



# Oregon Corporate Excise & Income Tax Statistics

Characteristics of Corporate Taxpayers

2021 Edition:

Corporate Tax Receipts Fiscal Year 2020-21

Corporate Tax Returns Tax Year 2019

150-102-405 (Rev. 01-22)

2021 Edition



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# **Oregon Corporate Excise and Income Tax Statistics**

**Characteristics of Corporate Taxpayers**

**2021 Edition**

**Corporate Tax Receipts Fiscal Year 2020-21  
and Corporate Tax Returns Tax Year 2019**

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**150-102-405 (Rev. 01-22)**



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Since 1929, corporations in Oregon have paid a form of income tax. These revenues were 7.8 percent of the General Fund in the 2020-21 fiscal year (July 1, 2020–June 30, 2021) and are projected to be about 6.6 percent of total General Fund revenue in the 2021-23 biennium.

**Exhibit 1—Oregon Corporate Tax Receipts  
2020-21 Fiscal Year**

Corporate Tax Revenue	\$1,201 million
Percent of General Fund	7.8%

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 both a projected decline in corporate revenues and a projected increase in personal income tax revenues. Corporate tax collections for the 2019-21 biennium were more than \$2 billion while they are forecasted to be closer to \$1.6 billion for the 2021-23 biennium.

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 2020-21. 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 2019. 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

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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:

<http://www.oregon.gov/DOR/forms>

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

<https://www.oregon.gov/DOR/programs/businesses/Pages/corp-requirements.aspx>

- Provides excise and income tax filing information and requirements.

<http://www.oregon.gov/DOR/stats>

- The State of Oregon 2021–23 Tax Expenditure Report publication.
- 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.

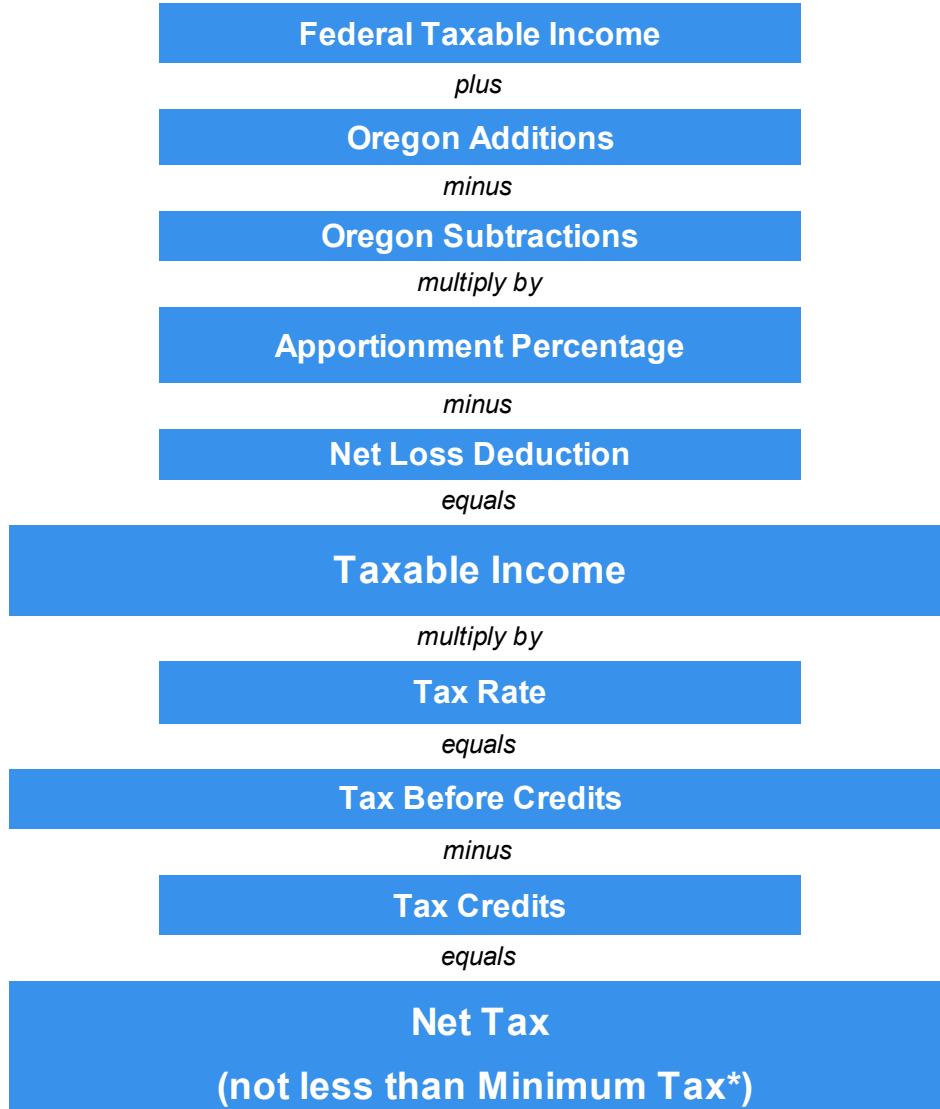
Corporations doing business in Oregon pay the **excise tax**. Doing business means carrying on or being engaged in any profit-seeking activity in Oregon. Corporations not doing business in Oregon but with income from an Oregon source pay the **income tax**. Most corporations pay the excise tax.

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 <http://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.

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.<sup>1</sup> Refer to Exhibit 3 for a table summarizing the changes to apportionment.

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<sup>1</sup> 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 2021-23 Tax Expenditure Report*, which is available at <http://www.oregon.gov/DOR/Stats>.

## Section II: How Corporations Are Taxed

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### 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.

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**

<b>Tax Year</b>	<b>Tax Rate</b>	<b>Type of Corporation</b>
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. 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.<sup>2</sup> 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

<sup>2</sup> 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.

## Section II: How Corporations Are Taxed

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tax for tax years 2015 through 2020 and this change became permanent with the passage of HB 2066 in 2017.

<b>Exhibit 5—Corporate Minimum Tax For Tax Years Beginning in 2009</b>	
<b>Oregon Sales</b>	<b>Minimum Tax</b>
< \$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 2019, a corporation could claim any of 32 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 2021-23 Tax Expenditure Report* also provides a thorough discussion of corporate tax credits. The report is available at <http://www.oregon.gov/DOR/Stats>.



### **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

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### **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 2019. For the 1990 tax year, 18,437 S corporations filed returns in Oregon. For the 2019 tax year, 73,616 S corporations filed returns, 2.7 percent more than tax year 2018. For more statistics on S corporations, please refer to Section 4C, starting on page 43.

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

### 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.<sup>3</sup> 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 <http://www.oregon.gov/DOR/>.

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<sup>3</sup> 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.<sup>4</sup> 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.

<b>Exhibit 6—Corporate Tax Receipts in FY 2020-21 By Tax Year</b>	
<b>Tax Year</b>	<b>Net Receipts (\$ thousands)</b>
2015 or prior	-\$25,208
2016	-\$4,105
2017	\$9,375
2018	-\$78,521
2019	-\$215,338
2020	\$1,190,584
2021	\$307,023
<b>Total</b>	<b>\$1,183,809</b>

Exhibit 6 provides details on the tax years for which payments were received and refunds issued in fiscal year 2020-21 (FY 21). 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 2020 and 2021, 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 2019.

### Trends in Corporate Tax Receipts

Exhibit 7 shows corporate receipts history for the 20 most recent fiscal years. Total tax receipts increased by 44 percent from fiscal year 2019-20 (FY 20) to FY 21. One reason for the large increase was a shift in some tax receipts from FY 20 to FY 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 FY 21.

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

## Section III: Corporate Tax Receipts

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### Exhibit 7—Corporate Receipts History

Fiscal Year*	Net Receipts (\$ thousands)	Growth
2001-02	\$196,272	-47.4%
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	\$1,183,809	43.7%

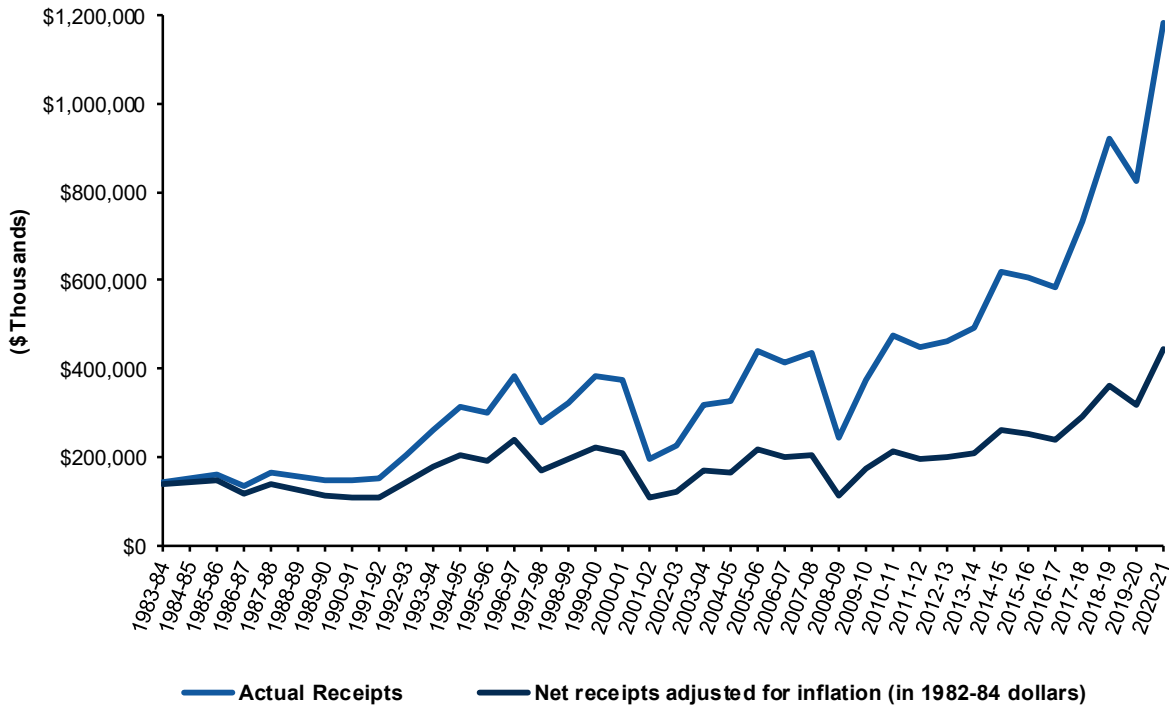
\* Fiscal year starts July 1.

