



Oregon Corporate Activity Tax Statistics

Characteristics of CAT Taxpayers

2025 Edition:

CAT Receipts Fiscal Year 2023-24

CAT Returns Tax Year 2022

150-106-010 (Rev. 02-25)

2025 Edition



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Oregon Corporate Activity Tax Statistics

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2025 Edition

**CAT Receipts Fiscal Year 2023-24
And CAT Returns Tax Year 2022**

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150-106-010 (Rev. 02-25)

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The legislation establishing the Oregon Corporate Activity Tax (CAT) passed in 2019, and the tax started January 1, 2020. Based on the November 2024 economic and revenue forecast from the Office of Economic Analysis (OEA),¹ actual CAT revenue for the 2021-23 biennium was \$2.56 billion and is forecasted to be \$2.79 billion for the 2023-25 biennium.

This annual report presents information about the Oregon CAT and provides a foundation for understanding the characteristics of CAT taxpayers. This edition of *Oregon Corporate Activity Tax Statistics: Characteristics of CAT Taxpayers* provides detailed statistics based on tax year 2022 CAT returns received and processed by the Oregon Department of Revenue (DOR) through January 2, 2025.

This report contains the following main sections:

- ***How Commercial Activity Is Taxed:*** Contains background information on the CAT in Oregon. It includes a description of the computation of the tax.
- ***Corporate Activity Tax Receipts:*** Provides descriptive information based on CAT receipts through fiscal year 2023-24. Tax law requires businesses 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 CAT payments and in specific industry sectors.
- ***Corporate Activity Tax Returns:*** First looks at historical trends and then focuses on CAT returns corresponding to tax year 2022. Taxpayers with Oregon commercial activity of at least \$1 million must file tax returns that contain detailed information about demographics, Oregon commercial activity, and the calculation of final tax liability. These return details allow for a thorough analysis of the characteristics of Oregon CAT taxpayers.
- ***Appendices:***
 - A:* Gives information on the data used in this report.
 - B:* Provides complete data on exclusions from commercial activity for tax year 2022, including statutory references.
 - C:* Provides an index of selected industry sectors.
 - D:* Contains a glossary of selected terms used in this report.

Together, these sections provide a comprehensive description of CAT taxpayers in Oregon using the most current information available at the time of publication.

¹ <https://www.oregon.gov/das/oea/Documents/OEA-Forecast-1224.pdf>

Section I: Introduction

Additional information about Oregon's taxes and areas of particular interest is available. Such information, forms, and publications are found on the following Oregon Department of Revenue webpages:

www.oregon.gov/dor/forms

- CAT forms and instructions for current and prior tax years

www.oregon.gov/dor/programs/businesses/Pages/corporate-activity-tax.aspx

- More information about the Oregon CAT, including frequently asked questions

www.oregon.gov/dor/stats

- Statistical and descriptive information about Oregon's other tax programs, such as the corporation excise and income tax

A. Background

The Student Success Act (HB 3427) was passed by the 2019 Oregon Legislature and signed into law on May 16, 2019 by Governor Kate Brown. The Act created the Fund for Student Success and a new tax on all types of business entities—the Corporate Activity Tax (CAT)—to generate revenue for the fund.²

The Fund for Student Success is separate and distinct from the General Fund and consists of three separate accounts, namely the Student Investment Account (SIA), the Early Learning Account (ELA), and Statewide Education Initiatives Account (SEIA). Each biennium, two transfers must first be made to the State School Fund (SSF) within the General Fund. At least \$40 million of CAT revenue must be transferred to the High Cost Disabilities Account within the State School Fund (SSF). Additionally, the amount of change in General Fund revenue to be collected in the biennium due to the deductibility of the CAT on Corporate and Personal Income Tax (PIT) returns and the PIT rate reductions that were also part of HB 3427 must be transferred to the SSF. Any remaining net CAT revenue is disbursed to the three Fund for Student Success accounts.

The SIA receives 50 percent of the revenue and provides additional funding for K-12 public schools to increase academic achievement, reduce disparate outcomes among demographic groups, and better meet students' mental and behavioral health needs. At least 20 percent of the revenue goes to the ELA to fund various early learning programs such as Oregon Pre-K and early intervention. Finally, up to 30 percent of revenue flows to the SEIA and supports a list of statewide K-12 education initiatives.

The CAT is imposed on all business types for the privilege of doing business in Oregon. It is measured on a business's commercial activity, which is the total amount realized by a taxpayer from the transactions and activity in the regular course of their business in Oregon. Some categories of commercial activity are excluded, and taxpayers can subtract 35 percent of the greater of related cost inputs or labor costs from their Oregon commercial activity. Additionally, some taxpayers can subtract 15 percent of certain subcontractor labor payments. The first \$1 million of the resulting taxable commercial activity is excluded from taxation and the remainder is taxed at a rate of 0.57 percent plus a \$250 base tax.³

² Administrative costs are also subtracted from gross CAT revenue before distribution to the Fund for Student Success. For the 2023-25 biennium, administrative costs are estimated to be \$21.3 million.

³ See Oregon Revised Statutes (ORS), 2021 Edition, Chapter 317A — Corporate Activity Tax, for complete details.

