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NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED: 10/29/2026 12:16 PM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Clarifies imposition of CAT penalties and the 100 percent penalty for failure to file.

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 meeting: 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):

Clarifies that the Department of Revenue may impose the Corporate Activity Tax (CAT) penalties for late registration and underpayment of estimated taxes in addition to the 100 percent penalty for failure to file under ORS 305.992.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes: 317A.100 – 317A.161 and 305.992

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

This rule has no direct impact on racial equity.

FISCAL AND ECONOMIC IMPACT:

There is no direct fiscal or economic impact from the rule. Any fiscal or economic impact derives from ORS 305.992 . All entity types with more than $1 million in commercial activity are required to file a corporate activity tax return. The penalties applicable to entities subject to the Corporate Activity Tax are set forth by statute. This rule clarifies that entities may be subject to the 100 percent failure to file penalty under ORS 305.992 in addition to the late registration penalty under ORS 317A.131 and the quarterly underpayment penalty under ORS 317A.161, as applicable. Approximately 44,000 businesses will be subject to the corporate activity tax. Based on this information, we estimate Oregon has approximately 25,000 small businesses with fewer than 50 employees who are subject to corporate activity tax and 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. As for taxpayers, administrative compliance activities, including professional service costs, generally are a result of statutory requirements. It is anticipated that guidance provided in the rule will clarify that entities may be subject to the 100 percent failure to file penalty under ORS 305.992 in addition to the late registration penalty under ORS 317A.131 and the quarterly underpayment penalty under ORS 317A.161, as applicable.
(2)(a) We estimate Oregon has approximately 25,000 small businesses with fewer than 50 employees that are subject to corporate activity tax and this rule.
(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 resulting from this rule.
(c) None known.

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

The department formed a rules advisory committee, with 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

ADOPT: 150-317-1510

RULE SUMMARY: Clarifies that the Department of Revenue may impose the Corporate Activity Tax (CAT) penalties for late registration and underpayment of estimated taxes in addition to the 100 percent penalty for failure to file under ORS 305.992.

CHANGES TO RULE:

150-317-1510
Corporate Activity Tax Penalties and the 100 Percent Failure to File Penalty
The Department of Revenue may impose the 100 percent failure to file penalty under ORS 305.992 in addition to the late registration penalty under ORS 317A.131 and the quarterly underpayment penalty under ORS 317A.161, as applicable.
Statutory/Other Authority: ORS 305.100, 317A.143
Statutes/Other Implemented: ORS 305.992, 317A.131, 317A.149, 317A.161