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

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

Receipts increased substantially for fiscal years 2017-18 (FY 18) and 2018-19 (FY 19), due at least in part to the federal Tax Cuts and Jobs Act of 2017, including the deemed repatriation provision. Receipts decreased for FY 20, likely 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 FY 21. However, as can be seen in Exhibit 8, this increase is not nearly as substantial when adjusted for inflation, as inflation rose significantly during 2021.

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



Receipts by Industry Sector

Exhibit 9 compares corporate tax receipts from all sectors for FY 20 and FY 21. Most sectors reflected the overall 44 percent increase in tax receipts and showed strong growth between fiscal years. But a few sectors, including utilities; educational services; and accommodation and food services, posted declines, likely linked to pandemic related closures and restrictions. While some of the reduction in the information sector is also likely due to the effects of the pandemic, tax receipts for this sector for FY 20 were unusually high, while those for FY 21 were closer to normal levels.

## Section III: Corporate Tax Receipts

### Exhibit 9—Corporate Tax Receipts by Industry Sector, Fiscal Years 2019-20 and 2020-21

Industry Sector *	FY 2019-20 (\$ thousands)	FY 2020-21 (\$ thousands)	Growth	Share of Total Receipts for FY 2020-21
Agriculture, Forestry, Fishing, and Hunting	\$6,190	\$12,883	108%	1.1%
Mining	\$825	\$1,248	51%	0.1%
Utilities	\$10,449	\$4,215	-60%	0.4%
Construction	\$21,978	\$46,537	112%	3.9%
Manufacturing	\$43,804	\$104,759	139%	8.8%
Wholesale Trade	\$121,731	\$172,056	41%	14.5%
Retail Trade	\$69,467	\$142,718	105%	12.1%
Transportation and Warehousing	\$28,477	\$40,702	43%	3.4%
Information	\$77,904	\$21,046	-73%	1.8%
Finance and Insurance	\$134,319	\$207,421	54%	17.5%
Real Estate, Rental, and Leasing	\$22,728	\$22,563	-1%	1.9%
Professional, Scientific, and Technical Services	\$58,895	\$65,071	10%	5.5%
Management of Companies and Enterprises	\$179,840	\$247,699	38%	20.9%
Administrative, Support, and Waste Management	\$11,928	\$24,914	109%	2.1%
Educational Services	\$878	\$296	-66%	0.0%
Health Care and Social Assistance	\$8,295	\$16,085	94%	1.4%
Arts, Entertainment, and Recreation	\$547	\$1,400	156%	0.1%
Accommodation and Food Services	\$13,157	\$7,973	-39%	0.7%
Other Services (except Public Administration)	\$8,973	\$21,363	138%	1.8%
Unknown	\$3,469	\$22,860	N/A ***	1.9%
<b>Total</b>	<b>\$823,855</b>	<b>\$1,183,809</b>	<b>44%</b>	<b>100%</b>

\* 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."

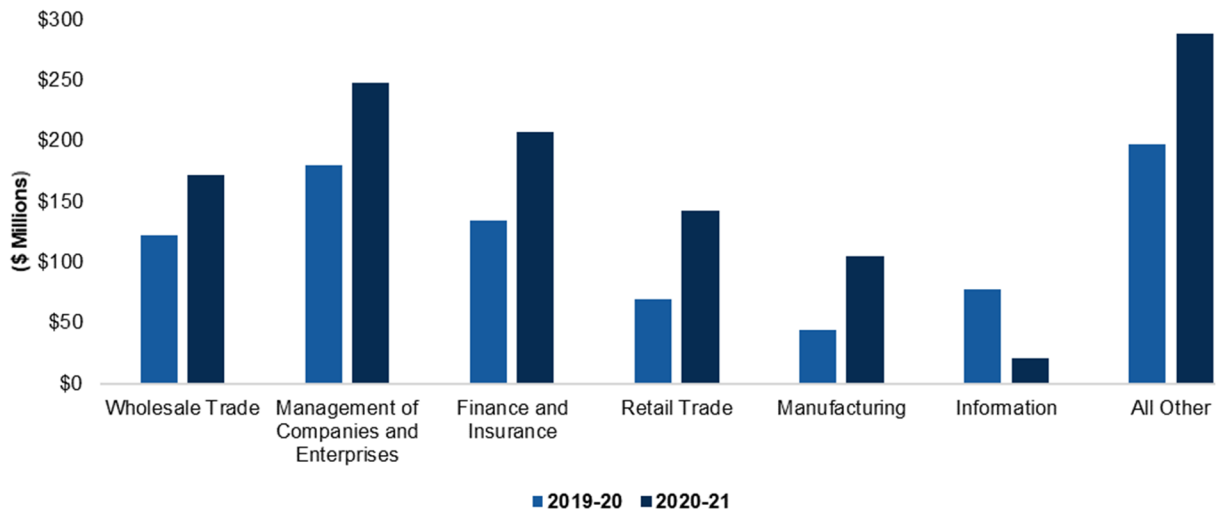
\*\*\* The magnitude of change is not meaningful for this category. The number of unclassified corporations and receipts attributable to them will drop significantly with time due to the on-going efforts to improve NAICS code assignment to corporate taxpayers.



Exhibits 10 highlights the sectors with the largest shares of total tax receipts for FY 20 and FY 21. Among the six largest sectors, receipts increased between fiscal years except for the information sector, where receipts declined FY 21. The primary sectors that contribute to the “All Other” category include the sectors below.

- Construction
- Professional, scientific, and technical services
- Transportation and warehousing

**Exhibit 10—Corporate Tax Receipts By Industry Sector, Fiscal Years 2019-20 and 2020-21**





**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 2019 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 2019 Corporation Tax Returns**

Type of Return Filed	Number of Returns	Share of Returns	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Net Tax
OR-20 Oregon Corporation Excise Tax Return	29,604	28.0%	\$10,562,257	\$777,257	91.8%
OR-20-INC Oregon Corporation Income Tax Return	1,390	1.3%	\$146,258	\$2,950	0.3%
OR-20-INS Oregon Insurance Excise Tax Return	1,166	1.1%	\$721,498	\$54,857	6.5%
OR-20-S Oregon S Corporation Tax Return	73,616	69.6%	\$7,582	\$11,743	1.4%
<b>Total</b>	<b>105,776</b>	<b>100.0%</b>	<b>\$11,437,596</b>	<b>\$846,806</b>	<b>100.0%</b>

## Section IV: Corporate Tax Returns

### Timing of Filing Tax Returns

Corporations' tax years may cover a period significantly different from a calendar year.<sup>5</sup> Because of this and extensions for filing returns, most tax year 2019 returns were received during a two-year period.

Exhibit 12 shows when the returns were received. By December 2020, almost 78 percent of the total net tax for tax year 2019 had been reported on returns.

Exhibit 12—Tax Year 2019 Corporation Tax Returns Received By Month					
Month	Number of Returns*	Net Tax Reported (\$ thousands)	Total Net Tax Reported	Cumulative Net Tax (\$ thousands)	Cumulative Share
February 2020 or prior	8,981	\$5,256	0.6%	\$5,256	0.6%
March 2020	21,610	\$15,660	1.8%	\$20,916	2.5%
April 2020	7,833	\$12,655	1.5%	\$33,571	4.0%
May 2020	4,539	\$12,851	1.5%	\$46,422	5.5%
June 2020	5,807	\$8,559	1.0%	\$54,981	6.5%
July 2020 or later	10,323	\$24,404	2.9%	\$79,385	9.4%
August 2020	4,031	\$11,116	1.3%	\$90,502	10.7%
September 2020	18,491	\$30,604	3.6%	\$121,105	14.3%
October 2020	10,560	\$255,113	30.1%	\$376,218	44.4%
November 2020	4,252	\$245,669	29.0%	\$621,887	73.4%
December 2020	1,265	\$34,049	4.0%	\$655,936	77.5%
January 2021	1,934	\$20,071	2.4%	\$676,007	79.8%
February 2021	1,254	\$23,922	2.8%	\$699,929	82.7%
March 2021	1,011	\$9,340	1.1%	\$709,269	83.8%
April 2021	809	\$23,045	2.7%	\$732,313	86.5%
May 2021	660	\$41,464	4.9%	\$773,778	91.4%
June 2021	501	\$7,100	0.8%	\$780,877	92.2%
July 2021 or later	1,915	\$65,929	7.8%	\$846,806	100.0%
<b>Total</b>	<b>105,776</b>	<b>\$846,806</b>	<b>100.0%</b>		

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

<sup>5</sup> 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 2019

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 2019 tax liability through September 2020. 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 2020, once the filed returns were processed and actual tax liability was determined.

**Exhibit 13—Tax Year 2019 Corporation Tax Receipts By Month**

<b>Month Received</b>	<b>Net Receipts for Tax Year* (\$ thousands)</b>	<b>Share of Total Receipts for Tax Year</b>	<b>Cumulative Receipts (\$ thousands)</b>	<b>Cumulative Share</b>
March 2019 or prior	\$9,526	1.1%	\$9,526	1.1%
April 2019	\$66,798	7.8%	\$76,324	8.9%
May 2019	\$17,943	2.1%	\$94,266	11.0%
June 2019	\$123,336	14.3%	\$217,603	25.3%
July 2019	\$20,886	2.4%	\$238,489	27.7%
August 2019	\$14,408	1.7%	\$252,896	29.4%
September 2019	\$154,497	18.0%	\$407,393	47.4%
October 2019	\$47,894	5.6%	\$455,287	53.0%
November 2019	\$80,653	9.4%	\$535,940	62.4%
December 2019	\$264,317	30.8%	\$800,257	93.1%
January 2020	\$52,627	6.1%	\$852,884	99.2%
February 2020	\$29,866	3.5%	\$882,750	102.7%
March 2020	\$72,316	8.4%	\$955,066	111.1%
April 2020	\$78,236	9.1%	\$1,033,302	120.2%
May 2020	\$20,823	2.4%	\$1,054,125	122.6%
June 2020	\$43,130	5.0%	\$1,097,256	127.7%
July 2020	\$87,547	10.2%	\$1,184,802	137.8%
August 2020	\$10,111	1.2%	\$1,194,913	139.0%
September 2020	\$31,567	3.7%	\$1,226,481	142.7%
October 2020	-\$29,905	-3.5%	\$1,196,576	139.2%
November 2020	-\$69,218	-8.1%	\$1,127,358	131.2%
December 2020	-\$54,425	-6.3%	\$1,072,932	124.8%
January 2021 or later	-\$213,408	-24.8%	\$859,524	100.0%
<b>Total</b>	<b>\$859,524</b>	<b>100.0%</b>		

\* 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.

