \$86,496 | 8.2% |
| June 2020 | \$104,403 | 9.9% | \$190,899 | 18.1% |
| July 2020 | \$27,015 | 2.6% | \$217,914 | 20.6% |
| August 2020 | \$14,570 | 1.4% | \$232,484 | 22.0% |
| September 2020 | \$159,307 | 15.1% | \$391,791 | 37.1% |
| October 2020 | \$80,133 | 7.6% | \$471,924 | 44.7% |
| November 2020 | \$80,098 | 7.6% | \$552,022 | 52.3% |
| December 2020 | \$242,230 | 22.9% | \$794,252 | 75.2% |
| January 2021 | \$87,543 | 8.3% | \$881,795 | 83.5% |
| February 2021 | \$73,664 | 7.0% | \$955,459 | 90.5% |
| March 2021 | \$101,452 | 9.6% | \$1,056,910 | 100.1% |
| April 2021 | \$187,836 | 17.8% | \$1,244,747 | 117.8% |
| May 2021 | \$75,601 | 7.2% | \$1,320,347 | 125.0% |
| June 2021 | \$66,020 | 6.3% | \$1,386,368 | 131.2% |
| July 2021 | \$26,921 | 2.5% | \$1,413,288 | 133.8% |
| August 2021 | \$23,563 | 2.2% | \$1,436,852 | 136.0% |
| September 2021 | \$66,424 | 6.3% | \$1,503,276 | 142.3% |
| October 2021 | -\$66,490 | -6.3% | \$1,436,786 | 136.0% |
| November 2021 | -\$57,392 | -5.4% | \$1,379,394 | 130.6% |
| December 2021 | -\$62,966 | -6.0% | \$1,316,428 | 124.6% |
| January 2022 or later | -\$260,148 | -24.6% | \$1,056,280 | 100.0% |
| Total | \$1,056,280 | 100.0% | | |

* Net receipts for the tax year will not match the tax liability reported on returns. This is primarily due to penalty and interest payments and corporations who have made estimated payments but not yet filed a return.

Section IV: Corporate Tax Returns

History of Tax Returns Filed

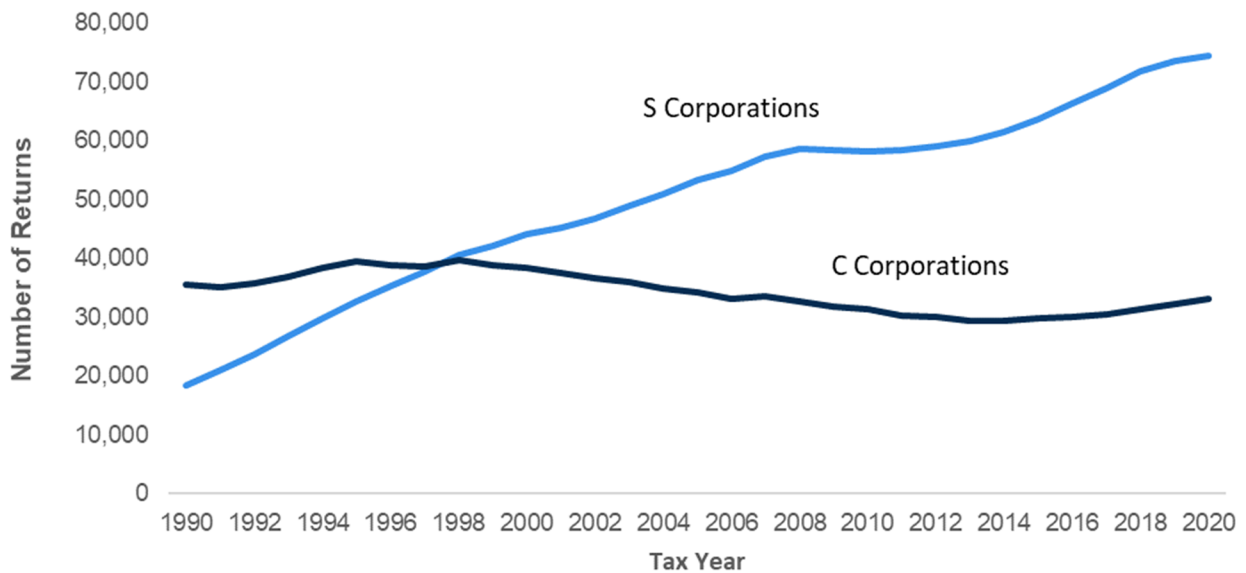
Exhibit 14 shows the history of corporate tax returns filed in Oregon since 1990. The number of returns increased steadily through tax year 2008, declined slightly for 2009 through 2011, likely related to the Great Recession, and then increased each tax year since 2012.

Exhibit 14—Corporate Return History

| Tax Year | Number of S Corporation Returns | Number of C Corporation Returns | Total Number of Returns | Growth | Net Tax (\$ thousands) | Growth |
|----------|---------------------------------|---------------------------------|-------------------------|--------|------------------------|--------|
| 1990 | 18,437 | 35,510 | 53,947 | | \$175,857 | |
| 1991 | 21,090 | 35,200 | 56,290 | 4.3% | \$173,769 | -1.2% |
| 1992 | 23,731 | 35,660 | 59,391 | 5.5% | \$215,751 | 24.2% |
| 1993 | 26,751 | 36,879 | 63,630 | 7.1% | \$325,300 | 50.8% |
| 1994 | 29,752 | 38,344 | 68,096 | 7.0% | \$339,423 | 4.3% |
| 1995 | 32,689 | 39,496 | 72,185 | 6.0% | \$225,351 | -33.6% |
| 1996 | 35,337 | 38,852 | 74,189 | 2.8% | \$376,841 | 67.2% |
| 1997 | 37,711 | 38,607 | 76,318 | 2.9% | \$232,174 | -38.4% |
| 1998 | 40,567 | 39,735 | 80,302 | 5.2% | \$357,981 | 54.2% |
| 1999 | 42,153 | 38,930 | 81,083 | 1.0% | \$392,631 | 9.7% |
| 2000 | 44,047 | 38,410 | 82,457 | 1.7% | \$357,996 | -8.8% |
| 2001 | 45,179 | 37,458 | 82,637 | 0.2% | \$242,878 | -32.2% |
| 2002 | 46,744 | 36,527 | 83,271 | 0.8% | \$237,051 | -2.4% |
| 2003 | 48,842 | 35,991 | 84,833 | 1.9% | \$285,720 | 20.5% |
| 2004 | 50,980 | 34,883 | 85,863 | 1.2% | \$313,480 | 9.7% |
| 2005 | 53,341 | 34,242 | 87,583 | 2.0% | \$294,015 | -6.2% |
| 2006 | 54,771 | 33,130 | 87,901 | 0.4% | \$449,970 | 53.0% |
| 2007 | 57,396 | 33,508 | 90,904 | 3.4% | \$398,995 | -11.3% |
| 2008 | 58,587 | 32,640 | 91,227 | 0.4% | \$280,569 | -29.7% |
| 2009 | 58,310 | 31,890 | 90,200 | -1.1% | \$371,780 | 32.5% |
| 2010 | 58,091 | 31,379 | 89,470 | -0.8% | \$418,359 | 12.5% |
| 2011 | 58,299 | 30,273 | 88,572 | -1.0% | \$366,828 | -12.3% |
| 2012 | 59,065 | 29,977 | 89,042 | 0.5% | \$425,320 | 15.9% |
| 2013 | 59,901 | 29,475 | 89,376 | 0.4% | \$470,514 | 10.6% |
| 2014 | 61,427 | 29,376 | 90,803 | 1.6% | \$522,239 | 11.0% |
| 2015 | 63,768 | 29,794 | 93,562 | 3.0% | \$524,137 | 0.4% |
| 2016 | 66,227 | 30,110 | 96,337 | 3.0% | \$550,844 | 5.1% |
| 2017 | 69,015 | 30,489 | 99,504 | 3.3% | \$618,625 | 12.3% |
| 2018 | 71,713 | 31,412 | 103,125 | 3.6% | \$814,137 | 31.6% |
| 2019 | 73,616 | 32,160 | 105,776 | 2.6% | \$846,806 | 4.0% |
| 2020 | 74,444 | 33,141 | 107,585 | 1.7% | \$1,042,939 | 23.2% |

As shown in Exhibit 15, the number and share of S corporation returns filed has changed significantly since 1990. From fewer than 19,000 S corporation returns filed for tax year 1990 to more than 74,000 filed for tax year 2020, the share of S corporations has also increased from about one-third to more than two-thirds of all returns filed. This follows the general trend in the United States of an increasing number of businesses structuring themselves as “pass-through” entities⁶. The number of C corporation returns filed has shown much less change, decreasing gradually since tax year 1998 before slowly increasing starting with tax year 2015.

**Exhibit 15—History of Corporate Returns Filed by Type of Return
Tax Years 1990 to 2020**

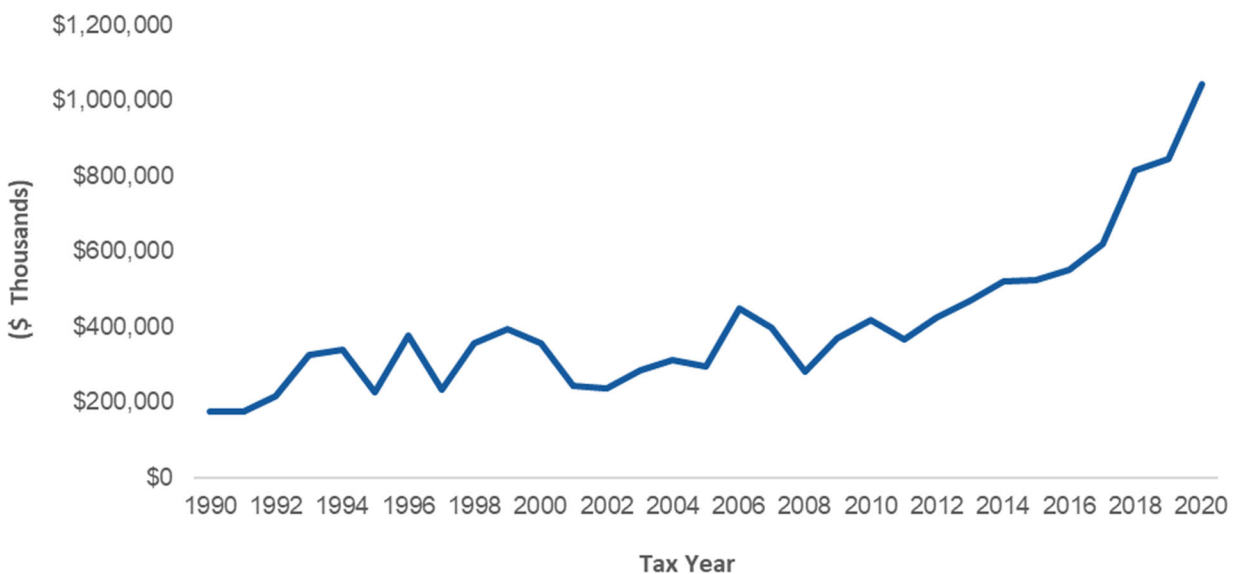


⁶ See Section 2B for a discussion of the tax advantages of pass-through entities.

Section IV: Corporate Tax Returns

As shown in Exhibit 16, net tax from filed returns fluctuated throughout the 1990s, sharply declined for tax year 2001, coinciding with a recession, and then reached a new high in 2006 before the Great Recession led to plummeting liability for the next two tax years. The total tax recovered strongly in tax years 2009 and 2010, before declining in 2011, and increased every tax year since 2012. Growth was especially strong for tax year 2018, driven primarily by a significant increase in federal taxable income (the starting point for computing Oregon net tax), likely due to both strong economic conditions and business provisions of the federal Tax Cuts and Jobs Act of 2017.