B. Filing Requirements

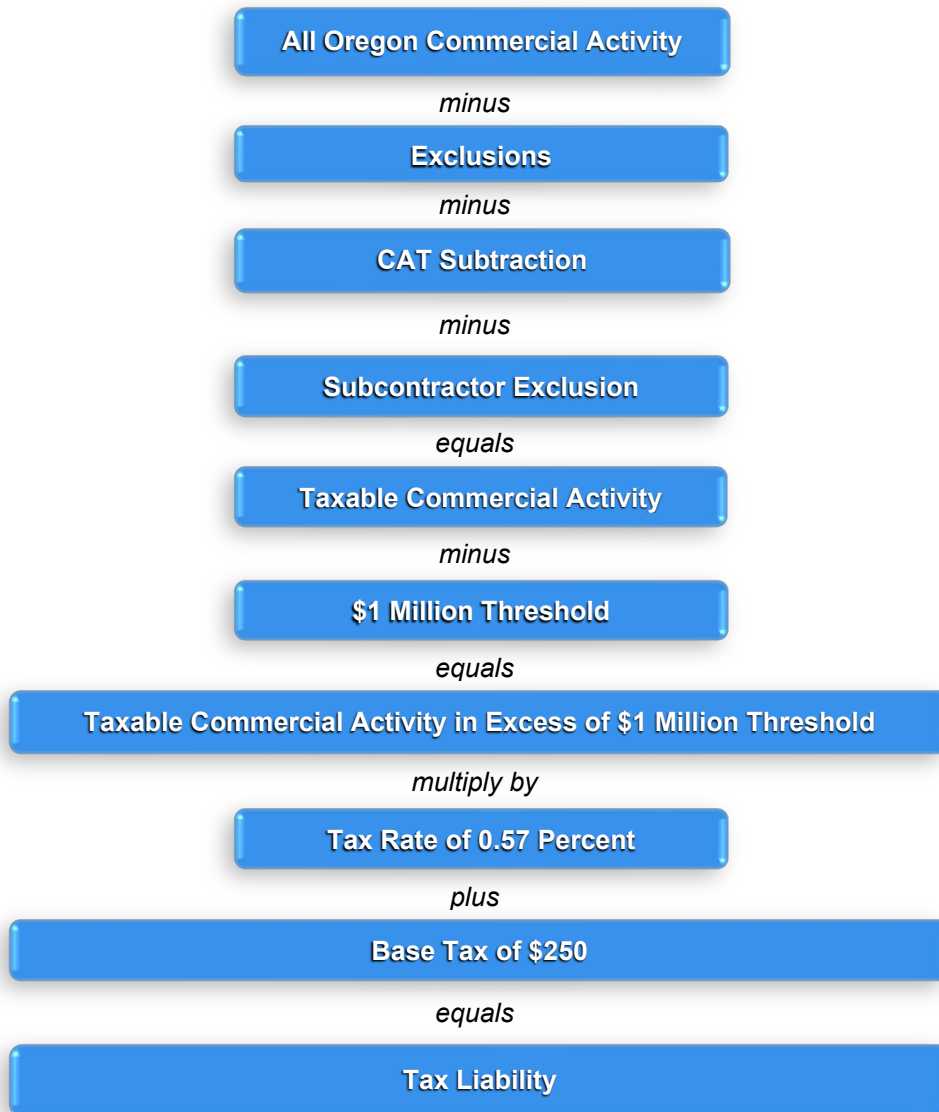
Any person, business, or unitary group of businesses with Oregon commercial activity of \$1 million or more must file a CAT return. A unitary group is a group of business entities or separate parts of a single entity that are united by more than 50 percent direct or indirect common ownership and engaged in a unitary business enterprise in which members share or exchange value. A unitary group may include a mix of different entity types, such as C Corporations, LLCs, S corporations, etc. A unitary group must file and pay the CAT as a single taxpayer and may exclude receipts from transactions among its members. For tax year 2020, all taxpayers were required to file using a calendar year. Since tax year 2021, taxpayers have been able to file on a calendar year basis or a fiscal year basis, to align with their federal tax year.

C. Tax Calculation

Computation of the Corporate Activity Tax

Exhibit 1 provides a flowchart of the computation of the CAT. A discussion of the calculation steps follows. For additional information, please refer to the Oregon Department of Revenue's CAT forms and instructions available at www.oregon.gov/dor/forms.

Exhibit 1—Computation of the Corporate Activity Tax



Section II: How Commercial Activity Is Taxed

Starting Point: Oregon Commercial Activity

For the purpose of the CAT, Oregon commercial activity is defined as commercial activity sourced to Oregon. It is the total amount realized by a taxpayer from the transactions and activity in the regular course of their business in Oregon, without deduction for expenses incurred by the business. This can include, but is not limited to, money, property received, debt forgiven, and services rendered. The definition of commercial activity is not based on or tied to the definition of gross income in the Internal Revenue Code (IRC) section 61.⁴ Commercial activity is realized according to the method of accounting used for federal income tax purposes.