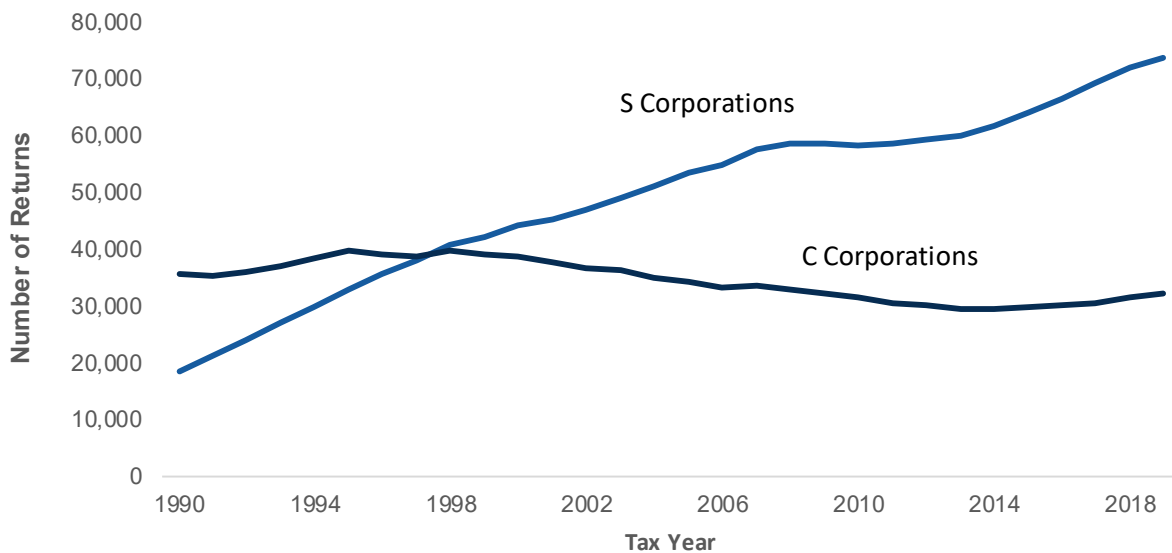
Exhibit 14—Corporate Return History

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%

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 73,000 filed for tax year 2019, 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

US of an increasing number of businesses structuring themselves as “pass-through” entities<sup>6</sup>. 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 2019



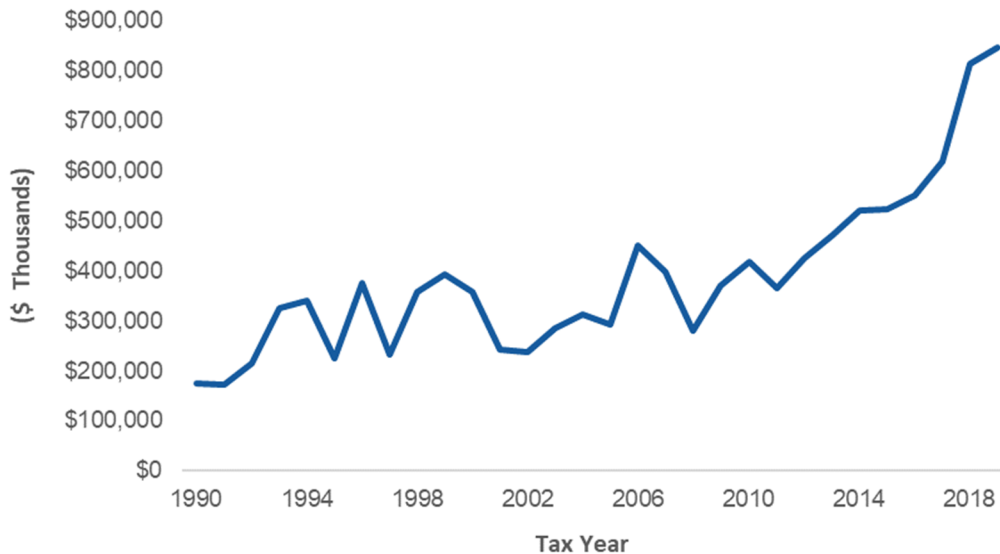
As shown in Exhibit 16, net tax from filed returns fluctuated throughout the 1990s, sharply declined for tax year 2001, coinciding with a recession, and then reached a new high in 2006 before the Great Recession led to plummeting liability for the next two tax years. The total tax recovered strongly 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.

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

## Section IV: Corporate Tax Returns

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Exhibit 16—History of Oregon Net Tax from Returns, Tax Years 1990 to 2019



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.



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**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 2019. 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 2019 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 2019 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*	19,754	\$83,748	\$0	\$43,847	\$43,847	\$0
\$1 - \$50,000	7,012	\$8,069	\$89,032	\$8,584	\$3,486	\$5,098
\$50,000 - \$100,000	1,249	\$3,414	\$90,021	\$7,053	\$1,673	\$5,380
\$100,000 - \$250,000	1,409	\$6,462	\$222,882	\$15,931	\$2,878	\$13,053
\$250,000 - \$500,000	905	\$7,362	\$320,015	\$21,350	\$2,177	\$19,173
\$500,000 - \$1 million	638	\$8,740	\$446,473	\$29,020	\$1,395	\$27,625
\$1 million to \$5 million	803	\$30,292	\$1,765,415	\$121,895	\$1,354	\$120,541
\$5 million to \$10 million	188	\$14,900	\$1,324,147	\$93,264	\$430	\$92,834
Over \$10 million	202	\$78,491	\$7,172,029	\$494,120	\$575	\$493,545
<b>Total</b>	<b>32,160</b>	<b>\$241,477</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>\$57,814</b>	<b>\$777,249</b>

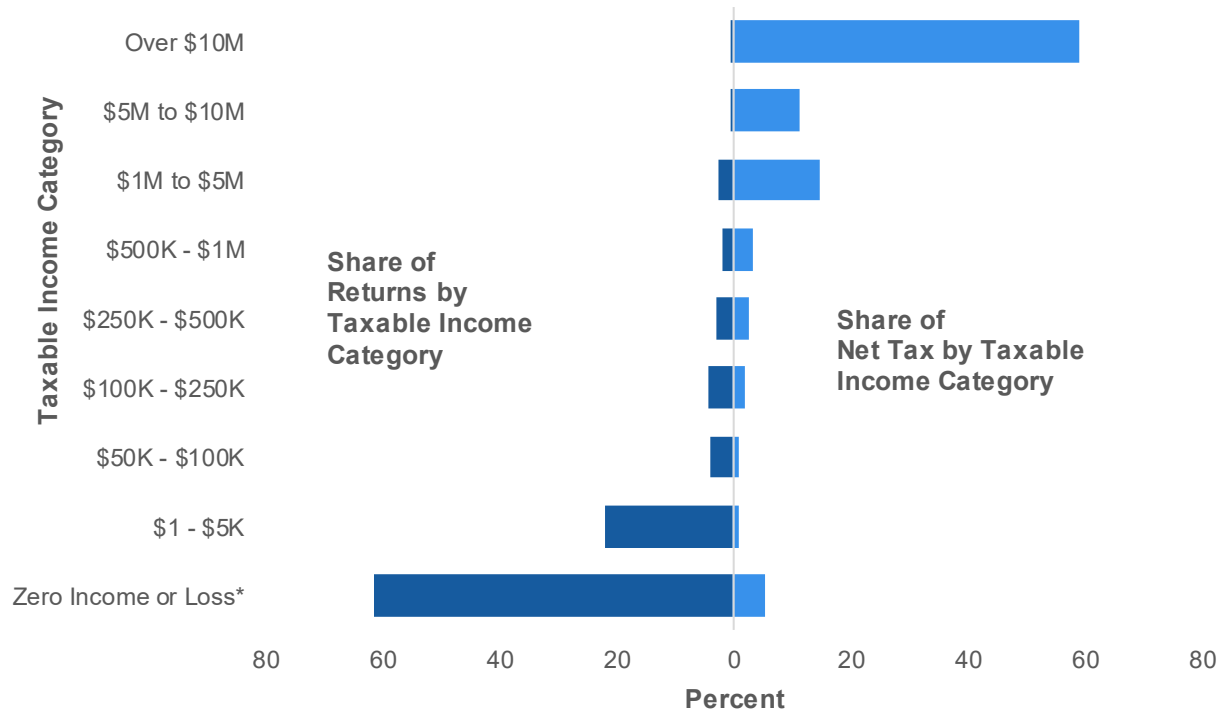
##### Percentage Distribution

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*	61.4%	34.7%	0.0%	5.3%	5.3%	0.0%
\$1 - \$50,000	21.8%	3.3%	0.8%	1.0%	0.4%	0.6%
\$50,000 - \$100,000	3.9%	1.4%	0.8%	0.8%	0.2%	0.6%
\$100,000 - \$250,000	4.4%	2.7%	1.9%	1.9%	0.3%	1.6%
\$250,000 - \$500,000	2.8%	3.0%	2.8%	2.6%	0.3%	2.3%
\$500,000 - \$1 million	2.0%	3.6%	3.9%	3.5%	0.2%	3.3%
\$1 million to \$5 million	2.5%	12.5%	15.4%	14.6%	0.2%	14.4%
\$5 million to \$10 million	0.6%	6.2%	11.6%	11.2%	0.1%	11.1%
Over \$10 million	0.6%	32.5%	62.7%	59.2%	0.1%	59.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>6.9%</b>	<b>93.1%</b>

\* 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 one percent of C corporations had Oregon taxable income of at least \$10 million, but they paid 59 percent of the total tax.