**Exhibit 16—History of Oregon Net Tax from Returns
Tax Years 1990 to 2020**



The following sections provide additional information about corporate taxpayers:

- Section 4B gives details for C corporation taxpayers, which file Forms OR-20, OR-20-INC, and OR-20-INS.
- Section 4C summarizes information for S corporations, Form OR-20-S filers.

B. Summary of C Corporation Tax Returns

This section provides detail on C corporation taxpayers. C corporations represent almost 99 percent of the total corporate excise and income tax payments for tax year 2020. Taxpayers doing business in Oregon pay the Oregon excise tax and must file Form OR-20 or OR-20-INS. Corporations not doing business in Oregon, but with income from an Oregon source, must pay the Oregon corporate income tax and file Form OR-20-INC. Few taxpayers are subject to the corporate income tax. For ease of reading, the sections and exhibits that follow show the information pooled from these three return types, describing all C corporation taxpayers. Summary characteristics of C corporation tax returns are presented for the following groupings:

- **Taxable income category**
 - Tax detail
 - Share of returns and net tax
- **Oregon sales category**
 - Tax detail
 - Share of returns and net tax
- **Industry sector**
- **State of commercial domicile**
- **Apportioned returns**
 - Total
 - By industry sector
- **Credit usage**
 - Standard credits
 - Carryforward credits
 - Additional detail for qualified research activities credit
- **Minimum tax returns**
 - By income group
 - By Oregon sales
 - Reason for minimum tax payment
 - By industry sector
- **Tax rate returns**
 - By income group
 - By Oregon sales
 - By industry sector

Section IV: Corporate Tax Returns

Taxable Income Category

Exhibit 17 shows the distribution of returns and the source of tax by Oregon taxable income category. As discussed in section 2A, for tax year 2020 a corporation's net tax is the larger of the tax based on rates after subtracting credits or the minimum tax. Corporations paying tax based on the minimum tax (minimum tax returns) are discussed further starting on page 36, while those paying tax based on the tax rates (tax rate returns) are detailed beginning on page 40.

Exhibit 17—Tax Year 2020 C Corporation Tax Returns

Taxable Income Category

| Oregon Taxable Income Category | Number of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Net Tax from Minimum Tax (\$ thousands) | Net Tax from Rates (\$ thousands) |
|--------------------------------|-------------------|----------------------------|-------------------------------|------------------------|---|-----------------------------------|
| Zero Income or Loss* | 20,890 | \$76,350 | \$0 | \$42,943 | \$42,943 | \$0 |
| \$1 - \$50,000 | 6,513 | \$5,429 | \$82,553 | \$7,833 | \$3,030 | \$4,803 |
| \$50,000 - \$100,000 | 1,268 | \$2,811 | \$91,017 | \$6,736 | \$1,218 | \$5,517 |
| \$100,000 - \$250,000 | 1,482 | \$5,675 | \$241,579 | \$16,604 | \$2,026 | \$14,578 |
| \$250,000 - \$500,000 | 921 | \$6,376 | \$327,231 | \$21,635 | \$1,676 | \$19,959 |
| \$500,000 - \$1 million | 661 | \$6,856 | \$467,445 | \$30,389 | \$834 | \$29,555 |
| \$1 million to \$5 million | 939 | \$38,254 | \$2,087,581 | \$143,206 | \$1,662 | \$141,544 |
| Over \$5 million | 467 | \$102,219 | \$10,625,733 | \$762,180 | \$705 | \$761,475 |
| Total | 33,141 | \$243,969 | \$13,923,137 | \$1,031,527 | \$54,095 | \$977,432 |

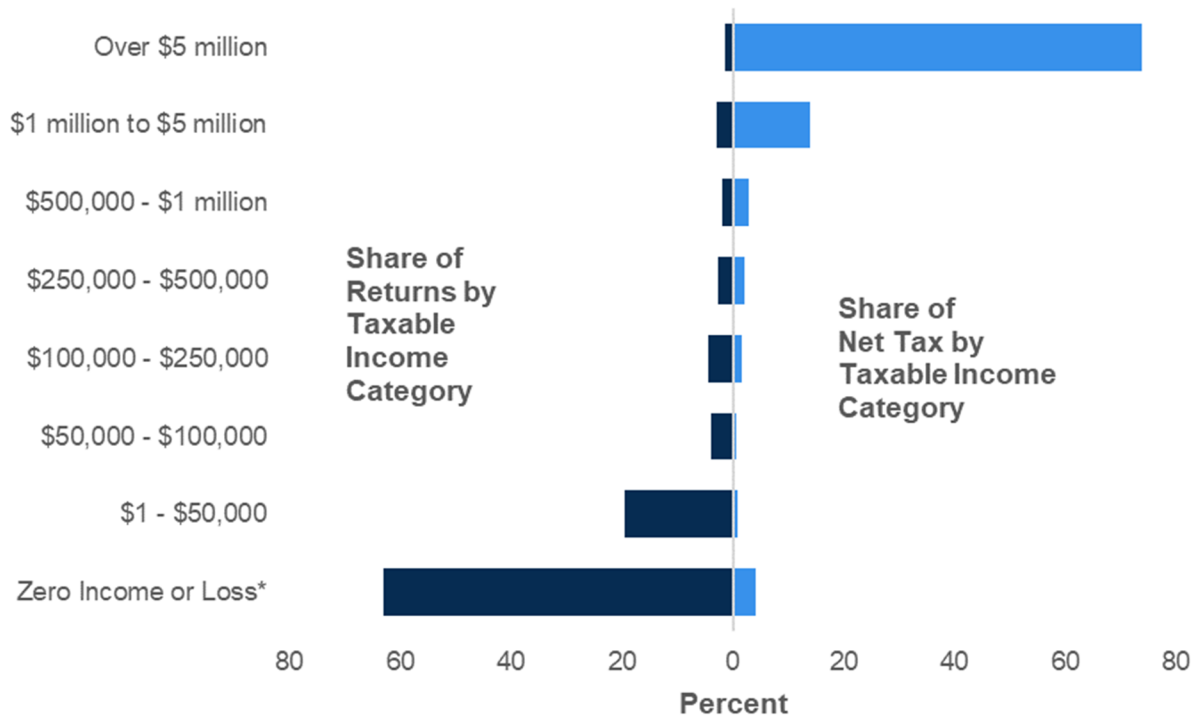
Percentage Distribution

| Oregon Taxable Income Category | Number of Returns | Oregon Sales | Taxable Income | Net Tax | Net Tax from Minimum Tax | Net Tax from Rates |
|--------------------------------|-------------------|--------------|----------------|-------------|--------------------------|--------------------|
| Zero Income or Loss* | 63.0% | 31.3% | 0.0% | 4.2% | 4.2% | 0.0% |
| \$1 - \$50,000 | 19.7% | 2.2% | 0.6% | 0.8% | 0.3% | 0.5% |
| \$50,000 - \$100,000 | 3.8% | 1.2% | 0.7% | 0.7% | 0.1% | 0.5% |
| \$100,000 - \$250,000 | 4.5% | 2.3% | 1.7% | 1.6% | 0.2% | 1.4% |
| \$250,000 - \$500,000 | 2.8% | 2.6% | 2.4% | 2.1% | 0.2% | 1.9% |
| \$500,000 - \$1 million | 2.0% | 2.8% | 3.4% | 2.9% | 0.1% | 2.9% |
| \$1 million to \$5 million | 2.8% | 15.7% | 15.0% | 13.9% | 0.2% | 13.7% |
| Over \$5 million | 1.4% | 41.9% | 76.3% | 73.9% | 0.1% | 73.8% |
| Total | 100% | 100% | 100% | 100% | 5.2% | 94.8% |

* Includes losses in current year, as well as losses carried forward from prior years that result in \$0 income.

Exhibit 18 highlights the concentration of the corporate tax. Fewer than 1.5 percent of C corporations had Oregon taxable income of at least \$5 million, but they paid almost 74 percent of the total tax.

**Exhibit 18—Tax Year 2020 C Corporation Tax Returns
Share of Returns and Net Tax by Taxable Income Category**



Section IV: Corporate Tax Returns

Oregon Sales Category

Exhibit 19 shows the distribution of returns and the source of tax by Oregon sales category and the corresponding minimum tax amounts. For tax year 2020, only 5.2 percent of the total net tax comes from the minimum tax.

Exhibit 19—Tax Year 2020 C Corporation Tax Returns Oregon Sales Category

| Oregon Sales | Minimum Tax | Number of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Net Tax from Minimum Tax (\$ thousands) | Net Tax from Rates (\$ thousands) |
|-------------------------------|-------------|-------------------|----------------------------|-------------------------------|------------------------|---|-----------------------------------|
| 20-1/IC-DISC Returns | * | 1,729 | \$957 | \$133,902 | \$4,335 | \$0 | \$4,335 |
| < \$500,000 | \$150 | 18,210 | \$1,824 | \$149,717 | \$11,752 | \$2,205 | \$9,548 |
| \$500,000 to \$1 million | \$500 | 3,134 | \$2,263 | \$106,581 | \$7,935 | \$1,020 | \$6,914 |
| \$1 million to \$2 million | \$1,000 | 2,738 | \$3,923 | \$177,970 | \$13,328 | \$1,683 | \$11,645 |
| \$2 million to \$3 million | \$1,500 | 1,472 | \$3,595 | \$150,151 | \$11,129 | \$1,341 | \$9,788 |
| \$3 million to \$5 million | \$2,000 | 1,515 | \$5,906 | \$278,737 | \$20,043 | \$1,696 | \$18,347 |
| \$5 million to \$7 million | \$4,000 | 853 | \$5,020 | \$238,568 | \$17,863 | \$1,856 | \$16,007 |
| \$7 million to \$10 million | \$7,500 | 776 | \$6,492 | \$306,860 | \$24,070 | \$3,465 | \$20,605 |
| \$10 million to \$25 million | \$15,000 | 1,377 | \$21,641 | \$1,124,802 | \$88,363 | \$10,847 | \$77,516 |
| \$25 million to \$50 million | \$30,000 | 605 | \$21,300 | \$1,304,089 | \$100,994 | \$8,933 | \$92,061 |
| \$50 million to \$75 million | \$50,000 | 237 | \$14,487 | \$1,027,430 | \$78,133 | \$5,500 | \$72,633 |
| \$75 million to \$100 million | \$75,000 | 135 | \$11,707 | \$879,681 | \$66,806 | \$3,450 | \$63,356 |
| \$100 million or more | \$100,000 | 360 | \$144,853 | \$8,044,650 | \$586,776 | \$12,100 | \$574,676 |
| Total | | 33,141 | \$243,969 | \$13,923,137 | \$1,031,527 | \$54,095 | \$977,432 |