Exclusions

When the CAT was established and the tax base was defined, 48 items were listed as exclusions in HB 3427.⁵ However, the majority of these were included simply to define and clarify what is not part of the CAT tax base; they are not really deductions from Oregon commercial activity. A small number of the exclusions can likely be viewed as true deductions, including the following:

- Receipts from the sale of motor vehicle fuel.
- Receipts from the wholesale and retail sale of groceries.
- Farmer sales to an agricultural cooperative in Oregon.
- Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.
- Net revenue of residential care facilities or in-home care agencies received for providing services to Medicare recipients.
- Receipts from the sale of prescription drugs sold by an “eligible pharmacy.”

For tax year 2022, exclusions are reported on a separate schedule with the CAT return and are initially included with Oregon commercial activity and then later subtracted from Oregon commercial activity.

CAT Subtraction

Taxpayers may subtract from their Oregon sourced commercial activity 35 percent of the greater of their eligible cost inputs or eligible labor costs. Cost inputs mean the cost of goods sold (COGS) as calculated in arriving at federal taxable income under the IRC. COGS includes all the costs and expenses, such as factory labor, raw materials, and factory overhead, directly related to the production or acquisition of goods. It excludes indirect costs such as those related to sales and general and administrative expenses.⁶ Labor costs include most types of compensation paid to employees, such as wages, health insurance benefits, retirement benefits, and any other fringe benefits, but it does not include employees’ payroll taxes or compensation greater than \$500,000 paid to any single employee.

⁴ Oregon Department of Revenue OAR 150-317-1000.

⁵ See Appendix B for the complete list of exclusions for tax year 2022.

⁶ In the case of a taxpayer that is engaged in a farming operation and does not report cost of goods sold for federal tax purposes, cost inputs mean the taxpayer’s operating expenses excluding labor costs.

If a taxpayer has commercial activity both inside and outside of Oregon, they must apportion their eligible costs to only include those related to Oregon commercial activity. The amount of the CAT subtraction is limited to 95 percent of total Oregon commercial activity.

Subcontractor Exclusion

General contractors who incur labor costs for single-family residential construction located in Oregon may qualify for the subcontractor labor payment exclusion. The exclusion is 15 percent of the labor costs paid to a subcontractor. It does not include payments made for materials, land, or permits and is not allowed for payments between subcontractors.

Taxable Commercial Activity and Tax Liability

Taxable commercial activity is Oregon commercial activity minus exclusions, the CAT subtraction, and the subcontractor exclusion. Final CAT liability is calculated by subtracting \$1 million from taxable commercial activity, then multiplying the result by the 0.57 percent tax rate and adding the \$250 base tax. Only taxpayers with taxable commercial activity greater than \$1 million pay the CAT. Those with taxable commercial activity of \$1 million or less do not owe even the base tax of \$250. They have no CAT liability.

Payments and Refunds

Taxpayers file a tax return after the end of their tax year. The calculated tax liability from a return is compared to estimated payments already made by a taxpayer and this reconciliation may lead to final payments or refunds. If the total estimated payments are less than the tax liability, then an additional payment is required with the return to cover the tax due. If the estimated payments are more than the tax liability, the taxpayer receives a refund for the overpayment. The taxpayer may choose to apply some or all their refund toward the next year's estimated tax payments.

A. Timing of Tax Payments

Businesses file a tax return after the end of their tax year, which is usually the same as a calendar year. However, for some businesses, the tax year covers a significantly different period than a calendar year. For tax year 2020, all Corporate Activity Tax (CAT) taxpayers were required to file based on a calendar year. The passage of SB 164 in 2021 added fiscal year filing for CAT taxpayers who use a fiscal year other than the calendar year for federal tax purposes. For tax year 2021, these filers were required to first file a short-year return that started on January 1, 2021, and ended on the last day of their federal tax year that ended in 2021. The short-year returns were due by April 15, 2022. Then they were required to file a return that started the day after their short-year return ended and covered the same period as their 2021 federal fiscal year. For tax year 2022 and beyond, they are only required to file one CAT return per year that covers the same period as their federal fiscal year.

Returns and tax are normally due on the 15th day of the fourth month following the end of the tax year, but a six-month extension for filing only is available. Because businesses may receive extensions to file returns and may make quarterly estimated payments, nearly all the payments associated with the Oregon CAT are received before the corresponding tax returns are filed.⁷

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. Exhibit 2 provides details on the tax years for which payments were received and refunds issued in fiscal year 2023-24.⁸ These are net receipts—composed of estimated payments, final payments associated with a return, and refunds issued to taxpayers.

**Exhibit 2—CAT Receipts in
Fiscal Year 2023-24
By Tax Year**

Tax Year	Net Receipts (\$ thousands)
2020	\$16,488
2021	-\$4,166
2022	\$1,070,731
2023	\$260,333
2024	\$249
Total	\$1,343,635

⁷ For more detail on businesses’ fiscal years and the due dates of businesses’ tax returns, see Appendix A: Data Construction.

⁸ See Appendix A: Data Construction for more information on the financial transactions data.