**Exhibit 18—Tax Year 2019 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 2019, only 6.9 percent of the total net tax comes from the minimum tax.

#### Exhibit 19—Tax Year 2019 C Corporation Tax Returns

##### Oregon Sales Category

Oregon Sales	Minimum Tax	Number of Oregon Sales Returns	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Net Tax from Minimum Tax (\$ thousands)	Net Tax from Rates (\$ thousands)
20-I/IC-DISC Returns	*	1,579	\$2,753	\$237,560	\$5,286	\$0	\$5,286
< \$500,000	\$150	17,456	\$1,807	\$136,779	\$10,953	\$2,095	\$8,858
\$500,000 to \$1 million	\$500	3,118	\$2,234	\$95,493	\$7,168	\$992	\$6,176
\$1 million to \$2 million	\$1,000	2,807	\$4,006	\$194,233	\$14,825	\$1,751	\$13,074
\$2 million to \$3 million	\$1,500	1,390	\$3,410	\$171,773	\$13,000	\$1,267	\$11,733
\$3 million to \$5 million	\$2,000	1,528	\$5,923	\$229,290	\$16,704	\$1,766	\$14,938
\$5 million to \$7 million	\$4,000	834	\$4,929	\$206,705	\$15,806	\$1,880	\$13,926
\$7 million to \$10 million	\$7,500	771	\$6,468	\$258,584	\$20,350	\$3,238	\$17,112
\$10 million to \$25 million	\$15,000	1,349	\$21,148	\$983,142	\$77,496	\$11,325	\$66,171
\$25 million to \$50 million	\$30,000	613	\$21,578	\$1,139,682	\$88,275	\$9,630	\$78,645
\$50 million to \$75 million	\$50,000	230	\$13,954	\$728,942	\$56,686	\$5,296	\$51,390
\$75 million to \$100 million	\$75,000	115	\$9,884	\$514,244	\$37,976	\$3,975	\$34,001
\$100 million or more	\$100,000	370	\$143,383	\$6,533,585	\$470,539	\$14,600	\$455,939
<b>Total</b>		<b>32,160</b>	<b>\$241,477</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>\$57,814</b>	<b>\$777,249</b>

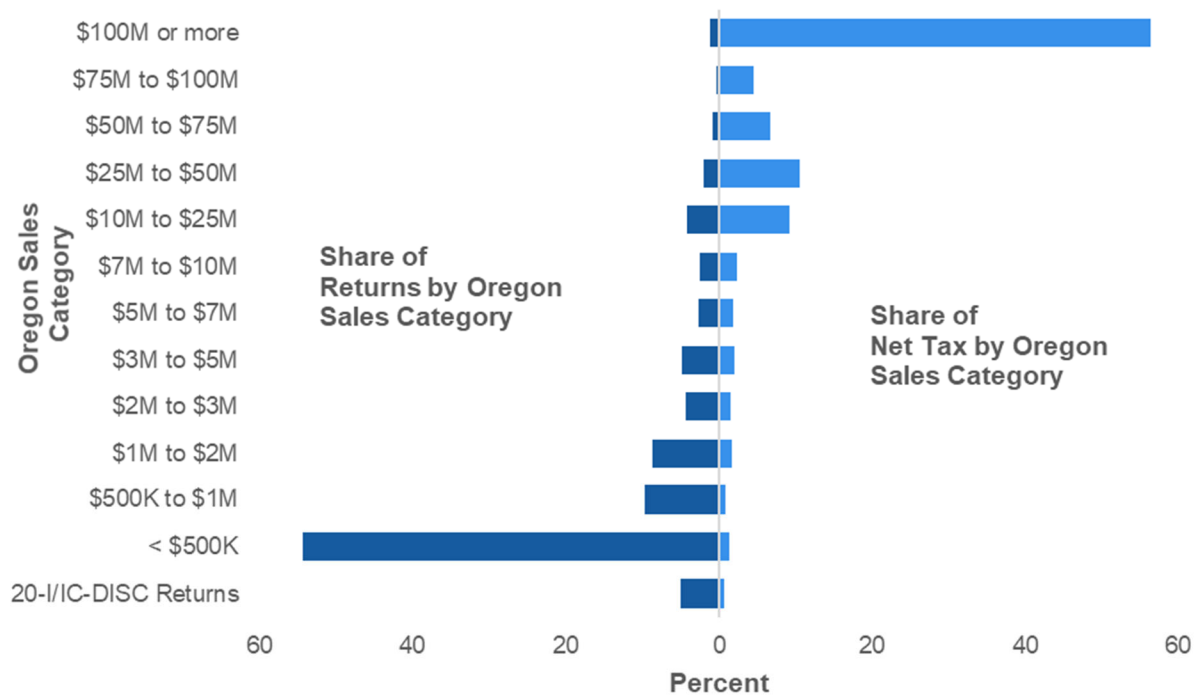
##### Percentage Distribution

Oregon Sales	Minimum Tax	Number of Returns	Oregon Sales	Taxable Income	Net Tax	Net Tax from Minimum Tax	Net Tax from Rates
20-I/IC-DISC Returns	*	4.9%	1.1%	2.1%	0.6%	0.0%	0.6%
< \$500,000	\$150	54.3%	0.7%	1.2%	1.3%	0.3%	1.1%
\$500,000 to \$1 million	\$500	9.7%	0.9%	0.8%	0.9%	0.1%	0.7%
\$1 million to \$2 million	\$1,000	8.7%	1.7%	1.7%	1.8%	0.2%	1.6%
\$2 million to \$3 million	\$1,500	4.3%	1.4%	1.5%	1.6%	0.2%	1.4%
\$3 million to \$5 million	\$2,000	4.8%	2.5%	2.0%	2.0%	0.2%	1.8%
\$5 million to \$7 million	\$4,000	2.6%	2.0%	1.8%	1.9%	0.2%	1.7%
\$7 million to \$10 million	\$7,500	2.4%	2.7%	2.3%	2.4%	0.4%	2.0%
\$10 million to \$25 million	\$15,000	4.2%	8.8%	8.6%	9.3%	1.4%	7.9%
\$25 million to \$50 million	\$30,000	1.9%	8.9%	10.0%	10.6%	1.2%	9.4%
\$50 million to \$75 million	\$50,000	0.7%	5.8%	6.4%	6.8%	0.6%	6.2%
\$75 million to \$100 million	\$75,000	0.4%	4.1%	4.5%	4.5%	0.5%	4.1%
\$100 million or more	\$100,000	1.2%	59.4%	57.2%	56.3%	1.7%	54.6%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>6.9%</b>	<b>93.1%</b>

\* Form 20-I 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. More than 50 percent of taxpayers had Oregon sales less than \$500,000, while those with Oregon sales greater than \$100 million accounted for almost 55 percent of tax liability.

**Exhibit 20—Tax Year 2019 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 2019, the four sectors listed below 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 2019 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	1,393	4.3%	\$2,465	\$91,591	\$7,356	0.9%
Mining	72	0.2%	\$256	\$12,348	\$964	0.1%
Utilities	84	0.3%	\$4,093	\$121,326	\$9,558	1.1%
Construction	2,062	6.4%	\$10,164	\$338,876	\$25,360	3.0%
Manufacturing	2,205	6.9%	\$20,484	\$928,191	\$68,975	8.3%
Wholesale Trade	3,453	10.7%	\$49,223	\$1,910,764	\$142,965	17.1%
Retail Trade	1,798	5.6%	\$32,134	\$1,143,114	\$88,622	10.6%
Transportation and Warehousing	697	2.2%	\$7,440	\$377,510	\$29,802	3.6%
Information	1,780	5.5%	\$11,723	\$595,422	\$40,324	4.8%
Finance and Insurance	4,134	12.9%	\$40,609	\$1,777,500	\$132,165	15.8%
Real Estate, Rental, and Leasing	1,786	5.6%	\$5,943	\$249,810	\$20,482	2.5%
Professional, Scientific, and Technical Services	4,435	13.8%	\$9,800	\$582,408	\$42,683	5.1%
Management of Companies and Enterprises	2,038	6.3%	\$30,913	\$2,634,498	\$172,536	20.7%
Administrative, Support, and Waste Management	1,128	3.5%	\$4,284	\$206,312	\$15,700	1.9%
Education Services	277	0.9%	\$305	\$20,734	\$1,605	0.2%
Health Care and Social Assistance	1,048	3.3%	\$5,139	\$93,823	\$8,715	1.0%
Arts, Entertainment, and Recreation	369	1.1%	\$305	\$6,470	\$569	0.1%
Accommodation and Food Services	701	2.2%	\$2,362	\$93,109	\$7,585	0.9%
Other Services (except Public Administration)	1,150	3.6%	\$3,171	\$231,429	\$17,712	2.1%
Unknown	1,550	4.8%	\$663	\$14,778	\$1,386	0.2%
<b>Total</b>	<b>32,160</b>	<b>100.0%</b>	<b>\$241,477</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>100.0%</b>

\* 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 2019, most of the returns and almost 42 percent of the corporate tax liability came from businesses domiciled in the West region of the US.

