

Requested by Representative RESCHKE

**PROPOSED AMENDMENTS TO
HOUSE BILL 2433**

1 In line 2 of the printed bill, after “taxation;” insert “creating new pro-
2 visions; amending ORS 316.685;”.

3 Delete lines 4 through 15 and insert:

4 **“SECTION 1. Section 2 of this 2021 Act is added to and made a part
5 of ORS chapter 316.**

6 **“SECTION 2. In computing Oregon taxable income for the purposes
7 of this chapter, if a taxpayer received a payment or credit under
8 sections 6428 and 6428A of the Internal Revenue Code, there shall be
9 subtracted from federal taxable income a positive amount equal to the
10 difference, if any, between:**

11 **“(1) The subtraction that the taxpayer would have received under
12 ORS 316.680 and 316.685 for federal taxes accrued, absent the operation
13 of any credit received by the taxpayer under sections 6428 and 6428A
14 of the Internal Revenue Code; and**

15 **“(2) The subtraction that the taxpayer was actually allowed under
16 ORS 316.680 and 316.685 for federal taxes accrued.**

17 **“SECTION 3. Section 2 of this 2021 Act applies to tax years begin-
18 ning on or after January 1, 2020, and before January 1, 2021.**

19 **“SECTION 4. (1) If the subtraction allowed under section 2 of this
20 2021 Act results in an overpayment of tax, a taxpayer may claim a
21 refund of the overpaid amount via the taxpayer’s tax return filed for**

1 **the 2021 tax year.**

2 **“(2) The Department of Revenue shall by rule establish procedures**
3 **for taxpayers claiming refunds under this section.**

4 **“(3) Refunds paid under this section shall be paid with interest as**
5 **provided in ORS 314.415.**

6 **“SECTION 5.** ORS 316.685 is amended to read:

7 “316.685. (1)(a) The federal income tax deduction provided by ORS 316.680
8 shall be as reported on the taxpayer’s original return and shall be computed
9 on the accrual method of accounting. Any adjustments to the federal income
10 tax deduction now or hereafter required by Oregon law, including but not
11 limited to the elimination of the self-employment tax, also shall be computed
12 and eliminated according to the accrual method of accounting.

13 “(b) For purposes of calculating the amount of the deduction for federal
14 income taxes provided under ORS 316.680, the taxpayer [*shall*] **may** not take
15 into account any amount of the earned income credit provided under section
16 32 of the Internal Revenue Code **or of the recovery rebate credit provided**
17 **under section 6428B of the Internal Revenue Code** that reduced the
18 amount of the taxpayer’s federal income tax liability for the tax year.

19 “(2) If refunds or additional assessments result from an adjustment
20 whether initiated by the federal or state government or the taxpayer after
21 the filing of the original return by the taxpayer, any additional federal taxes
22 shall be deductible by the Oregon taxpayer under this section in the year in
23 which the adjustment is finally determined or paid whichever is later. In the
24 case of a refund the tax reduction shall be added to the taxpayer’s income
25 in the year in which the refund is received.

26 “(3) For purposes of this chapter, federal income tax does not include the
27 following:

28 “(a) Taxes, contributions or other payments paid by employees in
29 pursuance of federal laws relating to Social Security, railroad retirement,
30 unemployment compensation or old age benefits.

1 “(b) Taxes paid pursuant to the Self-Employment Contribution Act, sub-
2 title A, chapter 2, Internal Revenue Code.

3 “**SECTION 6. The amendments to ORS 316.685 by section 5 of this**
4 **2021 Act apply to tax years beginning on or after January 1, 2021, and**
5 **before January 1, 2022.**

6 “**SECTION 7. This 2021 Act takes effect on the 91st day after the**
7 **date on which the 2021 regular session of the Eighty-first Legislative**
8 **Assembly adjourns sine die.”.**

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