Section III: Corporate Activity Tax Receipts

B. Trends in Corporate Activity Tax Receipts

Exhibit 3 shows CAT receipts history by fiscal year since the start of the tax program in January of 2020.⁹ Receipts in fiscal year 2019-2020 were relatively low because they only included estimated payments for tax year 2020, while the following fiscal years included estimated payments, refunds, and payments made with returns. It is also important to note that the switch from all returns being filed on a calendar basis for tax year 2020 to adding fiscal year filing beginning with tax year 2021, as discussed in the prior section, affected the timing of return filing and receipts in subsequent fiscal years. Thus, differences observed between early fiscal years of the program are due to both changes in the CAT program and economic conditions. More recently, receipts were almost flat between fiscal years 2022-23 and 2023-24, growing by less than half a percent.

Exhibit 3—CAT Receipts History		
Fiscal Year*	Net Receipts (\$ thousands)	Growth
2019-20	\$226,518	
2020-21	\$1,148,387	407.0%
2021-22	\$1,216,538	5.9%
2022-23	\$1,338,529	10.0%
2023-24	\$1,343,635	0.4%

* Fiscal year starts July 1.

⁹ See Appendix A: Data Construction for more information on the financial transactions data.

C. Receipts by Industry Sector

Exhibit 4 compares CAT receipts from all sectors for fiscal years 2022-23 and 2023-24.¹⁰ Overall, receipts grew by only 0.4 percent between the fiscal years with more sectors showing a decline rather than an increase. Notable growth occurred in the management of companies and enterprises sector while wholesale trade declined significantly.

Exhibit 4—Corporate Activity Tax Receipts by Industry Sector, Fiscal Years 2022-23 and 2023-24

Industry Sector *	FY 2022-23 (\$ thousands)	FY 2023-24 (\$ thousands)	Growth	Share of Total Receipts for FY 2023-24
Agriculture, Forestry, Fishing, and Hunting	\$13,617	\$12,732	-6.5%	0.9%
Mining	\$1,102	\$1,310	18.9%	0.1%
Utilities	\$25,579	\$23,836	-6.8%	1.8%
Construction	\$126,226	\$135,447	7.3%	10.1%
Manufacturing	\$213,703	\$196,260	-8.2%	14.6%
Wholesale Trade	\$179,486	\$157,034	-12.5%	11.7%
Retail Trade	\$206,401	\$200,906	-2.7%	15.0%
Transportation and Warehousing	\$33,241	\$29,775	-10.4%	2.2%
Information	\$88,542	\$90,633	2.4%	6.7%
Finance and Insurance	\$51,885	\$50,318	-3.0%	3.7%
Real Estate, Rental, and Leasing	\$52,450	\$59,987	14.4%	4.5%
Professional, Scientific, and Technical Services	\$57,585	\$62,030	7.7%	4.6%
Management of Companies and Enterprises	\$141,930	\$175,541	23.7%	13.1%
Administrative, Support, and Waste Management	\$24,337	\$24,347	0.0%	1.8%
Educational Services	\$1,705	\$1,422	-16.6%	0.1%
Health Care and Social Assistance	\$49,762	\$47,731	-4.1%	3.6%
Arts, Entertainment, and Recreation	\$6,593	\$7,596	15.2%	0.6%
Accommodation and Food Services	\$35,883	\$34,279	-4.5%	2.6%
Other Services (except Public Administration)	\$10,373	\$11,448	10.4%	0.9%
Unknown	\$18,130	\$21,002	N/A**	1.6%
Total	\$1,338,529	\$1,343,635	0.4%	100%

* 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 CAT taxpayers.

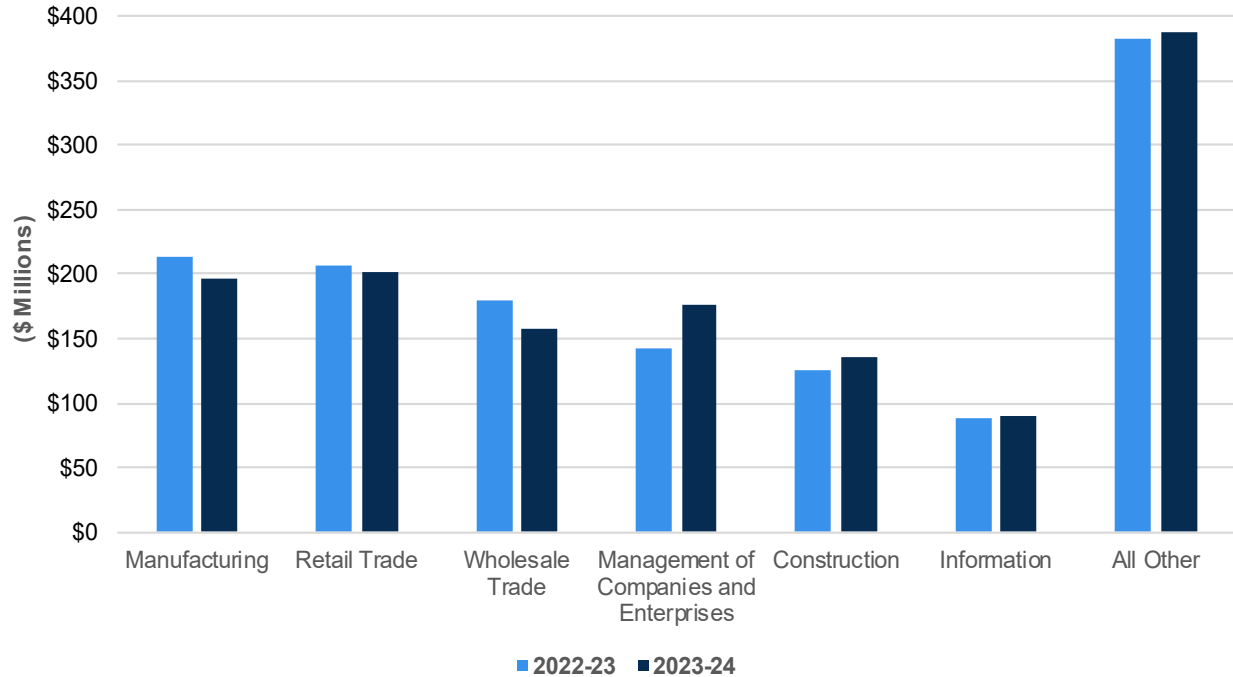
¹⁰ See Appendix A: Data Construction for more information on the financial transactions data.