Exhibit 22a—Tax Year 2019 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	20,106	62.5%	\$102,925	\$4,686,812	\$349,580	41.9%
Northeast	4,879	15.2%	\$54,928	\$2,315,747	\$169,855	20.3%
South	3,600	11.2%	\$36,537	\$1,909,137	\$137,203	16.4%
Midwest	2,848	8.9%	\$46,288	\$2,481,290	\$175,402	21.0%
Outside U.S.	727	2.3%	\$797	\$37,026	\$3,023	0.4%
<b>Total</b>	<b>32,160</b>	<b>100.0%</b>	<b>\$241,477</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>100%</b>

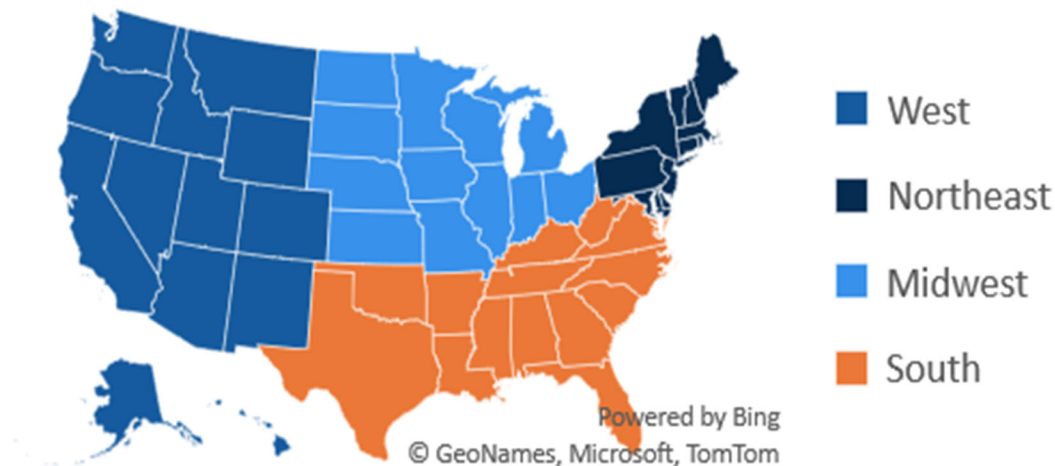


Exhibit 22b provides detail on commercial domicile by state for the West region. More than 44 percent of returns and almost 16 percent of tax liability was from businesses headquartered in Oregon.

Section IV: Corporate Tax Returns

Exhibit 22b—Tax Year 2019 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	50	0.2%	\$273	\$3,522	\$443	0.1%
Arizona	256	0.8%	\$3,588	\$407,033	\$31,319	3.8%
California	3,365	10.5%	\$26,979	\$1,573,060	\$117,061	14.0%
Colorado	394	1.2%	\$2,333	\$48,849	\$4,507	0.5%
Hawaii	24	0.1%	\$26	\$2,120	\$145	0.0%
Idaho	136	0.4%	\$4,291	\$68,543	\$5,071	0.6%
Montana	48	0.1%	\$291	\$36,502	\$2,751	0.3%
Nevada	161	0.5%	\$579	\$27,977	\$2,250	0.3%
New Mexico	21	0.1%	\$83	\$9,049	\$678	0.1%
Oregon	14,243	44.3%	\$48,983	\$1,772,820	\$132,382	15.9%
Utah	220	0.7%	\$714	\$37,265	\$2,926	0.4%
Washington	1,151	3.6%	\$14,778	\$699,129	\$49,981	6.0%
Wyoming	37	0.1%	\$8	\$941	\$66	0.0%
<b>Total</b>	<b>20,106</b>	<b>62.5%</b>	<b>\$102,925</b>	<b>\$4,686,812</b>	<b>\$349,580</b>	<b>41.9%</b>



## 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.<sup>7</sup> As shown in Exhibit 23, the majority of both returns and tax liability comes from multistate (apportioned) taxpayers.

### Exhibit 23—Tax Year 2019 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)	19,031	59.2%	\$221,043	\$10,553,630	\$779,266	93.3%
Oregon Only (Nonapportioned)	13,129	40.8%	\$20,433	\$876,384	\$55,797	6.7%
<b>Total</b>	<b>32,160</b>	<b>100.0%</b>	<b>\$241,477</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>100%</b>

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

### Exhibit 24—Tax Year 2019 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	170	0.5%	\$866	\$8,157	\$1,049	0.1%
Mining	35	0.1%	\$215	\$10,368	\$822	0.1%
Utilities	49	0.2%	\$4,042	\$117,207	\$9,232	1.1%
Construction	703	2.2%	\$8,308	\$270,220	\$20,017	2.4%
Manufacturing	1,307	4.1%	\$18,325	\$820,598	\$62,240	7.5%
Wholesale Trade	2,533	7.9%	\$45,938	\$1,801,516	\$137,234	16.4%
Retail Trade	589	1.8%	\$29,252	\$1,073,143	\$82,763	9.9%
Transportation and Warehousing	340	1.1%	\$6,864	\$360,899	\$28,317	3.4%
Information	1,398	4.3%	\$11,443	\$581,543	\$39,222	4.7%
Finance and Insurance	3,651	11.4%	\$39,623	\$1,678,033	\$125,745	15.1%
Real Estate, Rental, and Leasing	877	2.7%	\$5,423	\$195,919	\$17,197	2.1%
Professional, Scientific, and Technical Services	2,998	9.3%	\$8,656	\$541,379	\$39,450	4.7%
Management of Companies and Enterprises	1,860	5.8%	\$30,304	\$2,516,186	\$170,814	20.5%
Administrative, Support, & Waste Management	595	1.9%	\$3,551	\$193,366	\$14,544	1.7%
Education Services	172	0.5%	\$243	\$17,525	\$1,337	0.2%
Health Care and Social Assistance	260	0.8%	\$2,808	\$57,509	\$5,095	0.6%
Arts, Entertainment, and Recreation	119	0.4%	\$158	\$3,148	\$268	0.0%
Accommodation and Food Services	141	0.4%	\$1,779	\$83,080	\$6,634	0.8%
Other Services (except Public Administration)	273	0.8%	\$2,728	\$214,271	\$16,311	2.0%
Unknown	961	3.0%	\$517	\$9,561	\$975	0.1%
<b>Total</b>	<b>19,031</b>	<b>59.2%</b>	<b>\$221,043</b>	<b>\$10,553,630</b>	<b>\$779,266</b>	<b>93.3%</b>

\* 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."

<sup>7</sup> 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 2019.

#### Exhibit 25—Tax Year 2019 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
<b>General Corporation Credits</b>					
Oregon Trust for Cultural Development	8	\$19	8	\$17	89.5%
Other Corporation Credits	13	\$6,026	10	\$5,910	98.1%
<b>Insurance Only Credits</b>					
OLHIGA* Offset	75	\$472	65	\$449	95.1%
<b>Total**</b>	<b>95</b>	<b>\$6,517</b>	<b>82</b>	<b>\$6,376</b>	<b>97.8%</b>

\* Oregon Life and Health Insurance Guaranty Association

\*\* The total number of taxpayers does not match detail due to taxpayers claiming multiple credits.

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 2019 is the carryforward credit from previous years plus the credit awarded in 2019. Any credit the taxpayer is not able to use for tax year 2019 may be carried forward to the following year, provided it has not expired.

#### Exhibit 26—Tax Year 2019 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*	43	\$15,376	\$0	24	\$2,794	18.2%
Electronic Commerce Zone Investment	7	\$20,866	\$0	7 or fewer	\$6,644	31.8%
Farm-Worker Housing Construction	12	\$3,668	\$1,309	7 or fewer	\$2,060	41.4%
Oregon Affordable Housing Credit	18	\$7,279	\$7,526	13-18	\$7,350	49.6%
Pollution Control	7	\$660	\$55	7 or fewer	\$14	2.0%
Qualified Research Activities	229	\$85,145	\$0	74	\$7,402	8.7%
Other Corporation Credits**	20	\$55,186	\$10,035	11	\$11,930	18.3%
<b>Total</b>	<b>336</b>	<b>\$188,180</b>	<b>\$18,925</b>	<b>140</b>	<b>\$38,194</b>	<b>18.4%</b>

\* Includes credits for Business Energy Facilities, Energy Conservation Projects, Renewable Energy Development, Transportation Projects, and Renewable Energy Resource Equipment Manufacturing Facilities.

\*\* Biomass Production/Collection, Bovine Manure, Child Care Fund Contributions, Crop Donation, Employer Provided Dependent Care Assistance or Information and Referral, Long Term Enterprise Zone Facilities, Oregon Low-Income Community Jobs Initiative/New Market Oregon Production Investment Fund, and Repatriation.

Section IV: Corporate Tax Returns

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 2019 C Corporation Tax Returns  
Qualified Research Activities Credit Usage by Industry Sector and Taxable Income**

<b>Industry Sector</b>	<b>Number of Taxpayers Claiming Credit</b>	<b>Credit Carryforward from Previous Year (\$ thousands)</b>	<b>Credit Awarded Current Year (\$ thousands)</b>	<b>Number of Taxpayers Using Credit</b>	<b>Total Amount of Credit Used (\$ thousands)</b>
Manufacturing	58	\$41,604	\$0	23	\$1,999
Wholesale Trade	23	\$6,041	\$0	8	\$579
Information	51	\$6,719	\$0	8	\$764
Finance and Insurance	6	\$2,567	\$0	6 or fewer	\$283
Professional, Scientific, and Technical Services	60	\$18,102	\$0	20	\$2,311
Management of Companies and Enterprises	19	\$8,810	\$0	6 or fewer	\$1,419
All Other and Unknown	12	\$1,300	\$0	6 or fewer	46
<b>Total</b>	<b>229</b>	<b>\$85,145</b>	<b>\$0</b>	<b>74</b>	<b>\$7,402</b>

<b>Oregon Taxable Income Category</b>	<b>Number of Taxpayers Claiming Credit</b>	<b>Credit Carryforward from Previous Year (\$ thousands)</b>	<b>Credit Awarded Current Year (\$ thousands)</b>	<b>Number of Taxpayers Using Credit</b>	<b>Total Amount of Credit Used (\$ thousands)</b>
Zero Income or Loss*	146	\$46,312	\$0	6 or fewer	\$97
\$1 - \$50,000	8	\$1,335	\$0	8 or fewer	\$4
\$50,000 - \$100,000	6	\$1,528	\$0	6 or fewer	\$16
\$100,000 - \$250,000	14	\$2,260	\$0	9-14	\$124
\$250,000 - \$500,000	12	\$1,971	\$0	7-12	\$132
\$500,000 - \$1 million	9	\$1,470	\$0	9	\$222
\$1 million - \$5 million	20	\$12,158	\$0	15-20	\$1,726
\$5 million - \$10 million	8	\$12,929	\$0	8	\$2,354
Over \$10 million	6	\$5,181	\$0	6 or fewer	\$2,727
<b>Total</b>	<b>229</b>	<b>\$85,145</b>	<b>\$0</b>	<b>74</b>	<b>\$7,402</b>

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

## Section IV: Corporate Tax Returns

### Minimum Tax Returns

For tax year 2019, 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 about 7 percent of the total tax paid by C corporations in 2019.