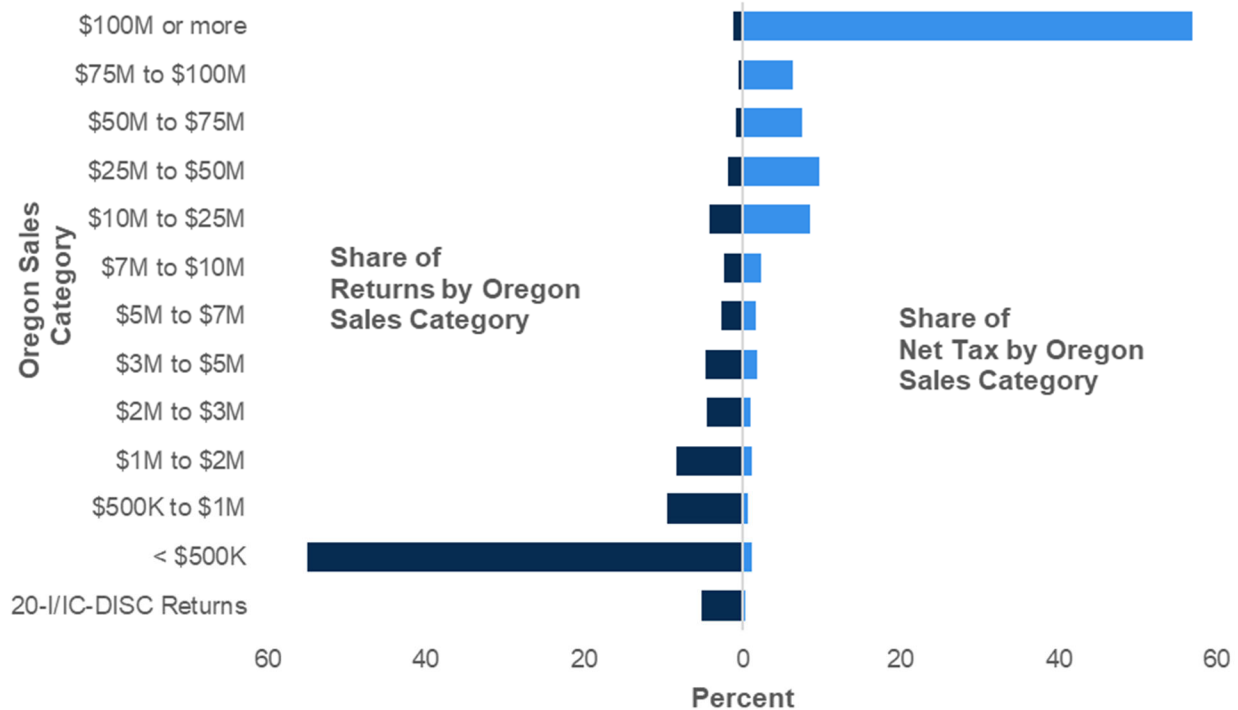
Percentage Distribution

| Oregon Sales | Minimum Tax | Number of Returns | Oregon Sales | Taxable Income | Net Tax | Net Tax from Minimum Tax | Net Tax from Rates |
|-------------------------------|-------------|-------------------|--------------|----------------|-------------|--------------------------|--------------------|
| 20-1/IC-DISC Returns | * | 5.2% | 0.4% | 1.0% | 0.4% | 0.0% | 0.4% |
| < \$500,000 | \$150 | 54.9% | 0.7% | 1.1% | 1.1% | 0.2% | 0.9% |
| \$500,000 to \$1 million | \$500 | 9.5% | 0.9% | 0.8% | 0.8% | 0.1% | 0.7% |
| \$1 million to \$2 million | \$1,000 | 8.3% | 1.6% | 1.3% | 1.3% | 0.2% | 1.1% |
| \$2 million to \$3 million | \$1,500 | 4.4% | 1.5% | 1.1% | 1.1% | 0.1% | 0.9% |
| \$3 million to \$5 million | \$2,000 | 4.6% | 2.4% | 2.0% | 1.9% | 0.2% | 1.8% |
| \$5 million to \$7 million | \$4,000 | 2.6% | 2.1% | 1.7% | 1.7% | 0.2% | 1.6% |
| \$7 million to \$10 million | \$7,500 | 2.3% | 2.7% | 2.2% | 2.3% | 0.3% | 2.0% |
| \$10 million to \$25 million | \$15,000 | 4.2% | 8.9% | 8.1% | 8.6% | 1.1% | 7.5% |
| \$25 million to \$50 million | \$30,000 | 1.8% | 8.7% | 9.4% | 9.8% | 0.9% | 8.9% |
| \$50 million to \$75 million | \$50,000 | 0.7% | 5.9% | 7.4% | 7.6% | 0.5% | 7.0% |
| \$75 million to \$100 million | \$75,000 | 0.4% | 4.8% | 6.3% | 6.5% | 0.3% | 6.1% |
| \$100 million or more | \$100,000 | 1.1% | 59.4% | 57.8% | 56.9% | 1.2% | 55.7% |
| Total | | 100% | 100% | 100% | 100% | 5.2% | 94.8% |

* Form 20-1 returns and IC-DISCs formed on or before January 1, 2014 are not subject to the minimum tax.

As shown in Exhibit 20, tax returns are concentrated among taxpayers with relatively low Oregon sales, while the majority of tax liability is from taxpayers with large Oregon sales amounts. Almost 55 percent of taxpayers had Oregon sales less than \$500 thousand, while those with Oregon sales greater than \$100 million accounted for almost 56 percent of tax liability.

**Exhibit 20—Tax Year 2020 C Corporation Tax Returns
Share of Returns and Net Tax by Oregon Sales Category**



Section IV: Corporate Tax Returns

Industry Sector

Exhibit 21 shows the distribution of all C corporation returns by industry sector. For tax year 2020, the following four sectors combined accounted for more than 64 percent of total tax liability:

- Wholesale trade
- Retail trade
- Finance and insurance
- Management of companies and enterprises

Exhibit 21—Tax Year 2020 C Corporation Tax Returns

Industry Sector

| Industry Sector * | Number of Returns | Share of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Net Tax |
|--|-------------------|------------------|----------------------------|-------------------------------|------------------------|------------------|
| Agriculture, Forestry, Fishing, and Hunting | 1,380 | 4.2% | \$2,953 | \$107,465 | \$8,240 | 0.8% |
| Mining | 76 | 0.2% | \$305 | \$14,306 | \$1,146 | 0.1% |
| Utilities | 88 | 0.3% | \$3,989 | \$127,010 | \$10,017 | 1.0% |
| Construction | 2,009 | 6.1% | \$10,571 | \$506,081 | \$38,830 | 3.8% |
| Manufacturing | 2,276 | 6.9% | \$21,051 | \$1,136,949 | \$83,998 | 8.1% |
| Wholesale Trade | 3,508 | 10.6% | \$47,776 | \$2,240,109 | \$167,147 | 16.2% |
| Retail Trade | 1,817 | 5.5% | \$35,480 | \$1,702,749 | \$130,739 | 12.7% |
| Transportation and Warehousing | 707 | 2.1% | \$7,650 | \$421,266 | \$31,840 | 3.1% |
| Information | 2,061 | 6.2% | \$12,106 | \$723,669 | \$50,746 | 4.9% |
| Finance and Insurance | 4,342 | 13.1% | \$40,769 | \$2,483,973 | \$186,614 | 18.1% |
| Real Estate, Rental, and Leasing | 1,813 | 5.5% | \$5,237 | \$212,037 | \$18,236 | 1.8% |
| Professional, Scientific, and Technical Services | 4,728 | 14.3% | \$10,669 | \$820,930 | \$61,104 | 5.9% |
| Management of Companies and Enterprises | 2,180 | 6.6% | \$30,210 | \$2,595,667 | \$177,274 | 17.2% |
| Administrative, Support, and Waste Management | 1,144 | 3.5% | \$4,634 | \$257,267 | \$19,478 | 1.9% |
| Education Services | 312 | 0.9% | \$356 | \$26,437 | \$1,983 | 0.2% |
| Health Care and Social Assistance | 1,032 | 3.1% | \$5,037 | \$137,154 | \$12,019 | 1.2% |
| Arts, Entertainment, and Recreation | 352 | 1.1% | \$237 | \$13,036 | \$1,021 | 0.1% |
| Accommodation and Food Services | 686 | 2.1% | \$1,856 | \$93,079 | \$7,672 | 0.7% |
| Other Services (except Public Administration) | 1,113 | 3.4% | \$2,671 | \$287,407 | \$21,947 | 2.1% |
| Unknown | 1,517 | 4.6% | \$411 | \$16,548 | \$1,476 | 0.1% |
| Total | 33,141 | 100.0% | \$243,969 | \$13,923,137 | \$1,031,527 | 100.0% |

* 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 — "Index of Selected Industry Sectors."

State of Commercial Domicile

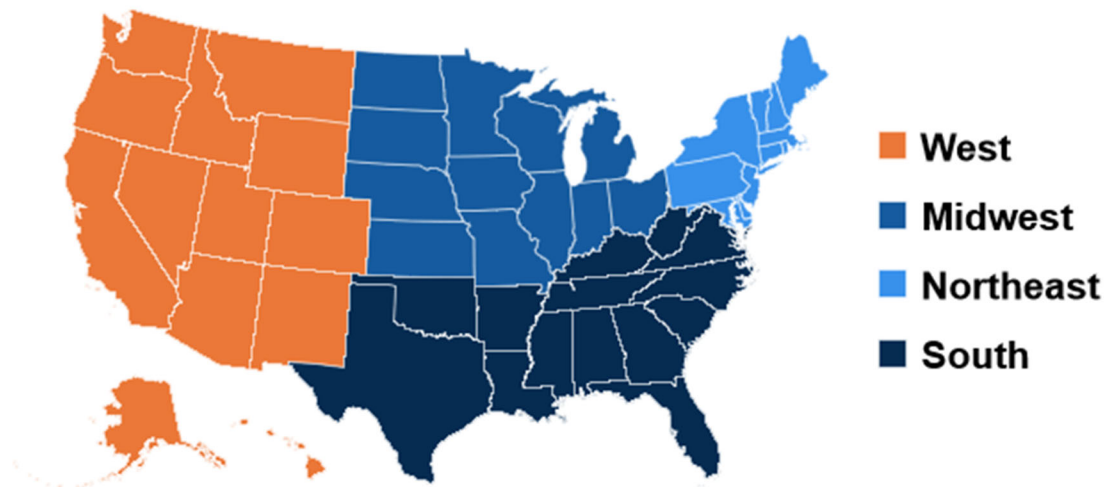
Exhibit 22a shows the distribution of returns and return details by the region of commercial domicile (the location of the business's headquarters). The state of commercial domicile is not necessarily the same state as the address on the return or the state of incorporation.

For tax year 2020, most of the returns and more than 43 percent of the corporate tax liability came from businesses domiciled in the West region of the US.

Exhibit 22a—Tax Year 2020 C Corporation Tax Returns

Region of Commercial Domicile

| Region | Number of Returns | Share of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Net Tax |
|--------------|-------------------|------------------|----------------------------|-------------------------------|------------------------|------------------|
| West | 20,298 | 61.2% | \$106,693 | \$6,048,364 | \$446,938 | 43.3% |
| Northeast | 5,237 | 15.8% | \$53,271 | \$2,549,366 | \$190,978 | 18.5% |
| South | 3,804 | 11.5% | \$35,863 | \$2,314,018 | \$176,387 | 17.1% |
| Midwest | 2,992 | 9.0% | \$47,250 | \$2,962,267 | \$213,728 | 20.7% |
| Outside U.S. | 810 | 2.4% | \$892 | \$49,121 | \$3,496 | 0.3% |
| Total | 33,141 | 100.0% | \$243,969 | \$13,923,137 | \$1,031,527 | 100% |



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Section IV: Corporate Tax Returns

Exhibit 22b provides detail on commercial domicile by state for the West region. Forty-two percent of returns and 17 percent of tax liability was from businesses headquartered in Oregon.