Section III: Corporate Activity Tax Receipts

Exhibit 5 highlights the sectors with the largest shares of total tax receipts for fiscal years 2022-23 and 2023-24. Among the six largest sectors, receipts increased between fiscal years for three of them and declined for the other three. The primary sectors that contribute to the “All Other” category include the following:

- Professional, scientific, and technical services
- Real estate, rental, and leasing
- Finance and insurance

**Exhibit 5—Corporate Activity Tax Receipts by Industry Sector
Fiscal Years 2022-23 and 2023-24**



Section IV

Corporate Activity Tax Returns

This section begins with historical information on the first three years of the Corporate Activity Tax (CAT) program. That is followed by summary information on key components of tax year 2022 CAT returns. The discussion order follows that of the return, starting with demographics, proceeding through the various components of the computation of tax liability, and ending with payments and refunds. In the exhibits, due to rounding the sum of separate quantities may not always equal the total.¹¹

A. History of Tax Returns Filed

The CAT started with tax year 2020. At the time of the publication of the first two editions of this report, not all corresponding returns had been filed, due to normal filing delays associated with a new tax program. Exhibit 6 shows the current return summary information for tax years 2020 through 2022. The information is based on returns covering a full tax year filed and processed through January 2, 2025. While the number of returns and tax liability has increased each year, growth in both was slower for tax year 2022.

Exhibit 6—History of Corporate Activity Tax Returns* Returns Filed and Processed through January 2, 2025

Tax Year	Number of Returns	Growth	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Growth
2020	22,700		\$259,296	\$181,297	\$1,038,050	
2021	25,640	13.0%	\$284,877	\$199,359	\$1,141,537	10.0%
2022	26,570	3.6%	\$305,444	\$214,529	\$1,228,111	7.6%

* Only includes returns covering a full tax year. Short-year returns are excluded.

Exhibit 7 shows summary information for all tax year 2022 returns. A short-year return is a return covering less than a full tax year. Normally, these returns occur due to businesses opening, closing, or re-organizing during a tax year. As returns covering the full tax year represent the most complete data for each business, the remainder of the report will focus primarily on tax year 2022 returns covering the full tax year.

Exhibit 7—All Tax Year 2022 Corporate Activity Tax Returns Period of Return

Period of Return	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Short-Year	280	1.0%	\$1,188	\$764	\$4,402	0.4%
Full Tax Year*	26,570	99.0%	\$305,444	\$214,529	\$1,228,111	99.6%
Total	26,850	100.0%	\$306,631	\$215,293	\$1,232,513	100.0%

* For tax year 2022, taxpayers were required to use the same tax year (calendar or fiscal) as they use for federal income tax purposes.

¹¹ For more detail on rounding in exhibits, see Appendix A: Data Construction.

Section IV: Corporate Activity Tax Returns

B. Demographics

Filing Entity

CAT returns may be filed by single entities or a unitary group of entities filing as a single taxpayer. In the latter case, the unitary group must designate a single member (designated CAT entity) to file and pay the CAT. The designated CAT entity must file a combined CAT return and include some information about all affiliates with Oregon commercial activity on the CAT affiliate schedule.

In this report, for unitary groups, all demographic data provided is based on the designated CAT entity. For example, if a designated CAT entity belongs to a different industry sector than one or more of the affiliates on a return, all the Oregon commercial activity, tax liability, etc. of the unitary group will be reported under the industry sector of the designated CAT entity.

Exhibit 8 provides information on returns filed by a single entity versus those filed by a designated CAT entity representing a unitary group of entities. While 61 percent of returns were filed by single entities, almost 72 percent of total tax liability came from unitary group returns.

