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NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED: 10/28/2026 4:30 PM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Guidance for CAT required estimated tax payments & penalty for underpayment of estimated tax.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 12/01/2026 5:00 PM
The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT:
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Salem, OR 97301

Filed By:
Katie McCann
Rules Coordinator

HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 12/01/2026
TIME: 9:00 AM
OFFICER: Maribel Luna

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 503-446-4951
SPECIAL INSTRUCTIONS:
Join by Teams video: https://teams.microsoft.com/meet/287820800679047?p=yn7qH4yH3hZj1Tvlp7
Meeting ID: 287 820 800 679 047
Passcode: wd68HG3P

Join by phone: 503-446-4951
Conference ID: 604 400 508#

NEED FOR THE RULE(S):

The rule provides guidance for CAT required estimated tax payments & penalty for underpayment of estimated tax.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes: 317A.100 – 317A.161.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

The requirement for making estimated quarterly payments for the corporate activity tax is prescribed in statute. This rule has no direct impact on racial equity.

FISCAL AND ECONOMIC IMPACT:

OAR 150-317-1310 provides guidance for corporate activity taxpayers to determine the correct amounts of corporate activity estimated tax payments. The rule clarifies requirements for estimated payments, penalty imposed on underpayment of estimated tax, and exceptions for when underpayment charges will not be imposed. There is no fiscal impact from this rule.

COST OF COMPLIANCE:
(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) This rule has no impact on state agencies or units of local government. Any impact on the public, specifically the corporate activity tax filers, derives from the statutory requirement of quarterly estimated payments.
(2)(a) All entity types with more than $1 million in gross receipts are required to file a corporate activity tax return. Approximately 44,000 businesses are subject to the corporate activity tax. Based on this information, we estimate Oregon has approximately 25,000 small businesses with fewer than 50 employees that are subject to corporate activity tax. The amendment to section OAR 150-317-1310(3)(c)(D) provides an exception to the application of the underestimated payment penalty specific to taxpayers with seasonal commercial activity. We estimate 4,500 of the 25,000 small businesses have seasonal commercial activity.
(b) General recordkeeping requirements such as documentation to substantiate inventory, deductions, and credits are already required under both federal and state law. We don't anticipate additional costs for professional services to comply with the requirements of these rules.
(c) None known.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The department formed a rules advisory committee, with members representing the Oregon Farm Bureau and tax practitioners representing various business industries. In addition, the department will be notifying interested parties of the rulemaking process including the public hearing prior to adopting these rules as permanent. During the public comment period, interested parties, including small businesses, can provide the department with feedback.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 150-317-1310

RULE SUMMARY: Guidance for CAT required estimated tax payments & penalty for underpayment of estimated tax.

CHANGES TO RULE:

150-317-1310
Estimated Tax Payments: Delinquent or Underestimated Payment or Both, Constitutes Underpayment
(1) An underpayment of Corporate Activity Tax (CAT) estimated tax exists when the payments received on or before a payment due date are less than the required installment due as determined under section (3) of this rule.¶
(2) If none of the exceptions, as provided in section (3) of this rule, are met, the department will assess a five percent penalty of the underpayment amount for any quarter for which an underpayment exists.¶
(3) Required installments and exceptions. Underpayment charges will not be imposed if:¶
(a) No estimated payments are required, as provided in OAR 150-317-1300;~~-~~¶
(b) The taxpayer has paid an amount equal to at least the taxpayer's required installment for the corresponding quarter of the preceding tax year; or¶
(c) Each estimated tax installment is equal to or more than 25 percent (or the appropriate percentage of tax for short periods provided in OAR 150-317-1300) of any one of the following:¶
(A) For tax years beginning on or after January 1, 2020 and ending before January 1, 2022, 80 percent of the tax for the tax year.~~-~~¶
(B) For tax years beginning on or after January 1, 2022, 90 percent of the tax for the tax year.¶
(C) For tax years beginning on or after January 1, 2020 and ending before January 1, 2022, an amount equal to 80 percent of the tax computed on annualized taxable commercial activity. For purposes of this computation, tax credits available on the date of the payment may be deducted from the annualized tax. An estimated or anticipated tax credit may not be used. Annualized taxable commercial activity is computed by entering the taxable commercial activity on an annualized basis:¶
(i) For the first three months of the taxable year, in the case of the installment required to be paid in the fourth month;¶
(ii) For the first six months of the taxable year, in the case of the installment required to be paid in the seventh month;¶
(iii) For the first nine months of the taxable year, in the case of the installment required to be paid in the tenth month; and¶
(iv) For the 12 months of the taxable year, in the case of the installment required to be paid in the first month of the following taxable year.¶
(D) An amount equal to ~~10~~90 percent of the amount obtained by applying Section 6655(e)(3)(C) of the Internal Revenue Code to Oregon taxable commercial activity for any person with seasonal commercial activity.~~-~~¶
(E) For tax years beginning on or after January 1, 2022, an amount equal to 90 percent of the tax computed on annualized taxable commercial activity. For purposes of this computation, tax credits available on the date of the payment may be deducted from the annualized tax. An estimated or anticipated tax credit may not be used. Annualized taxable commercial activity is computed by entering the taxable commercial activity on an annualized basis:¶
(i) For the first three months of the taxable year, in the case of the installment required to be paid in the fourth month;¶
(ii) For the first six months of the taxable year, in the case of the installment required to be paid in the seventh month;¶
(iii) For the first nine months of the taxable year, in the case of the installment required to be paid in the tenth month; and¶
(iv) For the 12 months of the taxable year, in the case of the installment required to be paid in the first month of the following taxable year.¶
(F) For tax years beginning on or after January 1, 2021, 100 percent of the tax shown on the return for the preceding tax year (after credits), provided that the preceding tax year was a period of twelve months and an Oregon return showing a liability was filed for such tax year. When applying this subsection to a current taxable year of less than 12 months, the tax for the preceding tax year is reduced by multiplying it by the number of months in the short tax year and dividing the resulting amount by 12.~~-~~¶
(4) Unitary group returns. If a unitary group CAT return is filed, any underpayment shall be computed on a combined basis. In computing the underpayment on a combined basis, the tax and facts shown on the returns for the preceding year must be aggregated, regardless of whether combined or separate returns were filed.¶
(5) If separate returns are filed and estimated tax is paid on a combined basis, the payments and prior year's tax may be divided between the various persons' liabilities in any manner designated by the taxpayers.¶
(6) Underpayment penalties shall be assessed on the last return filed and received before the due date, including extensions, for such return. That return shall be considered the "original return," and the tax due shall be used as the basis for computing the underpayment charges.¶
(7) Once underpayment charges are assessed on the original return, an amended return reducing the tax liability will not reduce the underpayment charges.~~¶~~
~~[Publications: Contact the Oregon Department of Revenue for information about how to obtain a copy of the~~

~~publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and ORS 183.355(1)(b).]~~
Statutory/Other Authority: ORS 305.100, 317A.143
Statutes/Other Implemented: ORS 317A.137, 317A.149, 317A.161, Oregon Laws 2020 (1st special session), Chapter 2, Sections 9, 10, and 11