Exhibit 22b—Tax Year 2020 C Corporation Tax Returns

State of Commercial Domicile

West Region

| State | Number of Returns | Share of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Total Net Tax |
|--------------|-------------------|------------------|----------------------------|-------------------------------|------------------------|------------------------|
| Alaska | 46 | 0.1% | \$229 | \$2,626 | \$377 | 0.0% |
| Arizona | 258 | 0.8% | \$3,728 | \$367,892 | \$27,836 | 2.7% |
| California | 3,763 | 11.4% | \$27,583 | \$1,979,847 | \$146,938 | 14.2% |
| Colorado | 442 | 1.3% | \$2,838 | \$71,148 | \$6,108 | 0.6% |
| Hawaii | 25 | 0.1% | \$28 | \$2,539 | \$173 | 0.0% |
| Idaho | 144 | 0.4% | \$4,677 | \$136,721 | \$10,164 | 1.0% |
| Montana | 55 | 0.2% | \$271 | \$49,673 | \$3,604 | 0.3% |
| Nevada | 174 | 0.5% | \$563 | \$50,739 | \$3,869 | 0.4% |
| New Mexico | 25 | 0.1% | \$68 | \$9,837 | \$731 | 0.1% |
| Oregon | 13,910 | 42.0% | \$49,828 | \$2,389,134 | \$175,012 | 17.0% |
| Utah | 247 | 0.7% | \$795 | \$50,606 | \$3,927 | 0.4% |
| Washington | 1,171 | 3.5% | \$16,072 | \$935,204 | \$68,028 | 6.6% |
| Wyoming | 38 | 0.1% | \$12 | \$2,398 | \$173 | 0.0% |
| Total | 20,298 | 61.2% | \$106,693 | \$6,048,364 | \$446,938 | 43.3% |

Apportioned Returns

Taxpayers doing business in multiple states must apportion their business income using an apportionment formula. For tax years beginning on or after July 1, 2005, Oregon uses 100 percent sales factor apportionment.⁷ As shown in Exhibit 23, the majority of both returns and tax liability comes from multistate (apportioned) taxpayers.

Exhibit 23—Tax Year 2020 C Corporation Tax Returns Apportionment Type

| Apportionment | Number of Returns | Share of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Net Tax |
|------------------------------|-------------------|------------------|----------------------------|-------------------------------|------------------------|------------------|
| Multistate (Apportioned) | 20,370 | 61.5% | \$225,537 | \$13,003,430 | \$966,297 | 93.7% |
| Oregon Only (Nonapportioned) | 12,771 | 38.5% | \$18,432 | \$919,707 | \$65,230 | 6.3% |
| Total | 33,141 | 100.0% | \$243,969 | \$13,923,137 | \$1,031,527 | 100% |

Exhibit 24 shows the distribution of the multistate (apportioned) tax returns by industry sector.

Exhibit 24 Tax Year 2020 C Corporation Tax Returns Industry Sector for Multistate (Apportioned) Returns

| Industry Sector * | Number of Returns | Share of Returns | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Total Net Tax |
|--|-------------------|------------------|----------------------------|-------------------------------|------------------------|------------------------|
| Agriculture, Forestry, Fishing, and Hunting | 181 | 0.5% | \$1,199 | \$15,522 | \$1,724 | 0.2% |
| Mining | 35 | 0.1% | \$250 | \$10,111 | \$851 | 0.1% |
| Utilities | 54 | 0.2% | \$3,963 | \$120,147 | \$9,509 | 0.9% |
| Construction | 699 | 2.1% | \$8,713 | \$441,468 | \$33,562 | 3.3% |
| Manufacturing | 1,418 | 4.3% | \$19,000 | \$971,680 | \$73,004 | 7.1% |
| Wholesale Trade | 2,637 | 8.0% | \$45,792 | \$2,118,919 | \$161,250 | 15.6% |
| Retail Trade | 671 | 2.0% | \$32,357 | \$1,549,954 | \$119,548 | 11.6% |
| Transportation and Warehousing | 362 | 1.1% | \$7,123 | \$405,352 | \$30,499 | 3.0% |
| Information | 1,683 | 5.1% | \$11,844 | \$708,242 | \$49,541 | 4.8% |
| Finance and Insurance | 3,809 | 11.5% | \$39,711 | \$2,382,806 | \$179,801 | 17.4% |
| Real Estate, Rental, and Leasing | 918 | 2.8% | \$4,835 | \$179,927 | \$15,812 | 1.5% |
| Professional, Scientific, and Technical Services | 3,332 | 10.1% | \$9,859 | \$790,708 | \$58,670 | 5.7% |
| Management of Companies and Enterprises | 1,997 | 6.0% | \$29,701 | \$2,574,842 | \$175,703 | 17.0% |
| Administrative, Support, & Waste Management | 625 | 1.9% | \$3,840 | \$239,538 | \$18,018 | 1.7% |
| Education Services | 187 | 0.6% | \$312 | \$23,902 | \$1,791 | 0.2% |
| Health Care and Social Assistance | 297 | 0.9% | \$2,924 | \$100,076 | \$8,163 | 0.8% |
| Arts, Entertainment, and Recreation | 114 | 0.3% | \$135 | \$8,962 | \$682 | 0.1% |
| Accommodation and Food Services | 138 | 0.4% | \$1,407 | \$82,013 | \$6,706 | 0.7% |
| Other Services (except Public Administration) | 275 | 0.8% | \$2,246 | \$265,208 | \$20,231 | 2.0% |
| Unknown | 938 | 2.8% | \$327 | \$14,053 | \$1,234 | 0.1% |
| Total | 20,370 | 61.5% | \$225,537 | \$13,003,430 | \$966,297 | 93.7% |

* 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 — "Index of Selected Industry Sectors."

⁷ Section 2A provides more detail on changes in Oregon's corporate apportionment formula.

Section IV: Corporate Tax Returns

Credit Usage

Many credits are available to corporate taxpayers. Standard credits are credits that can only be claimed on the current year's tax return. Credit amounts claimed but not used in the current tax year are lost. Exhibit 25 provides details on standard credits for tax year 2020.

Exhibit 25—Tax Year 2020 C Corporation Tax Returns Standard Credit Usage

| Credit | Number of Taxpayers Claiming Credit | Amount of Credit Claimed (\$ thousands) | Number of Taxpayers with Reduction in Tax Liability | Amount of Credit Used (\$ thousands) | Percent of Credit Used |
|---------------------------------------|-------------------------------------|---|---|--------------------------------------|------------------------|
| General Corporation Credits | | | | | |
| Oregon Trust for Cultural Development | 10 or fewer | \$15 | 10 or fewer | \$15 | 100% |
| Other Corporation Credits | 20 or fewer | \$7,574 | 20 or fewer | \$6,325 | 84% |
| Insurance Only Credits | | | | | |
| OLHIGA* Offset | 67 | \$541 | 56 | \$512 | 95% |
| Total | 89 | \$8,130 | 75 | \$6,852 | 84% |

* Oregon Life and Health Insurance Guaranty Association

Carryforward credits are credits for which any unused portion in the current tax year may be carried to the following tax year. The number of years that a credit can be carried forward varies according to the carryforward rules for the credit. Exhibit 26 shows information for carryforward credits. The credit available for the taxpayer to use in tax year 2020 is the carryforward credit from previous years plus the credit awarded in 2020. Any credit the taxpayer is not able to use for tax year 2020 may be carried forward to the following year, provided it has not expired.

Exhibit 26—Tax Year 2020 C Corporation Tax Returns Carryforward Credit Usage

| Credit | Number of Claims | Credit Carryforward from Previous Year (\$ thousands) | Credit Awarded Current Year (\$ thousands) | Number of Users | Total Amount of Credit Used (\$ thousands) | Percent of Credit Used |
|-------------------------------------|------------------|---|--|-----------------|--|------------------------|
| Business Energy Credits* | 34 | \$12,079 | \$0 | 18 | \$1,342 | 11% |
| Electronic Commerce Zone Investment | 10 or fewer | \$9,124 | \$0 | 10 or fewer | \$4,693 | 51% |
| Farm-Worker Housing Construction | 10 or fewer | \$2,477 | \$1,262 | 10 or fewer | \$1,496 | 40% |
| Oregon Affordable Housing Credit | 19 | \$1,531 | \$7,157 | 19 | \$7,901 | 91% |
| Qualified Research Activities | 209 | \$76,752 | \$0 | 67 | \$9,695 | 13% |
| Other Corporation Credits** | 34 | \$51,709 | \$14,292 | 22 | \$10,960 | 17% |
| Total | 312 | \$153,672 | \$22,711 | 136 | \$36,087 | 20% |

* Includes credits for Business Energy Facilities, Energy Conservation Projects, Renewable Energy Development, and Transportation Projects.

** Biomass Production/Collection, Bovine Manure, Crop Donation, Employer Provided Dependent Care Assistance or Information and Referral, Long Term Enterprise Zone Facilities, Opportunity Grant Fund, Oregon Low-Income Community Jobs Initiative/New Market, Oregon Production Investment Fund, Pollution Control Facilities, Repatriation, Shortline Railroad Rehabilitation, and Unknown.

The corporation tax credit with the highest number of claimants and the greatest total claimed and used amounts was qualified research activities. Details for taxpayers claiming this credit are in Exhibit 27.

**Exhibit 27—Tax Year 2020 C Corporation Tax Returns
Qualified Research Activities Credit Usage by Industry Sector**

| Industry Sector | Number of Taxpayers Claiming Credit | Credit Carryforward from Previous Year (\$ thousands) | Credit Awarded Current Year (\$ thousands) | Number of Taxpayers Using Credit | Total Amount of Credit Used (\$ thousands) |
|---|--|--|---|---|---|
| Manufacturing | 50 | \$25,594 | \$0 | 20 | \$3,039 |
| Wholesale Trade | 24 | \$5,088 | \$0 | 10 or fewer | \$1,037 |
| Finance and Insurance | 40 | \$4,889 | \$0 | 10 or fewer | \$1,022 |
| Management of Companies and Enterprises | 55 | \$27,931 | \$0 | 16 | \$2,391 |
| Administrative, Support, and Waste Management | 16 | \$6,377 | \$0 | 10 or fewer | \$1,435 |
| All Other and Unknown | 24 | \$6,870 | \$0 | 10 or fewer | \$771 |
| Total | 209 | \$76,752 | \$0 | 67 | \$9,695 |

Section IV: Corporate Tax Returns

Minimum Tax Returns

For tax year 2020, each corporation doing business in Oregon is subject to a minimum tax ranging from \$150 to \$100,000 based on Oregon sales; see Exhibit 5 on page 8 for details. Exhibit 28 shows details for C corporations paying the minimum tax by various taxable income levels. Corporate taxpayers paying the minimum tax accounted for only 5.2 percent of the total tax paid by C corporations in 2020.

Exhibit 28—Tax Year 2020 C Corporation Tax Returns

Minimum Tax Returns by Taxable Income

| Oregon Taxable Income Category | Total | Returns | Share | Oregon Sales | Taxable Income | Net Tax | Share of |
|--------------------------------|---------------|---------------|-------------|-----------------|------------------|-----------------|-------------|
| | Number of | Paying | Paying | (\$ millions) | (\$ thousands) | (\$ thousands) | Total Net |
| | Returns | Minimum Tax | Minimum Tax | | | | Tax |
| Zero Income or Loss* | 20,890 | 19,758 | 95% | \$75,900 | \$0 | \$42,943 | 4.2% |
| \$1 - \$50,000 | 6,513 | 2,361 | 36% | \$3,636 | \$9,361 | \$3,030 | 0.3% |
| \$50,000 - \$100,000 | 1,268 | 88 | 7% | \$1,311 | \$6,296 | \$1,218 | 0.1% |
| \$100,000 - \$250,000 | 1,482 | 102 | 7% | \$2,444 | \$16,875 | \$2,026 | 0.2% |
| \$250,000 - \$500,000 | 921 | 53 | 6% | \$2,003 | \$19,220 | \$1,676 | 0.2% |
| \$500,000 - \$1 million | 661 | 19 | 3% | \$1,157 | \$13,906 | \$834 | 0.1% |
| \$1 million to \$5 million | 939 | <30 | 3% | \$2,743 | \$48,272 | \$1,662 | 0.2% |
| Over \$5 million | 467 | <10 | 2% | \$1,237 | \$88,947 | \$705 | 0.0% |
| Total | 33,141 | 22,416 | 68% | \$90,430 | \$202,877 | \$54,095 | 5.2% |

* Includes losses in current year, as well as losses carried forward from prior years that result in \$0 income.

Exhibit 29 shows tax details for C corporations paying the minimum tax by Oregon sales and the corresponding minimum tax amounts. Sixty-eight percent of all C corporation taxpayers paid the minimum tax for tax year 2020.

