

Oregon January 1, 2020 Nexus Changes

February 3, 2020

The new Corporate Activity Tax (CAT) is imposed on businesses for the privilege of doing business in this state, applicable to tax years beginning January 1, 2020. The CAT is not a transactional tax, such as sales tax, or an income tax. Oregon's CAT is measured on a business's commercial activity in Oregon. Certain items are excluded from the definition of commercial activity and, therefore, will not be subject to the CAT. In addition, Oregon's CAT allows a 35% subtraction for certain business expenses.

A person has nexus in a given year for purposes of the CAT if the person has any of the following during the calendar year:

- Property in Oregon with a value of at least \$50,000;
- Payroll in Oregon of at least \$50,000;
- Commercial activity sourced to Oregon of at least \$750,000;
- At least 25% of the total property, total payroll, or total commercial activity in the state of Oregon at any time.

The CAT is applied to Oregon taxable commercial activity in excess of \$1 million. The tax is computed as \$250 plus 0.57% of Oregon commercial activity of more than \$1 million. Only taxpayers with more than \$1 million of taxable Oregon commercial activity will have a payment obligation. The CAT is an annual calendar year tax; businesses that use an alternate fiscal year must still file and pay based on the calendar year. Filing thresholds are as follows:

- Business or unitary group with Oregon commercial activity in excess of \$750,000 must register for the CAT.
- Business or unitary group with Oregon commercial activity of \$1 million must file a return.
- Business or unitary group with taxable Oregon commercial activity in excess of \$1 million must file a return and pay tax.

CAT returns are due each year on April 15. Generally, estimated payments are due April 30, July 31, October 31 and January 31 for the preceding quarter. Registration is due within 30 days of meeting the \$750,000 commercial activity threshold. A penalty of \$100 per month, up to \$1,000 per calendar year, may be assessed for failing to register.. A taxpayer expecting \$5,000 or less of CAT liability for a calendar year doesn't need to make estimated payments, but still must file an annual return and pay CAT liability no later than April 15 of the following calendar year.

For registration information, click on <https://www.oregon.gov/DOR/>. Click on the "Business" link, then the "Corporate Activity Tax" in the "Information" column on the next page. There is a mailing list for future updates. Also, you can email your questions to Cat.help.dor@oregon.gov.