#### Exhibit 28—Tax Year 2019 C Corporation Tax Returns

##### Minimum Tax Returns by Taxable Income

Oregon Taxable Income Category	Total Number of Returns	Paying Minimum Tax	Share Paying Minimum Tax	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Total Net Tax
Zero Income or Loss*	19,754	18,761	95.0%	\$83,291	\$0	\$43,847	5.3%
\$1 - \$50,000	7,012	2,593	37.0%	\$4,552	\$11,330	\$3,486	0.4%
\$50,000 - \$100,000	1,249	104	8.3%	\$1,831	\$7,592	\$1,673	0.2%
\$100,000 - \$250,000	1,409	141	10.0%	\$3,236	\$22,037	\$2,878	0.3%
\$250,000 - \$500,000	905	63	7.0%	\$2,721	\$24,112	\$2,177	0.3%
\$500,000 - \$1 million	638	26	4.1%	\$1,968	\$19,032	\$1,395	0.2%
\$1 million to \$5 million	803	26	3.2%	\$2,487	\$52,503	\$1,354	0.2%
\$5 million to \$10 million	188	7	3.7%	\$475	\$45,600	\$430	0.1%
Over \$10 million	202	6	3.0%	\$4,040	\$179,886	\$575	0.1%
<b>Total</b>	<b>32,160</b>	<b>21,727</b>	<b>67.6%</b>	<b>\$104,601</b>	<b>\$362,092</b>	<b>\$57,814</b>	<b>6.9%</b>

\* 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. Almost 68 percent of all C corporation taxpayers paid the minimum tax for tax year 2019.

#### Exhibit 29—Tax Year 2019 C Corporation Tax Returns

##### Tax Detail for Minimum Tax Returns by Oregon Sales Category

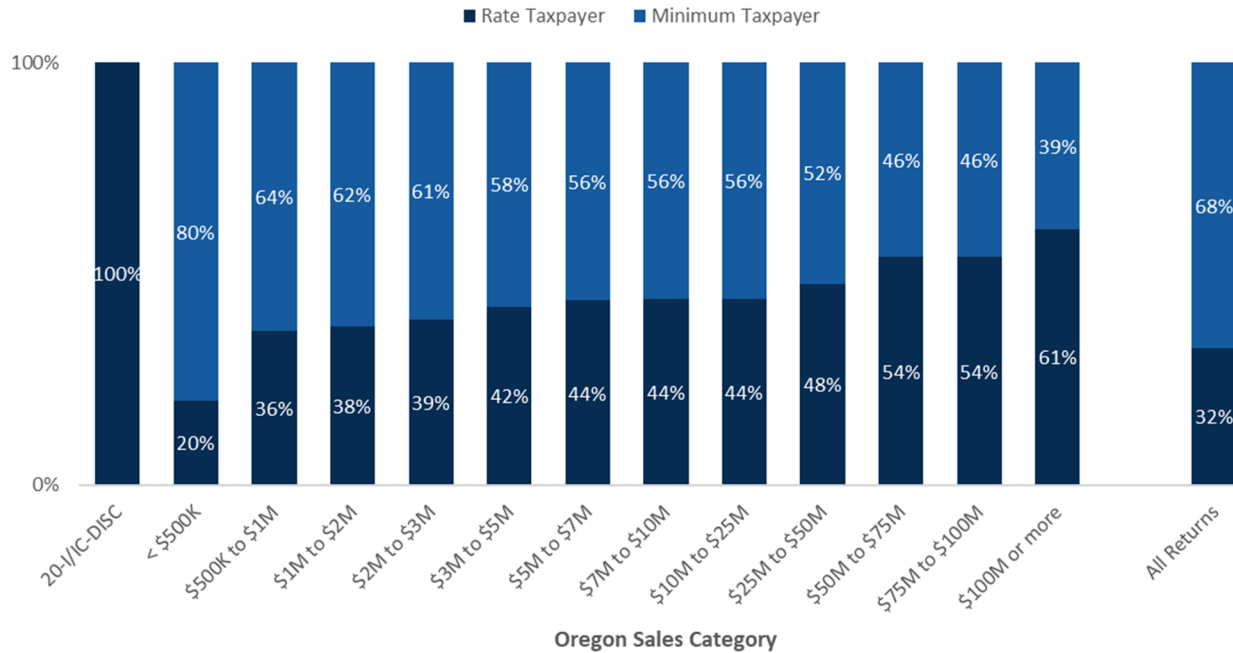
Oregon Sales	Minimum Tax	Total Number of Returns	Returns Paying Minimum Tax	Share Paying Minimum Tax	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax** (\$ thousands)	Share of Total Net Tax
20-I/IC-DISC Returns	*	1,579	0	0.0%	\$0	\$0	\$0	0.0%
< \$500,000	\$150	17,456	13,980	80.1%	\$1,197	\$1,345	\$2,095	0.3%
\$500,000 to \$1 million	\$500	3,118	1,985	63.7%	\$1,414	\$1,279	\$992	0.1%
\$1 million to \$2 million	\$1,000	2,807	1,751	62.4%	\$2,493	\$2,233	\$1,751	0.2%
\$2 million to \$3 million	\$1,500	1,390	845	60.8%	\$2,066	\$1,558	\$1,267	0.2%
\$3 million to \$5 million	\$2,000	1,528	883	57.8%	\$3,398	\$7,481	\$1,766	0.2%
\$5 million to \$7 million	\$4,000	834	470	56.4%	\$2,794	\$2,930	\$1,880	0.2%
\$7 million to \$10 million	\$7,500	771	432	56.0%	\$3,622	\$8,043	\$3,238	0.4%
\$10 million to \$25 million	\$15,000	1,349	755	56.0%	\$11,735	\$36,218	\$11,325	1.4%
\$25 million to \$50 million	\$30,000	613	321	52.4%	\$11,249	\$39,954	\$9,630	1.2%
\$50 million to \$75 million	\$50,000	230	106	46.1%	\$6,315	\$31,997	\$5,296	0.6%
\$75 million to \$100 million	\$75,000	115	53	46.1%	\$4,504	\$46,631	\$3,975	0.5%
\$100 million or more	\$100,000	370	146	39.5%	\$53,813	\$182,422	\$14,600	1.7%
<b>Total</b>		<b>32,160</b>	<b>21,727</b>	<b>67.6%</b>	<b>\$104,601</b>	<b>\$362,092</b>	<b>\$57,814</b>	<b>6.9%</b>

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

\*\* 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.

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 decreased as Oregon sales increased.

**Exhibit 30—Tax Year 2019 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 payments.

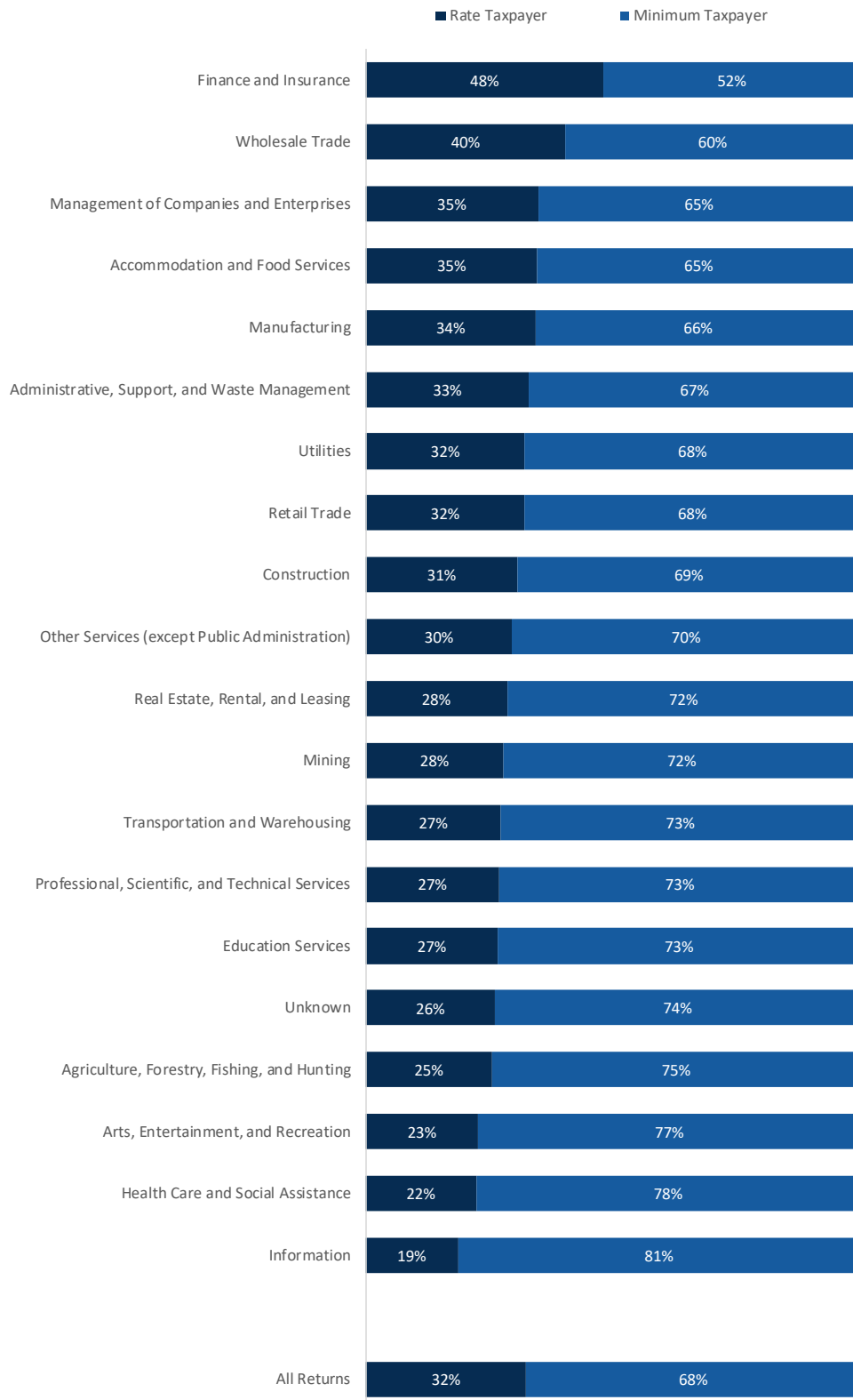
**Exhibit 31—Tax Year 2019 C Corporation Tax Returns  
Minimum Tax Payment Details for Minimum Tax Returns**