Exhibit 29—Tax Year 2020 C Corporation Tax Returns

Tax Detail for Minimum Tax Returns by Oregon Sales Category

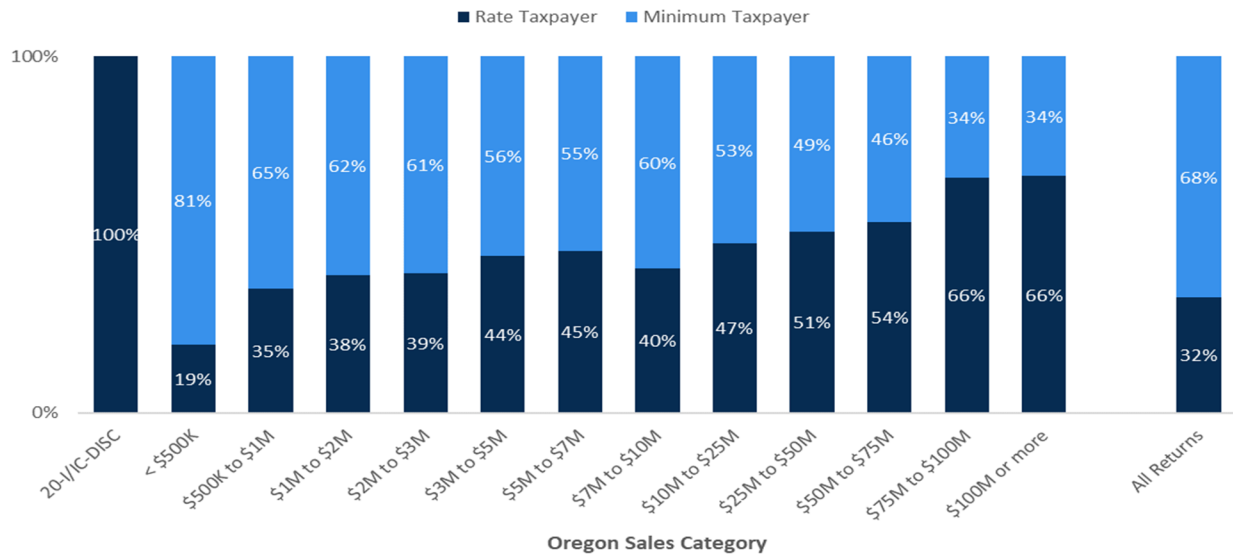
| Oregon Sales | Minimum Tax | Total | Returns | Share | Oregon Sales | Taxable | Net Tax* | Share of |
|-------------------------------|-------------|---------------|---------------|------------|-----------------|------------------|-----------------|-------------|
| | | Number of | Paying | Paying | (\$ millions) | Income | (\$ thousands) | Total Net |
| | | Returns | Minimum | Minimum | | (\$ thousands) | | Tax |
| | | | Tax | Tax | | | | |
| 20-1/IC-DISC Returns | ** | 1,729 | 0 | 0% | \$0 | \$0 | \$0 | 0.0% |
| < \$500,000 | \$150 | 18,210 | 14,722 | 81% | \$1,218 | \$2,721 | \$2,205 | 0.2% |
| \$500,000 to \$1 million | \$500 | 3,134 | 2,043 | 65% | \$1,467 | \$1,328 | \$1,020 | 0.1% |
| \$1 million to \$2 million | \$1,000 | 2,738 | 1,684 | 62% | \$2,388 | \$1,964 | \$1,683 | 0.2% |
| \$2 million to \$3 million | \$1,500 | 1,472 | 894 | 61% | \$2,176 | \$2,770 | \$1,341 | 0.1% |
| \$3 million to \$5 million | \$2,000 | 1,515 | 848 | 56% | \$3,291 | \$3,447 | \$1,696 | 0.2% |
| \$5 million to \$7 million | \$4,000 | 853 | 465 | 55% | \$2,723 | \$2,550 | \$1,856 | 0.2% |
| \$7 million to \$10 million | \$7,500 | 776 | 462 | 60% | \$3,855 | \$9,208 | \$3,465 | 0.3% |
| \$10 million to \$25 million | \$15,000 | 1,377 | 723 | 53% | \$11,232 | \$25,549 | \$10,847 | 1.1% |
| \$25 million to \$50 million | \$30,000 | 605 | 298 | 49% | \$10,357 | \$28,388 | \$8,933 | 0.9% |
| \$50 million to \$75 million | \$50,000 | 237 | 110 | 46% | \$6,699 | \$26,323 | \$5,500 | 0.5% |
| \$75 million to \$100 million | \$75,000 | 135 | 46 | 34% | \$3,980 | \$14,968 | \$3,450 | 0.3% |
| \$100 million or more | \$100,000 | 360 | 121 | 34% | \$41,044 | \$83,663 | \$12,100 | 1.2% |
| Total | | 33,141 | 22,416 | 68% | \$90,430 | \$202,877 | \$54,095 | 5.2% |

* For some taxpayers the net tax is less than the minimum tax due to an accounting period change. While for others, the net tax is greater than the minimum tax due to the addition of tax adjustments.

** Form 20-1 returns and IC-DISCs formed on or before January 1, 2014 are not subject to the minimum tax.

As shown in Exhibit 30, while 20-I filers and IC-DISCs formed on or before January 1, 2014 are not subject to the minimum tax, for other C corporations, the share of minimum taxpayers relative to rate taxpayers generally decreased as Oregon sales increased.

**Exhibit 30—Tax Year 2020 C Corporation Tax Returns
Type of Taxpayer by Oregon Sales Category**



Most taxpayers paying the minimum tax had no income in the current year or the tax based on income was less than the minimum tax. Exhibit 31 details the reasons for minimum tax returns.

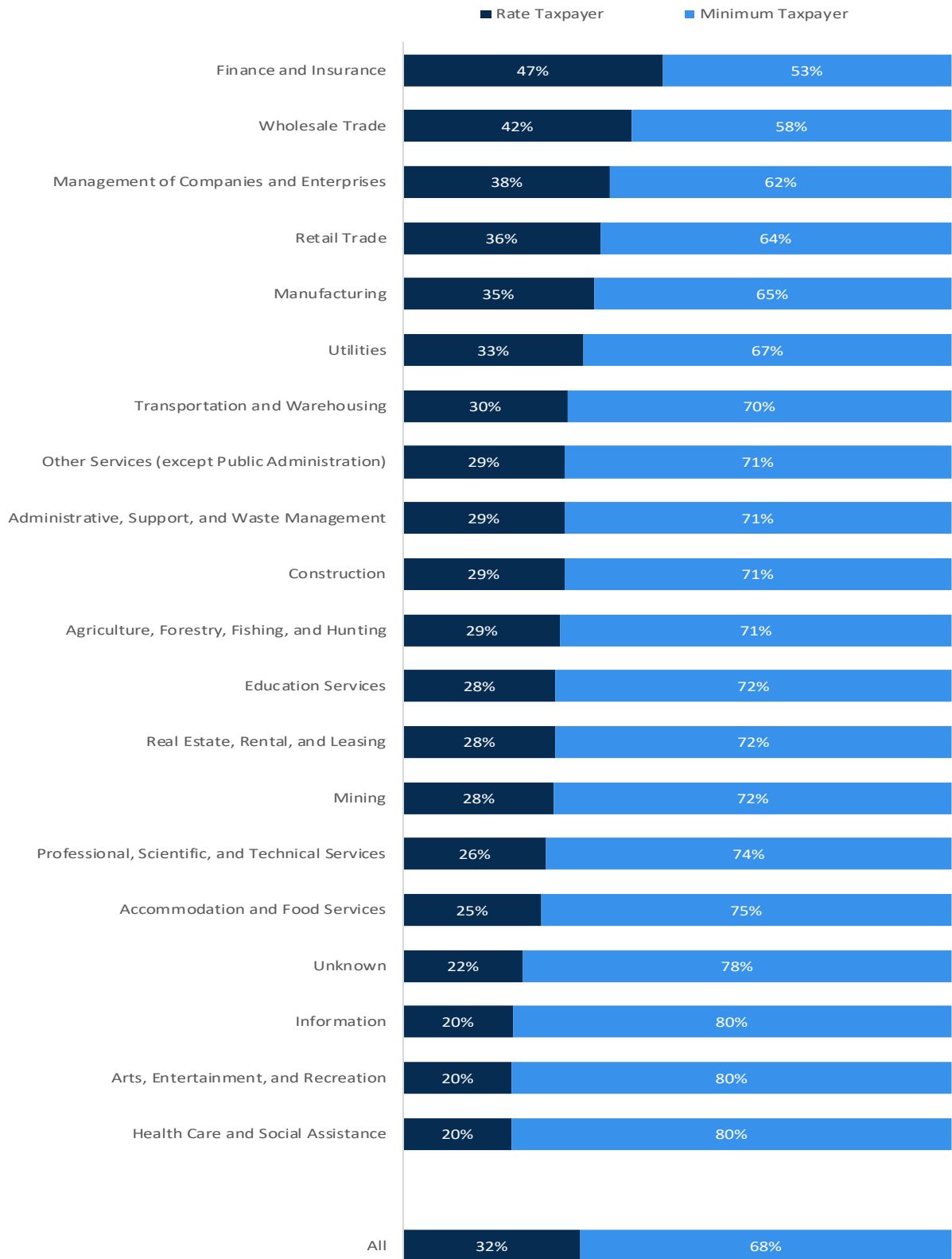
**Exhibit 31—Tax Year 2020 C Corporation Tax Returns
Minimum Tax Payment Details for Minimum Tax Returns**

| Reason For Minimum Tax | Number of Returns | Percent of Minimum Tax Returns | Net Tax (\$ thousands) |
|---|-------------------|--------------------------------|------------------------|
| Current Income | | | |
| Zero income or loss in current year | 16,156 | 72.1% | \$29,450 |
| Tax from rates applied to current year income less than minimum tax | 3,224 | 14.4% | \$10,580 |
| Losses Carried Forward From Prior Years | | | |
| Losses carried forward result in zero income or loss | 2,123 | 9.5% | \$6,392 |
| Losses carried forward result in tax from rates applied to income less than minimum tax | 850 | 3.8% | \$6,152 |
| Credits | | | |
| Credits reduce tax to minimum | 43 | 0.2% | \$857 |
| Combination | | | |
| Combination of losses carried forward and credits reduce tax to minimum | 20 | 0.1% | \$664 |
| Total | 22,416 | 100% | \$54,095 |

Minimum tax returns are the dominant type across all industry sectors. Exhibit 32 shows the respective share of minimum tax returns and tax rate returns by sector.

Section IV: Corporate Tax Returns

Exhibit 32—Tax Year 2020 C Corporation Tax Returns Type of Taxpayer by Industry Sector



Section IV: Corporate Tax Returns

Exhibit 33 provides tax detail by industry sector for all C Corporation minimum tax returns.