Exhibit 8—Tax Year 2022 Corporate Activity Tax Returns Type of Filing Entity

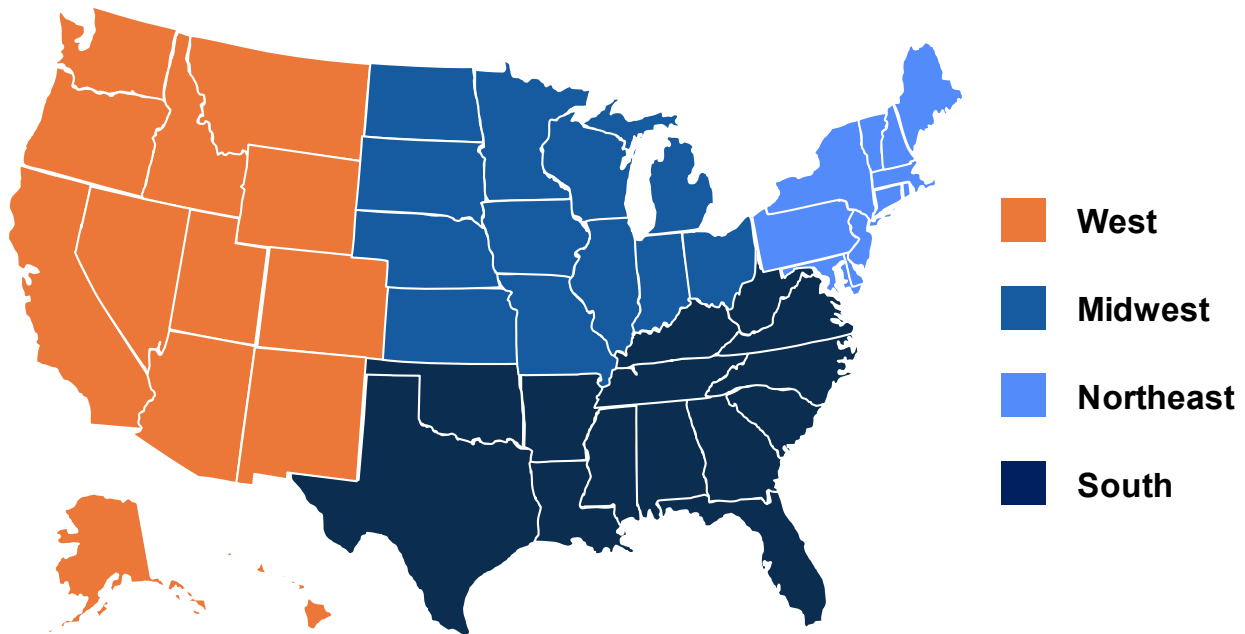
Type of Filing Entity	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Single Entity	16,200	61.0%	\$96,901	\$59,943	\$344,840	28.1%
Unitary Group of Entities	10,370	39.0%	\$208,543	\$154,586	\$883,271	71.9%
Total	26,570	100%	\$305,444	\$214,529	\$1,228,111	100%

Commercial Domicile

Exhibit 9a 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 returns or the state of incorporation. For tax year 2022, most of the returns and more than half of the CAT liability came from businesses domiciled in the West region of the United States.

**Exhibit 9a—Tax Year 2022 Corporate Activity Tax Returns
Region of Commercial Domicile**

Region	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
West	22,560	84.9%	\$177,130	\$116,670	\$669,455	54.5%
Midwest	1,360	5.1%	\$42,923	\$31,484	\$179,752	14.6%
Northeast	1,270	4.8%	\$36,957	\$29,264	\$167,077	13.6%
South	1,290	4.9%	\$47,375	\$36,397	\$207,741	16.9%
Outside U.S.	90	0.3%	\$1,059	\$713	\$4,085	0.3%
Total	26,570	100%	\$305,444	\$214,529	\$1,228,111	100%



Section IV: Corporate Activity Tax Returns

Exhibit 9b provides detail on commercial domicile by state for the West region. Seventy-two percent of all returns and almost one-third of tax liability was from businesses headquartered in Oregon.

Exhibit 9b—Tax Year 2022 Corporate Activity Tax Returns West Region, State of Commercial Domicile

State	Number of Returns	Share of All Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Total Tax Liability
Alaska	10	0.0%	\$98	\$44	\$256	0.0%
Arizona	143	0.5%	\$4,686	\$3,500	\$19,978	1.6%
California	1,340	5.0%	\$27,322	\$21,173	\$120,969	9.9%
Colorado	160	0.6%	\$3,699	\$2,671	\$15,255	1.2%
Idaho	160	0.6%	\$4,315	\$2,970	\$16,963	1.4%
Montana	30	0.1%	\$344	\$262	\$1,501	0.1%
Nevada	60	0.2%	\$1,803	\$1,231	\$7,028	0.6%
Oregon	19,130	72.0%	\$112,090	\$68,394	\$393,570	32.0%
Utah	120	0.5%	\$2,451	\$2,005	\$11,456	0.9%
Washington	1,390	5.2%	\$20,257	\$14,378	\$82,242	6.7%
Other*	20	0.1%	\$163	\$86	\$495	0.0%
Total	22,560	84.9%	\$177,130	\$116,670	\$669,455	54.5%

* Other includes Hawaii, New Mexico, and Wyoming.