Reason For Minimum Tax or Lower Payment	Number of Returns	Percent of Minimum Tax Returns	Net Tax (\$ thousands)
<b>Current Income</b>			
Zero income or loss in current year	15,246	70.2%	\$30,316
Tax from rates applied to current year income less than minimum tax	3,680	16.9%	\$14,349
<b>Losses Carried Forward From Prior Years</b>			
Losses carried forward result in zero income or loss	1,920	8.8%	\$6,141
Losses carried forward result in tax from rates applied to income less than minimum tax	794	3.7%	\$4,892
<b>Credits</b>			
Credits reduce tax to minimum	63	0.3%	\$1,411
<b>Combination</b>			
Combination of losses carried forward and credits reduce tax to minimum	24	0.1%	\$706
<b>Total</b>	<b>21,727</b>	<b>100%</b>	<b>\$57,814</b>

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 2019 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 2019 C Corporation Tax Returns Minimum Tax Returns By Industry Sector

Industry Sector *	Total Number of Returns	Returns Paying Minimum Tax	Share Paying Minimum Tax	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Total Net Tax
Agriculture, Forestry, Fishing, and Hunting	1,393	1,038	74.5%	\$1,755	\$2,054	\$1,419	0.2%
Mining	72	52	72.2%	\$101	\$94	\$80	0.0%
Utilities	84	57	67.9%	\$2,087	\$4	\$381	0.0%
Construction	2,062	1,430	69.4%	\$3,400	\$8,257	\$2,129	0.3%
Manufacturing	2,205	1,447	65.6%	\$9,589	\$40,973	\$6,799	0.8%
Wholesale Trade	3,453	2,061	59.7%	\$18,492	\$65,035	\$10,064	1.2%
Retail Trade	1,798	1,221	67.9%	\$7,233	\$8,293	\$4,293	0.5%
Transportation and Warehousing	697	507	72.7%	\$4,763	\$5,886	\$2,006	0.2%
Information	1,780	1,449	81.4%	\$7,654	\$55,038	\$2,627	0.3%
Finance and Insurance	4,134	2,149	52.0%	\$21,292	\$39,871	\$7,292	0.9%
Real Estate, Rental, and Leasing	1,786	1,277	71.5%	\$3,947	\$2,763	\$3,283	0.4%
Professional, Scientific, and Technical Services	4,435	3,238	73.0%	\$4,611	\$41,082	\$3,670	0.4%
Management of Companies and Enterprises	2,038	1,329	65.2%	\$12,355	\$79,168	\$7,812	0.9%
Administrative, Support, and Waste Management	1,128	756	67.0%	\$1,536	\$3,122	\$1,140	0.1%
Education Services	277	203	73.3%	\$140	\$17	\$126	0.0%
Health Care and Social Assistance	1,048	815	77.8%	\$3,136	\$8,046	\$2,546	0.3%
Arts, Entertainment, and Recreation	369	285	77.2%	\$187	\$235	\$158	0.0%
Accommodation and Food Services	701	458	65.3%	\$1,065	\$249	\$844	0.1%
Other Services (except Public Administration)	1,150	810	70.4%	\$772	\$1,598	\$654	0.1%
Unknown	1,550	1,145	73.9%	\$486	\$309	\$492	0.1%
<b>Total</b>	<b>32,160</b>	<b>21,727</b>	<b>67.6%</b>	<b>\$104,601</b>	<b>\$362,092</b>	<b>\$57,814</b>	<b>6.9%</b>

\* 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 million and a rate of 7.6 percent on any amount of taxable income greater than \$1million.

Exhibit 34 shows tax details for C corporations paying tax based on the rates by taxable income level. Although only about 32 percent of C corporations paid tax based on the rates in tax year 2019, they accounted for more than 93 percent of the total tax.

#### Exhibit 34—Tax Year 2019 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 (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Total Net Tax
Zero Income or Loss*	19,754	993	5.0%	\$456	\$0	\$0	0.0%
\$1 - \$50,000	7,012	4,419	63.0%	\$3,517	\$77,702	\$5,098	0.6%
\$50,000 - \$100,000	1,249	1,145	91.7%	\$1,582	\$82,430	\$5,380	0.6%
\$100,000 - \$250,000	1,409	1,268	90.0%	\$3,226	\$200,845	\$13,053	1.6%
\$250,000 - \$500,000	905	842	93.0%	\$4,641	\$295,903	\$19,173	2.3%
\$500,000 - \$1 million	638	612	95.9%	\$6,771	\$427,441	\$27,625	3.3%
\$1 million to \$5 million	803	777	96.8%	\$27,806	\$1,712,912	\$120,541	14.4%
\$5 million to \$10 million	188	181	96.3%	\$14,425	\$1,278,548	\$92,834	11.1%
Over \$10 million	202	196	97.0%	\$74,451	\$6,992,142	\$493,545	59.1%
<b>Total</b>	<b>32,160</b>	<b>10,433</b>	<b>32.4%</b>	<b>\$136,876</b>	<b>\$11,067,921</b>	<b>\$777,249</b>	<b>93.1%</b>

\* 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 2019, they were the dominant type across all levels of taxable income except zero income or loss.



Exhibit 35—Tax Year 2019 C Corporation Tax Returns

Type of Taxpayer by Oregon Taxable Income

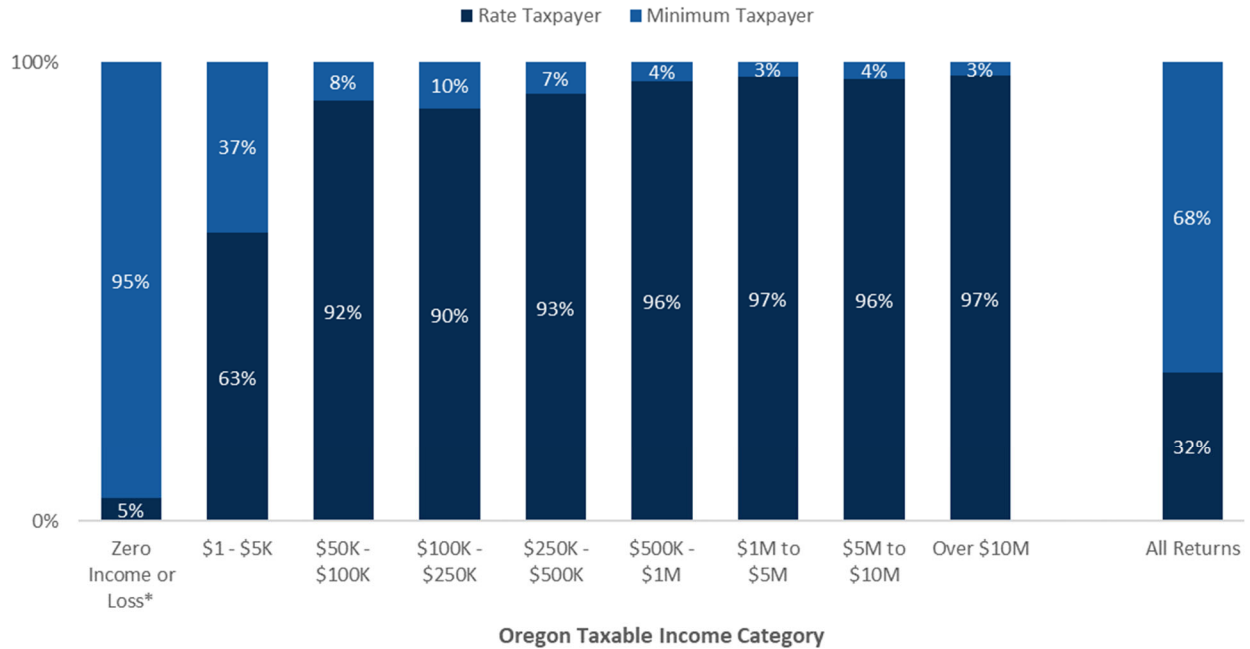


Exhibit 36 shows details for C corporations paying tax based on the rates by Oregon sales. Those with Oregon sales of \$100 million or more accounted for almost 55 percent of the total tax paid by C corporations in 2019.

Exhibit 36—Tax Year 2019 C Corporation Tax Returns

Tax Detail for Tax Rate Returns by Oregon Sales Category

Oregon Sales	Minimum Tax	Total Number of Returns	Tax Rate Returns	Share Paying Tax Based on Rates	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Total Net Tax
20-1/IC-DISC Returns	*	1,579	1,579	100.0%	\$2,753	\$237,560	\$5,286	0.6%
< \$500,000	\$150	17,456	3,476	19.9%	\$611	\$135,434	\$8,858	1.1%
\$500,000 to \$1 million	\$500	3,118	1,133	36.3%	\$820	\$94,214	\$6,176	0.7%
\$1 million to \$2 million	\$1,000	2,807	1,056	37.6%	\$1,513	\$192,000	\$13,074	1.6%
\$2 million to \$3 million	\$1,500	1,390	545	39.2%	\$1,343	\$170,215	\$11,733	1.4%
\$3 million to \$5 million	\$2,000	1,528	645	42.2%	\$2,525	\$221,809	\$14,938	1.8%
\$5 million to \$7 million	\$4,000	834	364	43.6%	\$2,135	\$203,776	\$13,926	1.7%
\$7 million to \$10 million	\$7,500	771	339	44.0%	\$2,846	\$250,541	\$17,112	2.0%
\$10 million to \$25 million	\$15,000	1,349	594	44.0%	\$9,413	\$946,924	\$66,171	7.9%
\$25 million to \$50 million	\$30,000	613	292	47.6%	\$10,328	\$1,099,728	\$78,645	9.4%
\$50 million to \$75 million	\$50,000	230	124	53.9%	\$7,639	\$696,944	\$51,390	6.2%
\$75 million to \$100 million	\$75,000	115	62	53.9%	\$5,380	\$467,613	\$34,001	4.1%
\$100 million or more	\$100,000	370	224	60.5%	\$89,570	\$6,351,163	\$455,939	54.6%
<b>Total</b>		<b>32,160</b>	<b>10,433</b>	<b>32.4%</b>	<b>\$136,876</b>	<b>\$11,067,921</b>	<b>\$777,249</b>	<b>93.1%</b>