**Exhibit 33—Tax Year 2020 C Corporation Tax Returns
Minimum Tax Returns by Industry Sector**

| Industry Sector * | Total Number of Returns | Returns | | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Share of | |
|--|-------------------------------|--------------------------|-----------------------------|----------------------------------|-------------------------------------|---------------------------|------------------|
| | | Paying Minimum Tax | Share Paying Minimum Tax | | | Net Tax (\$ thousands) | Total Net Tax |
| Agriculture, Forestry, Fishing, and Hunting | 1,380 | 983 | 71.2% | \$2,100 | \$3,291 | \$1,658 | 0.2% |
| Mining | 76 | 55 | 72.4% | \$160 | \$3 | \$124 | 0.0% |
| Utilities | 88 | 59 | 67.0% | \$1,948 | \$7 | \$404 | 0.0% |
| Construction | 2,009 | 1,418 | 70.6% | \$2,331 | \$4,085 | \$1,878 | 0.2% |
| Manufacturing | 2,276 | 1,485 | 65.2% | \$11,232 | \$43,057 | \$6,610 | 0.6% |
| Wholesale Trade | 3,508 | 2,044 | 58.3% | \$18,904 | \$37,452 | \$8,751 | 0.8% |
| Retail Trade | 1,817 | 1,164 | 64.1% | \$7,517 | \$4,424 | \$4,240 | 0.4% |
| Transportation and Warehousing | 707 | 495 | 70.0% | \$4,006 | \$13,770 | \$1,805 | 0.2% |
| Information | 2,061 | 1,649 | 80.0% | \$4,420 | \$25,225 | \$2,522 | 0.2% |
| Finance and Insurance | 4,342 | 2,285 | 52.6% | \$11,335 | \$25,595 | \$7,056 | 0.7% |
| Real Estate, Rental, and Leasing | 1,813 | 1,308 | 72.1% | \$3,682 | \$1,086 | \$2,856 | 0.3% |
| Professional, Scientific, and Technical Services | 4,728 | 3,492 | 73.9% | \$4,857 | \$19,738 | \$3,904 | 0.4% |
| Management of Companies and Enterprises | 2,180 | 1,355 | 62.2% | \$11,239 | \$19,001 | \$6,994 | 0.7% |
| Administrative, Support, and Waste Management | 1,144 | 807 | 70.5% | \$1,764 | \$3,127 | \$1,122 | 0.1% |
| Education Services | 312 | 225 | 72.1% | \$100 | \$32 | \$92 | 0.0% |
| Health Care and Social Assistance | 1,032 | 827 | 80.1% | \$2,736 | \$1,968 | \$2,210 | 0.2% |
| Arts, Entertainment, and Recreation | 352 | 282 | 80.1% | \$127 | \$32 | \$117 | 0.0% |
| Accommodation and Food Services | 686 | 513 | 74.8% | \$1,022 | \$197 | \$836 | 0.1% |
| Other Services (except Public Administration) | 1,113 | 785 | 70.5% | \$679 | \$465 | \$595 | 0.1% |
| Unknown | 1,517 | 1,185 | 78.1% | \$271 | \$323 | \$321 | 0.0% |
| Total | 33,141 | 22,416 | 67.6% | \$90,430 | \$202,877 | \$54,095 | 5.2% |

* 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 — "Index of Selected Industry Sectors."

Section IV: Corporate Tax Returns

Tax Rate Returns

Prior to the passage of Measure 67 in January 2010, C corporations not paying the minimum tax paid a tax rate of 6.6 percent on taxable income. The passage of Measure 67 created a second marginal tax rate. For tax year 2019, corporations paid a tax rate of 6.6 percent on taxable income up to \$1,000,000 and a rate of 7.6 percent on any amount of taxable income greater than \$1,000,000.

Exhibit 34 shows tax details for C corporations paying tax based on the rates by taxable income level. Although only 32 percent of C corporations paid tax based on the rates in tax year 2020, they accounted for almost 95 percent of the total tax.

Exhibit 34—Tax Year 2020 C Corporation Tax Returns

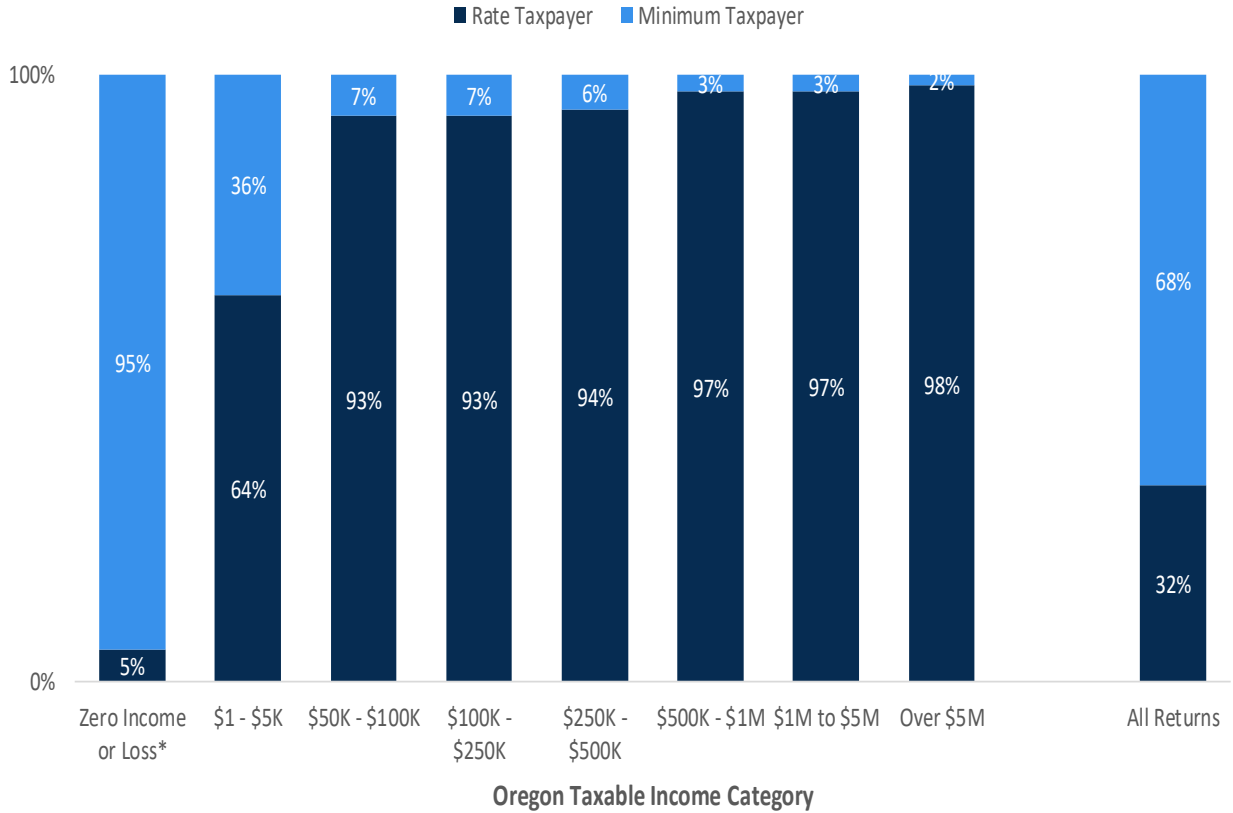
Tax Rate Returns by Taxable Income

| Oregon Taxable Income Category | Total Number of Returns | Tax Rate Returns | Share Paying Tax Based on Rates | Oregon Sales Taxable Income (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Total Net Tax |
|--------------------------------|-------------------------|------------------|---------------------------------|---|-------------------------------|------------------------|------------------------|
| Zero Income or Loss* | 20,890 | 1,132 | 5% | \$450 | \$0 | \$0 | 0.0% |
| \$1 - \$50,000 | 6,513 | 4,152 | 64% | \$1,793 | \$73,191 | \$4,803 | 0.5% |
| \$50,000 - \$100,000 | 1,268 | 1,180 | 93% | \$1,500 | \$84,721 | \$5,517 | 0.5% |
| \$100,000 - \$250,000 | 1,482 | 1,380 | 93% | \$3,231 | \$224,704 | \$14,578 | 1.4% |
| \$250,000 - \$500,000 | 921 | 868 | 94% | \$4,373 | \$308,011 | \$19,959 | 1.9% |
| \$500,000 - \$1 million | 661 | 642 | 97% | \$5,699 | \$453,539 | \$29,555 | 2.9% |
| \$1 million to \$5 million | 939 | <939 | 97% | \$35,511 | \$2,039,309 | \$141,544 | 13.7% |
| Over \$5 million | 467 | <467 | 98% | \$100,981 | \$10,536,785 | \$761,475 | 73.8% |
| Total | 33,141 | 10,725 | 32% | \$153,539 | \$13,720,260 | \$977,432 | 94.8% |

* Includes losses in current year, as well as losses carried forward from prior years that result in \$0 income.

As shown in Exhibit 35, while rate taxpayers only accounted for about one-third of all C corporation taxpayers for tax year 2020, they were the dominant type across all levels of taxable income except zero income or loss.

Exhibit 35—Tax Year 2020 C Corporation Tax Returns
Type of Taxpayer by Oregon Taxable Income



Section IV: Corporate Tax Returns

Exhibit 36 shows details for C corporations paying tax based on the rates by Oregon sales. Those with Oregon sales of \$100 million or more accounted for almost 56 percent of the total tax liability of all C corporations in 2020.

Exhibit 36—Tax Year 2020 C Corporation Tax Returns Tax Detail for Tax Rate Returns by Oregon Sales Category

| Oregon Sales | Minimum Tax | Total Number of Returns | Total Tax Rate Returns | Share Paying Tax Based on Rates | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Total Net Tax |
|-------------------------------|-------------|-------------------------------|------------------------------|--|-------------------------------|-------------------------------------|---------------------------|------------------------------|
| 20-I/IC-DISC Returns | * | 1,729 | 1,729 | 100% | \$957 | \$133,902 | \$4,335 | 0.4% |
| < \$500,000 | \$150 | 18,210 | 3,488 | 19% | \$606 | \$146,996 | \$9,548 | 0.9% |
| \$500,000 to \$1 million | \$500 | 3,134 | 1,091 | 35% | \$796 | \$105,254 | \$6,914 | 0.7% |
| \$1 million to \$2 million | \$1,000 | 2,738 | 1,054 | 38% | \$1,534 | \$176,006 | \$11,645 | 1.1% |
| \$2 million to \$3 million | \$1,500 | 1,472 | 578 | 39% | \$1,419 | \$147,382 | \$9,788 | 0.9% |
| \$3 million to \$5 million | \$2,000 | 1,515 | 667 | 44% | \$2,615 | \$275,290 | \$18,347 | 1.8% |
| \$5 million to \$7 million | \$4,000 | 853 | 388 | 45% | \$2,297 | \$236,018 | \$16,007 | 1.6% |
| \$7 million to \$10 million | \$7,500 | 776 | 314 | 40% | \$2,636 | \$297,652 | \$20,605 | 2.0% |
| \$10 million to \$25 million | \$15,000 | 1,377 | 654 | 47% | \$10,410 | \$1,099,253 | \$77,516 | 7.5% |
| \$25 million to \$50 million | \$30,000 | 605 | 307 | 51% | \$10,943 | \$1,275,701 | \$92,061 | 8.9% |
| \$50 million to \$75 million | \$50,000 | 237 | 127 | 54% | \$7,788 | \$1,001,107 | \$72,633 | 7.0% |
| \$75 million to \$100 million | \$75,000 | 135 | 89 | 66% | \$7,727 | \$864,713 | \$63,356 | 6.1% |
| \$100 million or more | \$100,000 | 360 | 239 | 66% | \$103,809 | \$7,960,987 | \$574,676 | 55.7% |
| Total | | 33,141 | 10,725 | 32% | \$153,539 | \$13,720,260 | \$977,432 | 94.8% |

* Form 20-I returns and IC-DISCs formed on or before January 1, 2014 are not subject to the minimum tax.

Section IV: Corporate Tax Returns

Tax rate returns appear in all industry sectors. Exhibit 37 shows returns paying tax based on rates by sector.