Section IV: Corporate Activity Tax Returns

Industry Sector

Exhibit 10 shows the distribution of returns and returns details by industry sector.¹² For tax year 2022, the following four sectors combined accounted for almost 55 percent of CAT liability:

- Manufacturing
- Wholesale trade
- Retail trade
- Management of companies and enterprises

Exhibit 10—Tax Year 2022 Corporate Activity Tax Returns

Industry Sector

Industry Sector *	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
Agriculture, Forestry, Fishing, and Hunting	1,080	4.1%	\$4,343	\$2,273	\$13,131	1.1%
Mining	60	0.2%	\$428	\$255	\$1,466	0.1%
Utilities	80	0.3%	\$6,010	\$4,355	\$24,838	2.0%
Construction	4,250	16.0%	\$35,408	\$21,944	\$125,942	10.3%
Manufacturing	2,720	10.2%	\$47,373	\$32,963	\$188,439	15.3%
Wholesale Trade	1,800	6.8%	\$37,597	\$25,506	\$145,752	11.9%
Retail Trade	2,990	11.3%	\$50,858	\$35,183	\$201,111	16.4%
Transportation and Warehousing	740	2.8%	\$6,814	\$5,106	\$29,253	2.4%
Information	480	1.8%	\$17,622	\$15,427	\$88,034	7.2%
Finance and Insurance	870	3.3%	\$10,155	\$8,340	\$47,706	3.9%
Real Estate, Rental, and Leasing	2,230	8.4%	\$12,696	\$9,505	\$54,641	4.4%
Professional, Scientific, and Technical Services	2,560	9.6%	\$13,535	\$8,858	\$50,982	4.2%
Management of Companies and Enterprises	730	2.7%	\$30,613	\$23,951	\$136,681	11.1%
Administrative, Support, and Waste Management	720	2.7%	\$5,626	\$3,921	\$22,500	1.8%
Education Services	90	0.3%	\$358	\$233	\$1,342	0.1%
Health Care and Social Assistance	1,910	7.2%	\$11,164	\$7,404	\$42,578	3.5%
Arts, Entertainment, and Recreation	260	1.0%	\$1,573	\$1,128	\$6,485	0.5%
Accommodation and Food Services	1,950	7.3%	\$8,994	\$5,735	\$33,092	2.7%
Other Services (except Public Administration)	920	3.5%	\$2,996	\$1,588	\$9,233	0.8%
Unknown	150	0.6%	\$1,280	\$856	\$4,905	0.4%
Total	26,570	100%	\$305,444	\$214,529	\$1,228,111	100%

* 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.

¹² See Appendix C: Index of Selected Industry Sectors for more details.

Section IV: Corporate Activity Tax Returns

Tax Entity and Legal Entity

All types of businesses are subject to the CAT. Taxpayers are asked to indicate their tax entity type and if it is different, their legal entity type. Tax entity type refers to how the business is taxed, while legal entity refers to the legal and liability structure of the business. Some entity types, such as sole proprietorship, are both a legal and a tax type. While others, such as partnership, are primarily a tax type and allow different legal structures, including partnership, limited liability partnership, and limited liability company (LLC) organized as a partnership.

Exhibits 11 and 12 provide details on this demographic information. S corporations filed the largest number of CAT returns, but C Corporations accounted for the largest share of tax liability. The unknown category contains taxpayers who did not provide this demographic information.

Exhibit 11—Tax Year 2022 Corporate Activity Tax Returns

Type of Tax Entity

Type of Tax Entity	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
S Corporation	11,730	44.1%	\$67,692	\$40,200	\$231,416	18.8%
C Corporation	6,190	23.3%	\$174,578	\$131,892	\$753,101	61.3%
LLC Organized as a Corporation*	460	1.7%	\$5,730	\$4,150	\$23,752	1.9%
Partnerships	4,250	16.0%	\$30,433	\$20,675	\$118,736	9.7%
<i>LLC Organized as a Partnership</i>	2,160	8.1%	\$14,743	\$9,851	\$56,607	4.6%
<i>Partnership</i>	1,930	7.3%	\$14,220	\$9,732	\$55,869	4.5%
<i>Limited Liability Partnership</i>	160	0.6%	\$1,470	\$1,092	\$6,260	0.5%
Single-member LLC**	650	2.4%	\$5,017	\$3,422	\$19,632	1.6%
Sole Proprietorship	560	2.1%	\$1,198	\$454	\$2,684	0.2%
Other***	60	0.2%	\$2,229	\$1,646	\$9,395	0.8%
Unknown	2,680	10.1%	\$18,567	\$12,089	\$69,395	5.7%
Total	26,570	100.0%	\$305,444	\$214,529	\$1,228,111	100.0%

* Can elect classification as either an S corporation or a C corporation for tax purposes.

** Treated as a disregarded entity (part of the owner's tax return) for income tax purposes, unless elects to be treated as a corporation.