\* Form 20-1 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 2019 C Corporation Tax Returns Tax Rate Returns By Industry Sector

Industry Sector *	Total Number of Returns	Tax Rate Returns	Share Paying Tax Based on Rates	Oregon Sales (\$ millions)	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Total Net Tax
Agriculture, Forestry, Fishing, and Hunting	1,393	355	25.5%	\$710	\$89,537	\$5,937	0.7%
Mining	72	20	27.8%	\$155	\$12,254	\$883	0.1%
Utilities	84	27	32.1%	\$2,006	\$121,322	\$9,176	1.1%
Construction	2,062	632	30.6%	\$6,764	\$330,619	\$23,231	2.8%
Manufacturing	2,205	758	34.4%	\$10,895	\$887,217	\$62,176	7.4%
Wholesale Trade	3,453	1,392	40.3%	\$30,731	\$1,845,729	\$132,901	15.9%
Retail Trade	1,798	577	32.1%	\$24,902	\$1,134,821	\$84,328	10.1%
Transportation and Warehousing	697	190	27.3%	\$2,678	\$371,624	\$27,795	3.3%
Information	1,780	331	18.6%	\$4,068	\$540,384	\$37,697	4.5%
Finance and Insurance	4,134	1,985	48.0%	\$19,317	\$1,737,629	\$124,873	15.0%
Real Estate, Rental, and Leasing	1,786	509	28.5%	\$1,996	\$247,047	\$17,199	2.1%
Professional, Scientific, and Technical Services	4,435	1,197	27.0%	\$5,189	\$541,326	\$39,014	4.7%
Management of Companies and Enterprises	2,038	709	34.8%	\$18,558	\$2,555,331	\$164,724	19.7%
Administrative, Support, and Waste Management	1,128	372	33.0%	\$2,748	\$203,190	\$14,560	1.7%
Education Services	277	74	26.7%	\$164	\$20,718	\$1,479	0.2%
Health Care and Social Assistance	1,048	233	22.2%	\$2,003	\$85,777	\$6,170	0.7%
Arts, Entertainment, and Recreation	369	84	22.8%	\$118	\$6,236	\$412	0.0%
Accommodation and Food Services	701	243	34.7%	\$1,297	\$92,861	\$6,742	0.8%
Other Services (except Public Administration)	1,150	340	29.6%	\$2,400	\$229,831	\$17,058	2.0%
Unknown	1,550	405	26.1%	\$177	\$14,469	\$894	0.1%
<b>Total</b>	<b>32,160</b>	<b>10,433</b>	<b>32.4%</b>	<b>\$136,876</b>	<b>\$11,067,921</b>	<b>\$777,249</b>	<b>93.1%</b>

\* 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."

### 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 2019, 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 2019 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	72,171	72,059	\$4,373	\$11,509
Income Tax*	1,445	0	\$3,209	\$234
<b>Total 20-S</b>	<b>73,616</b>	<b>72,059</b>	<b>\$7,582</b>	<b>\$11,743</b>

\*Income tax filers are not subject to the minimum tax. Of the 1,445 income tax returns, 1,436 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 2019 S Corporation Tax Returns

##### S Corporation Characteristics

	Number of Returns	Share of Returns	Taxable Income (\$ thousands)	Net Tax (\$ thousands)	Share of Net Tax
<b>Apportionment for 20-S Filers</b>					
Multistate (Apportioned)	14,180	19%	\$1,337	\$2,431	21%
Nonapportioned	59,436	81%	\$6,246	\$9,312	79%
<b>State of Domicile for 20-S Filers</b>					
Oregon	60,699	82%	\$3,097	\$9,697	83%
Other	12,917	18%	\$4,485	\$2,046	17%

## Section IV: Corporate Tax Returns

Exhibit 40 shows the distribution of OR-20-S returns by industry sector. For tax year 2019, the following four sectors combined contributed almost 50 percent of the total tax payments.

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

### Exhibit 40—Tax Year 2019 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	2,744	3.7%	\$416	3.5%
Mining	107	0.1%	\$39	0.3%
Utilities	50	0.1%	\$7	0.1%
Construction	10,666	14.5%	\$1,635	13.9%
Manufacturing	3,584	4.9%	\$539	4.6%
Wholesale Trade	3,430	4.7%	\$540	4.6%
Retail Trade	5,702	7.7%	\$1,239	10.6%
Transportation and Warehousing	1,983	2.7%	\$301	2.6%
Information	1,347	1.8%	\$198	1.7%
Finance and Insurance	2,702	3.7%	\$390	3.3%
Real Estate, Rental, and Leasing	5,191	7.1%	\$806	6.9%
Professional, Scientific, and Technical Services	11,882	16.1%	\$1,763	15.0%
Management of Companies and Enterprises	637	0.9%	\$88	0.7%
Administrative, Support, and Waste Management	3,629	4.9%	\$538	4.6%
Education Services	704	1.0%	\$104	0.9%
Health Care and Social Assistance	5,727	7.8%	\$1,126	9.6%
Arts, Entertainment, and Recreation	1,356	1.8%	\$197	1.7%
Accommodation and Food Services	4,658	6.3%	\$697	5.9%
Other Services (except Public Administration)	3,412	4.6%	\$545	4.6%
Unknown	4,105	5.6%	\$574	4.9%
<b>Total</b>	<b>73,616</b>	<b>100.0%</b>	<b>\$11,743</b>	<b>100.0%</b>

\* 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.

## 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 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 2019 in December 2019. The taxpayer's tax year would end November 2020. The taxpayer's Oregon return would be due by April 15, 2021. 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 2019 Oregon return as late as October 15, 2021.

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

<b>Tax Year Begins</b>	<b>Tax Year Ends</b>	<b>Oregon Corporation Return Due Date*</b>	<b>Due Date with Extension</b>
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 2019 C corporation returns. A corporation's tax year 2019 is based on a filing period that begins any time in calendar year 2019. If the tax year starts on July 1 and ends on June 30, the tax year ending month is June.

## Exhibit 43—Tax Year 2019 C Corporation Tax Returns

## Tax Year Ending Month

	Oregon Taxable			
	Number of Returns	Income (\$ thousands)	Oregon Net Tax (\$ thousands)	Share of Net Tax
January	497	\$220,494	\$17,027	2.0%
February	382	\$521,652	\$38,702	4.6%
March	1,663	\$397,135	\$31,439	3.8%
April	382	\$166,903	\$11,459	1.4%
May	388	\$174,141	\$13,383	1.6%
June	1,931	\$581,918	\$44,806	5.4%
July	311	\$243,040	\$18,574	2.2%
August	380	\$153,299	\$12,309	1.5%
September	1,362	\$487,175	\$33,920	4.1%
October	592	\$202,744	\$15,401	1.8%
November	287	\$48,854	\$1,968	0.2%
December	22,133	\$8,041,183	\$581,248	69.6%
Part year with Dec.*	1,036	\$70,203	\$6,051	0.7%
Part year without Dec.**	816	\$121,274	\$8,776	1.1%
<b>Total</b>	<b>32,160</b>	<b>\$11,430,013</b>	<b>\$835,063</b>	<b>100.0%</b>

\* 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 <https://www.census.gov/naics/>.

### Exhibit 44—NAICS Sector Codes, Titles, and Descriptions

Code	NAICS Sector Title and Description
11	<b>Agriculture, Forestry, Fishing, and Hunting.</b> Includes farming, animal production, logging, and support activities.
21	<b>Mining.</b> Includes the extraction of mineral solids, liquid minerals, and gases. Also includes mineral quarrying such as crushed gravel and sand mining.
22	<b>Utilities.</b> Includes electric, natural gas, and water utilities.
23	<b>Construction.</b> Includes residential and commercial construction, and specialty trade construction.
31	<b>Manufacturing.</b> Includes food, apparel, wood products, paper, chemical, plastics, machinery, computer products, electronics, and furniture manufacturing.
42	<b>Wholesale Trade.</b> Includes wholesalers for durable and nondurable goods. Also includes wholesale trade agents and brokers.
44	<b>Retail Trade.</b> 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	<b>Transportation and Warehousing.</b> Includes air, rail, water, and truck transportation. Includes charter buses and sightseeing operations. Includes postal service and courier services.

Code	NAICS Sector Title and Description
51	<b>Information.</b> Includes book, newspaper, radio, and television broadcasting, telecommunications, data processing, and libraries.
52	<b>Finance and Insurance.</b> Includes banks, mortgage lenders, insurance companies, and pension funds.
53	<b>Real Estate and Rental and Leasing.</b> Includes offices of real estate agents and brokers. Includes automobile, videotape, consumer electronics, and industrial machinery rental and leasing services.
54	<b>Professional, Scientific, and Technical Services.</b> Includes legal services, architectural and engineering firms, accounting, advertising, photographic, marketing, and veterinary services.
55	<b>Management of Companies and Enterprises.</b> Includes offices of bank holding companies and other holding companies.
56	<b>Administrative and Support and Waste Management and Remediation Services.</b> Includes employment and security agencies. Includes exterminating, janitorial, and landscaping services. Includes waste management and remediation.
61	<b>Educational Services.</b> Includes technical and trade schools. Includes educational support services.
62	<b>Health Care and Social Assistance.</b> Includes offices of doctors and dentists. Includes hospitals, nursing care facilities, and day care facilities.
71	<b>Arts, Entertainment, and Recreation.</b> Includes performing arts, sports, museums, theme parks, golf and skiing facilities, and bowling centers.
72	<b>Accommodation and Food Services.</b> Includes hotels and restaurants.
81	<b>Other Services (except Public Administration).</b> 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, 2019 to June 30, 2021 is referred to as the 2019-21 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 2021-23 Tax Expenditure Report, available at <http://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

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- 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 2019, 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).

## Appendix D: Glossary of Corporate Terms

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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 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 2018, 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.





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