Exhibit 37—Tax Year 2020 C Corporation Tax Returns Tax Rate Returns by Industry Sector

| Industry Sector * | Total Number of Returns | Share Paying Tax Rate Tax Based on Returns | Share Paying Tax Based on Rates | Oregon Sales (\$ millions) | Taxable Income (\$ thousands) | Share of Net Tax (\$ thousands) | Share of Total Net Tax |
|--|-------------------------------|---|---------------------------------------|----------------------------------|-------------------------------------|---------------------------------------|------------------------------|
| Agriculture, Forestry, Fishing, and Hunting | 1,380 | 397 | 28.8% | \$853 | \$104,173 | \$6,582 | 0.6% |
| Mining | 76 | 21 | 27.6% | \$145 | \$14,303 | \$1,023 | 0.1% |
| Utilities | 88 | 29 | 33.0% | \$2,041 | \$127,003 | \$9,613 | 0.9% |
| Construction | 2,009 | 591 | 29.4% | \$8,240 | \$501,996 | \$36,952 | 3.6% |
| Manufacturing | 2,276 | 791 | 34.8% | \$9,820 | \$1,093,891 | \$77,388 | 7.5% |
| Wholesale Trade | 3,508 | 1,464 | 41.7% | \$28,872 | \$2,202,657 | \$158,397 | 15.4% |
| Retail Trade | 1,817 | 653 | 35.9% | \$27,963 | \$1,698,325 | \$126,498 | 12.3% |
| Transportation and Warehousing | 707 | 212 | 30.0% | \$3,644 | \$407,496 | \$30,035 | 2.9% |
| Information | 2,061 | 412 | 20.0% | \$7,685 | \$698,443 | \$48,223 | 4.7% |
| Finance and Insurance | 4,342 | 2,057 | 47.4% | \$29,434 | \$2,458,379 | \$179,557 | 17.4% |
| Real Estate, Rental, and Leasing | 1,813 | 505 | 27.9% | \$1,555 | \$210,951 | \$15,381 | 1.5% |
| Professional, Scientific, and Technical Services | 4,728 | 1,236 | 26.1% | \$5,812 | \$801,192 | \$57,201 | 5.5% |
| Management of Companies and Enterprises | 2,180 | 825 | 37.8% | \$18,971 | \$2,576,666 | \$170,280 | 16.5% |
| Administrative, Support, and Waste Management | 1,144 | 337 | 29.5% | \$2,871 | \$254,140 | \$18,356 | 1.8% |
| Education Services | 312 | 87 | 27.9% | \$256 | \$26,405 | \$1,890 | 0.2% |
| Health Care and Social Assistance | 1,032 | 205 | 19.9% | \$2,302 | \$135,186 | \$9,810 | 1.0% |
| Arts, Entertainment, and Recreation | 352 | 70 | 19.9% | \$110 | \$13,004 | \$904 | 0.1% |
| Accommodation and Food Services | 686 | 173 | 25.2% | \$833 | \$92,882 | \$6,836 | 0.7% |
| Other Services (except Public Administration) | 1,113 | 328 | 29.5% | \$1,992 | \$286,943 | \$21,351 | 2.1% |
| Unknown | 1,517 | 332 | 21.9% | \$140 | \$16,225 | \$1,155 | 0.1% |
| Total | 33,141 | 10,725 | 32.4% | \$153,539 | \$13,720,260 | \$977,432 | 94.8% |

* 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 — "Index of Selected Industry Sectors."

Section IV: Corporate Tax Returns

C. Summary of S Corporation Tax Returns

With few exceptions, S corporations pass their income (or loss) through to their shareholders. The income is not taxed at the corporation level; rather, it is taxed as income of the shareholders. S corporation income is taxed at the corporate level when an S corporation has built-in gains or net excess passive investment income.

S corporations paying either the income or the excise tax file Form OR-20-S. For tax year 2020, the minimum tax for excise taxpayers is \$150. Income tax filers are not subject to a minimum tax. As shown in Exhibit 38, the majority of OR-20-S filers had little or no taxable income and paid the \$150 minimum excise tax.

Exhibit 38—Tax Year 2020 S Corporation Tax Returns S Corporation Summary

| Type of Filer | Number of Returns | Number Paying Minimum Tax | Taxable Income (\$ thousands) | Net Tax (\$ thousands) |
|-------------------|-------------------|---------------------------|-------------------------------|------------------------|
| Excise Tax | 73,003 | 72,927 | \$8,374 | \$11,392 |
| Income Tax* | 1,441 | 0 | \$1,554 | \$20 |
| Total 20-S | 74,444 | 72,927 | \$9,928 | \$11,412 |

*Income tax filers are not subject to the minimum tax. Of the 1,441 income tax returns, 1,430 paid no tax.

Exhibit 39 shows that most OR-20-S filers do not apportion their income between Oregon and other states, and most are domiciled (i.e., have their headquarters) in Oregon.

Exhibit 39—Tax Year 2020 S Corporation Tax Returns S Corporation Characteristics

| | Number of Returns | Share of Returns | Taxable Income (\$ thousands) | Net Tax (\$ thousands) | Share of Net Tax |
|--|-------------------|------------------|-------------------------------|------------------------|------------------|
| Apportionment for 20-S Filers | | | | | |
| Multistate (Apportioned) | 14,572 | 20% | \$4,269 | \$2,218 | 19% |
| Nonapportioned | 59,872 | 80% | \$5,659 | \$9,194 | 81% |
| State of Domicile for 20-S Filers | | | | | |
| Oregon | 61,258 | 82% | \$6,505 | \$9,524 | 83% |
| Other | 13,186 | 18% | \$3,423 | \$1,888 | 17% |

Exhibit 40 shows the distribution of OR-20-S returns by industry sector. For tax year 2020, the following four sectors combined contributed almost 47 percent of the total tax payments:

- Construction
- Retail trade
- Professional, scientific, and technical services
- Health care and social assistance

Exhibit 40—Tax Year 2020 S Corporation Tax Returns Industry Sector

| Industry Sector * | Number of Returns | Share of Returns | Net Tax (\$ thousands) | Share of Net Tax |
|--|-------------------|------------------|------------------------|------------------|
| Agriculture, Forestry, Fishing, and Hunting | 2,775 | 3.7% | \$452 | 4.0% |
| Mining | 106 | 0.1% | \$23 | 0.2% |
| Utilities | 55 | 0.1% | \$8 | 0.1% |
| Construction | 10,816 | 14.5% | \$1,652 | 14.5% |
| Manufacturing | 3,564 | 4.8% | \$589 | 5.2% |
| Wholesale Trade | 3,351 | 4.5% | \$509 | 4.5% |
| Retail Trade | 5,653 | 7.6% | \$890 | 7.8% |
| Transportation and Warehousing | 2,014 | 2.7% | \$321 | 2.8% |
| Information | 1,408 | 1.9% | \$207 | 1.8% |
| Finance and Insurance | 2,770 | 3.7% | \$413 | 3.6% |
| Real Estate, Rental, and Leasing | 5,327 | 7.2% | \$813 | 7.1% |
| Professional, Scientific, and Technical Services | 12,016 | 16.1% | \$1,820 | 15.9% |
| Management of Companies and Enterprises | 649 | 0.9% | \$89 | 0.8% |
| Administrative, Support, and Waste Management | 3,630 | 4.9% | \$541 | 4.7% |
| Education Services | 708 | 1.0% | \$105 | 0.9% |
| Health Care and Social Assistance | 5,851 | 7.9% | \$970 | 8.5% |
| Arts, Entertainment, and Recreation | 1,276 | 1.7% | \$185 | 1.6% |
| Accommodation and Food Services | 4,642 | 6.2% | \$694 | 6.1% |
| Other Services (except Public Administration) | 3,414 | 4.6% | \$510 | 4.5% |
| Unknown | 4,419 | 5.9% | \$622 | 5.5% |
| Total | 74,444 | 100.0% | \$11,412 | 100.0% |

* 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 — "Index of Selected Industry Sectors."

The state surplus refund, or kicker, refers to the original provision in Oregon law that returns money to taxpayers if actual revenues exceed forecasted revenues by at least 2 percent.

The kicker is determined by separating all General Fund money into corporate taxes and all other General Fund revenue and comparing collections at the end of a biennium to the forecast at the close of the regular session of the Legislature. If collections of corporate taxes are at least 2 percent greater than the forecast, then all the excess (including the 2 percent) is allocated to the General Fund to provide additional funding for K through 12 public education. If the collections of all other General Fund revenues are at least 2 percent greater than the forecast, then all the excess (including the 2 percent) is returned to personal income taxpayers.

Prior to the passage of Measure 85 in 2012, if corporate tax collections exceeded the forecast, the money was refunded to corporate taxpayers as a credit on the tax return for the tax year in which the biennium ends. For example, when the actual corporate tax collections from the 2003-05 biennium exceeded the 2003 close of session forecast by more than 2 percent, the excess was returned to corporate taxpayers through a credit on the 2005 returns.

The kicker law was part of Measure 86, passed in 2000. It provided that the Legislature may vote to suspend the kicker with a two-thirds majority vote. During the 2007 legislative session, the corporate kicker was suspended and diverted into the Rainy Day Fund. Small corporations with Oregon sales of less than \$5 million could claim a one-time small sales credit. The amount of the credit was equal to 67 percent of the tax after all other credits. The 2007 Legislature also changed the kicker distribution. Beginning in 2009, the kicker is calculated based on tax liability before credits, as opposed to how it was calculated for tax year 2005, using after-credit tax liability. Exhibit 41 shows the recent history of the corporation kicker.

Appendix A: Surplus Kicker

Exhibit 41—Recent Corporation Kicker History

| Biennium | Tax Year | Surplus/Shortfall (\$ Million) | Percentage | Surplus Credited* (\$ Million) | Mean Credit for C Corps (\$) | Mean for C Corps Receiving Benefit (\$) |
|----------|----------|-----------------------------------|-----------------|--------------------------------------|---------------------------------|--|
| 1989-91 | 1991 | -\$23 | None | N/A | N/A | N/A |
| 1991-93 | 1993 | \$18 | Suspended | N/A | N/A | N/A |
| 1993-95 | 1995 | \$167 | 50.1% | \$224 | \$5,664 | \$12,239 |
| 1995-97 | 1997 | \$203 | 42.2% | \$169 | \$4,378 | \$10,782 |
| 1997-99 | 1999 | -\$69 | None | N/A | N/A | N/A |
| 1999-01 | 2001 | -\$44 | None | N/A | N/A | N/A |
| 2001-03 | 2003 | -\$440 | None | N/A | N/A | N/A |
| 2003-05 | 2005 | \$101 | 35.9% | \$161 | \$4,829 | \$13,462 |
| 2005-07 | 2007 | \$344 | Suspended | N/A | N/A | N/A |
| 2007-09 | 2009 | -\$236 | None | N/A | N/A | N/A |
| 2009-11 | 2011 | -\$4 | None | N/A | N/A | N/A |
| 2011-13 | 2013 | -\$10 | None | N/A | N/A | N/A |
| 2013-15 | 2015 | \$59 | To General Fund | N/A | N/A | N/A |
| 2015-17 | 2017 | \$111 | To General Fund | N/A | N/A | N/A |
| 2017-19 | 2019 | \$675 | To General Fund | N/A | N/A | N/A |
| 2019-21 | 2021 | \$847 | To General Fund | N/A | N/A | N/A |

* Since the percentage credit is based on estimated liability, the amount refunded as a "surplus credit" differs from the surplus amount.

The Oregon Department of Revenue computer systems provide information on corporation income and excise tax payments. We use tax return data for the most recent year with complete information. The corporation excise and income tax database is revised for amended and audited returns. These returns replace the original where applicable. Amended returns and audit results received after finalizing the publication master 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 our 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 a credit that is not allowed, the reported amount is replaced by zero. Certain discrepancies or minor errors may not be resolved.

Due Dates for Returns

Corporations are required to file a tax return after the end of their tax year. For many corporations, the calendar year is their tax year. However, others file on a fiscal year basis. These fiscal year filers extend the length of time needed to obtain a complete database of returns. As seen from Exhibit 42, a corporate taxpayer that starts its fiscal year on December 1 would start tax year 2020 in December 2020. The taxpayer’s tax year would end November 2021. The taxpayer’s Oregon return would be due by April 15, 2022. Then the taxpayer could submit a federal filing extension, extending the time to file both federal and state returns by six months. So, a corporation that starts its fiscal year on December 1 may file its 2020 Oregon return as late as October 15, 2022.

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 complete sooner than return data.

Exhibit 42—Corporate Filing Calendar

| Tax Year Begins | Tax Year Ends | Oregon Corporation Return Due Date* | Due Date with Extension |
|------------------------|----------------------|--|--------------------------------|
| January 1 | December 31 | May 15 | November 15 |
| February 1 | January 31 | June 15 | December 15 |
| March 1 | February 28 | July 15 | January 15 |
| April 1 | March 31 | August 15 | February 15 |
| May 1 | April 30 | September 15 | March 15 |
| June 1 | May 31 | October 15 | April 15 |
| July 1 | June 30 | October 15 | May 15 |
| August 1 | July 31 | December 15 | June 15 |
| September 1 | August 31 | January 15 | July 15 |
| October 1 | September 30 | February 15 | August 15 |
| November 1 | October 31 | March 15 | September 15 |
| December 1 | November 30 | April 15 | October 15 |

* Federal corporation returns are due on the 15th day of the fourth month after the end of the corporation's tax year, except returns with a tax year ending on June 30 are due on September 15 with a seven month extension available. Oregon returns are due one month after federal returns.

Tax Period

Although corporations may have varying fiscal years, most are calendar year filers. Exhibit 43 shows the filing period for all tax year 2020 C corporation returns. A corporation's tax year 2020 is based on a filing period that begins any time in calendar year 2020. If the tax year starts on July 1 and ends on June 30, the tax year ending month is June.

Exhibit 43—Tax Year 2020 C Corporation Tax Returns
Tax Year Ending Month

| | Oregon Taxable | | | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------|
| | Number of | Income | Oregon Net Tax | Share of |
| | Returns | (\$ thousands) | (\$ thousands) | Net Tax |
| January | 708 | \$1,007,130 | \$77,157 | 7.5% |
| February | 285 | \$112,953 | \$8,796 | 0.9% |
| March | 1,658 | \$581,069 | \$45,173 | 4.4% |
| April | 368 | \$123,899 | \$9,401 | 0.9% |
| May | 372 | \$229,269 | \$17,321 | 1.7% |
| June | 1,901 | \$720,408 | \$54,767 | 5.3% |
| July | 324 | \$308,500 | \$23,620 | 2.3% |
| August | 378 | \$179,872 | \$13,683 | 1.3% |
| September | 1,310 | \$696,529 | \$51,970 | 5.0% |
| October | 576 | \$441,267 | \$32,746 | 3.2% |
| November | 283 | \$78,697 | \$6,228 | 0.6% |
| December | 23,345 | \$9,280,414 | \$678,246 | 65.8% |
| Part year with December* | 912 | \$72,956 | \$5,722 | 0.6% |
| Part year without December** | 721 | \$90,176 | \$6,696 | 0.6% |
| Total | 33,141 | \$13,923,137 | \$1,031,527 | 100.0% |

* Part-year returns with ending date in December.

** Part-year returns with ending date other than December.

Sector Classification

NAICS codes are assigned based primarily on information reported by the Oregon Employment Department. The Employment Department classifies corporations based on their reported principal activity in Oregon. For certain multistate corporations, their activity in Oregon may differ from their primary activity in the United States as a whole. For example, a certain manufacturer may produce a product at several plants in the United States. However, in Oregon, its only activity may be the wholesale trade of the manufactured good. This classification also may differ from the sector reported on the taxpayer's federal or state tax return. We try to assign a sector classification for taxpayers lacking this information and make other changes as appropriate.

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 44—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. |

Appendix C: Index of Selected Industry Sectors

| 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. |

Glossary of Corporate Terms

Additions. Those modifications required by Oregon law that are added to federal taxable income in computing Oregon taxable income.

Allocation. A method of attributing income to the states from which a multistate or multinational corporation receives nonbusiness income.

Apportionable Income. Income that arises from the regular course of a taxpayer's trade or business. It includes income from tangible and intangible property if such property constitutes an integral part of the taxpayer's regular trade or business.

Apportionment. A method of attributing income to the states in which a multistate or multinational corporation is doing business. The corporation's business income is divided (based on an apportionment formula) among the taxing states.

Apportionment Formula. Taxpayers doing business (or with income sourced) both in Oregon and in other states use the specified formula to apportion their income to Oregon. For tax years beginning on or after July 1, 2005, 100 percent sales apportionment (with a few exceptions) should be used. Section 2A describes apportionment history in detail.

Biennium. The period of two fiscal years for which the state budgets are determined. For example, July 1, 2021 to June 30, 2023 is referred to as the 2021-23 biennium.

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).

Consolidated Reporting. Under federal law IRC 1504, a filing method that allows certain related corporations (more than 80 percent ownership) the convenience of filing a single tax return and paying one tax amount. Under ORS 317.710, Oregon requires unitary corporations included in the consolidated federal return to file consolidated Oregon returns for tax years that began on or after January 1, 1986. See Unitary Group.

Credits. Dollar-for-dollar reductions in tax. Corporation tax credits claimed often include credits for pollution control, research and development, business energy credit, and affordable housing credit. A comprehensive list of tax credits can be found in the *State of Oregon 2023-25 Tax Expenditure Report*, available at www.oregon.gov/dor/stats.

Doing Business. A taxpayer is doing business when it engages in any profit-seeking activity in Oregon. What transaction or transactions need be entered into within this state in the course of such an activity to constitute the doing or carrying on of business within the state is primarily a question of fact, depending upon the circumstances in each case. For example, a corporation is doing business in Oregon if one or more of the following is true:

- Provides services to customers in Oregon
- Has sales activity in Oregon
- Has inventory in Oregon

Appendix D: Glossary of Corporate Terms

- Has an office in Oregon
- Has a place of business in Oregon where affairs of the corporation are regularly carried on.

Domestic Corporation. An Oregon domestic corporation is a corporation that is organized (incorporated) under the laws of this state. For federal corporation tax purposes, the term refers to U.S. corporations (as opposed to corporations organized in foreign countries).

Excise Tax. A tax imposed on corporations for the privilege of doing business in a state. C corporations pay the greater of net excise tax liability or an alternative minimum tax between \$150 and \$100,000, based on total Oregon sales for the tax year. Excise tax filers that are S corporations, partnerships or limited liability companies taxed as partnerships pay the greater of net tax liability or a \$150 minimum tax. Before voter approval of Measure 67, the minimum excise tax was \$10 for C corporations and S corporations.

Federal Taxable Income. The starting point for determining Oregon taxable income (line 28 of federal Form 1120). More specifically, income or loss determined under Chapter 1, subtitle A of the Internal Revenue Code (IRC Sections 1 through 1563).

Foreign Corporation. For Oregon purposes, a corporation organized under the laws of another state. For federal corporation tax purposes, a corporation organized in a foreign country (Oregon identifies these as “alien” corporations).

IC-DISC. Interest charge domestic international sales corporation. An IC-DISC allows for both federal and state tax savings for making or distributing US products for export. An IC-DISC formed on or before

January 1, 2014 is exempt from minimum tax. Commissions received by an IC-DISC formed on or before January 1, 2014 are taxed at 2.5 percent.

Income Tax. A tax on the income of those corporations that have Oregon-source income but are not doing business here. Income tax filers are not subject to the minimum tax. See Doing Business.

LIFO Recapture Tax. The last in, first out (LIFO) recapture amount is the amount, if any, by which the amount of inventory assets using the first in, first out (FIFO) method exceeds the inventory amount of such assets under the LIFO method.

Measure 67. In January 2010, Oregon voters passed Measure 67. The legislation created a second marginal tax rate on taxable income of C corporations. In addition, the legislation increased the minimum tax on C corporations and S corporations and created a \$150 minimum tax on partnerships.

Minimum Tax. Prior to tax year 2009, all corporate excise tax filers were subject to a \$10 minimum tax. For tax years beginning on or after January 1, 2009, C corporations are subject to a minimum tax between \$150 and \$100,000, based on total Oregon sales for the tax year. Excise tax filers that are S corporations pay the greater of net tax liability or a \$150 minimum tax. There is no minimum tax for corporate income taxpayers.

Multinational Corporation. A corporation that conducts business in, or has income sourced to, more than one country.

Multistate Corporation. A corporation that conducts business in, or has income sourced to, more than one state.

Net Receipts. Net corporate collections received. Estimated payments and final payments, less refunds, equals net receipts.

Nonapportionable Income. All income other than business income. Rents, royalties, gains or losses, and interest can be nonbusiness income if they arise from investments not related to the regular course of the taxpayer's business. Each item of nonbusiness income is generally allocated to one state rather than being apportioned to all states where the corporation does business.

Non-unitary Business. A business entity that does not belong in a unitary group. See Unitary Group.

Oregon Net Tax. Net tax differs from Oregon tax after credits by the Oregon surplus refund (kicker) and adjustments for Last In, First Out (LIFO) benefit recapture. For additional information on kicker refunds, please see Appendix A: Surplus Kicker.

Oregon Taxable Income. Federal taxable income after Oregon's statutory modifications have been applied. For multistate corporations, this is after the apportionment percentage is applied.

Passive Investment Income. Gross receipts derived from royalties, rents, dividends, interest, annuities, and certain sales or exchanges of stock or securities serving a passive investment purpose. A small number of S corporations must pay corporation income tax because they have passive investment income.

Pass-through entity (PTE). A business entity that is formed as a sole proprietorship, partnership, or S corporation for tax purposes. The income of the business is "passed through" to the owners/shareholders and taxed through the personal income tax.

Payroll Factor. One of three factors used in apportioning the business income of multistate or multinational corporations for tax years prior to July 1, 2005. The payroll factor may still be used for apportionment in certain circumstances. The payroll factor is expressed as a fraction: the numerator is Oregon payroll, and the denominator is total payroll.

Property Factor. One of three factors used in apportioning the business income of multistate or multinational corporations for tax years prior to July 1, 2005. The property factor may still be used for apportionment in certain circumstances. The property factor is expressed as a fraction: the numerator is the average value of business property located or used in Oregon, and the denominator is the average value of business property located or used everywhere.

Retaliatory Tax. A tax based on a comparison of the taxes, fees, assessments, penalties, and fines that an Oregon insurance company would pay in another state to those that an insurer from that state actually pays in Oregon. If the tax burden to the other state is higher for an Oregon insurance company doing business in that state, the retaliatory tax applies that same level of taxation to the foreign state's companies that do business in Oregon.

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.

Sales Factor. One of the three factors used in apportioning the business income of multistate or multinational corporations for tax years prior to July 1, 2005. The sales factor is expressed as a fraction: the numerator is Oregon sales, and the denominator is total sales. See Single Sales Factor.

Single Sales Factor. Use of only the sales factor to apportion multistate or multinational income. In Oregon, most corporations use the single sales factor for apportioning income for tax years that began on or after July 1, 2005.

State Surplus Refund (Kicker). Oregon is required by law to refund excess revenue when revenues collected for the biennium are more than 2 percent higher than forecast at the time that the state's budget was adopted. Due to the passage of Measure 85 in 2012, corporate kicker refunds are now allocated to the General Fund to provide additional funding for K through 12 public education.

Subtractions. Those modifications allowed by Oregon law that are subtracted from federal taxable income in computing Oregon taxable income.

Super Weighted Sales Factor. Using a sales factor of greater than 50 percent in the formula used to apportion multistate or multinational income. In Oregon, most corporations used this method for

apportioning income in tax years that begin on or after May 1, 2003, but before July 1, 2005.

Tax After Credits. Amount of tax after subtracting credits and before adjustments.

Tax Liability. Also referred to as net tax. The amount of tax calculated to be owed by subtracting adjustments and credits from the greater of the tax based on rates or the minimum tax. For tax year 2020, cannot be less than the minimum tax for excise taxpayers.

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.

Common control is also required with common ownership of more than 50 percent of the voting stock needed to establish a unitary relationship. See also Unitary Group.

Unitary Group. Under ORS 317.705(2), a corporation or group of corporations engaged in business activities that constitute a unitary business.