*** Includes Association/Trust, Other Foreign Entity, and Qualified Subchapter S Subsidiary.

Section IV: Corporate Activity Tax Returns

Exhibit 12—Tax Year 2022 Corporate Activity Tax Returns

Type of Legal Entity

Type of Legal Entity	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
S Corporation	10,760	40.5%	\$64,816	\$38,867	\$223,626	18.2%
C Corporation	6,240	23.5%	\$173,788	\$131,150	\$748,879	61.0%
LLCs	4,370	16.4%	\$30,322	\$20,233	\$116,218	9.5%
<i>LLC Organized as a Partnership</i>	2,310	8.7%	\$16,216	\$10,869	\$62,439	5.1%
<i>LLC Organized as a Corporation</i>	1,220	4.6%	\$8,697	\$5,790	\$33,247	2.7%
<i>Single-member LLC</i>	840	3.2%	\$5,409	\$3,574	\$20,532	1.7%
Partnership	1,860	7.0%	\$13,417	\$9,182	\$52,716	4.3%
Limited Liability Partnership	190	0.7%	\$1,730	\$1,275	\$7,314	0.6%
Sole Proprietorship	460	1.7%	\$1,029	\$413	\$2,431	0.2%
Other*	40	0.2%	\$2,014	\$1,486	\$8,479	0.7%
Unknown	2,650	10.0%	\$18,327	\$11,924	\$68,448	5.6%
Total	26,570	100.0%	\$305,444	\$214,529	\$1,228,111	100.0%

* Includes Association/Trust, Other Foreign Entity, and Qualified Subchapter S Subsidiary

Section IV: Corporate Activity Tax Returns

C. Components of Tax Liability Computation

Oregon Commercial Activity

Exhibit 13 shows the distribution of returns and return details by Oregon commercial activity category. Although taxpayers with less than \$1 million in Oregon commercial activity are not required to file a CAT return, more than 2,500 did file, although they had no tax liability. Almost 34 percent of taxpayers had Oregon commercial activity between \$1 and \$2 million, but they accounted for only 1 percent of total tax liability. While the returns with Oregon commercial activity greater than \$100 million represent less than 2 percent of returns filed, they had more than 50 percent of total tax liability.

Exhibit 13—Tax Year 2022 Corporate Activity Tax Returns

Oregon Commercial Activity Category

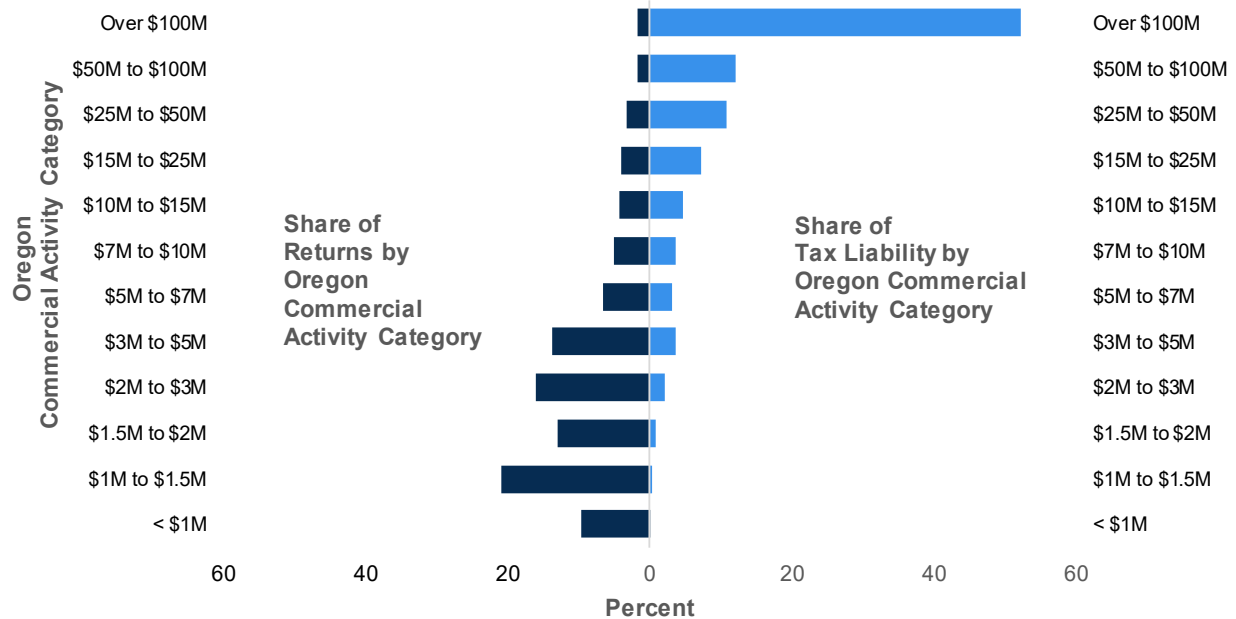
Oregon Commercial Activity Category	Number of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)
< \$1 million	2,540	\$1,075	\$870	\$0	\$0
\$1 million to \$1.5 million	5,550	\$6,840	\$5,639	\$416	\$3,090
\$1.5 million to \$2 million	3,440	\$5,965	\$4,869	\$1,457	\$9,147
\$2 million to \$3 million	4,240	\$10,333	\$8,372	\$4,153	\$24,723
\$3 million to \$5 million	3,650	\$14,008	\$11,270	\$7,636	\$44,432
\$5 million to \$7 million	1,750	\$10,314	\$8,268	\$6,524	\$37,624
\$7 million to \$10 million	1,350	\$11,346	\$9,065	\$7,715	\$44,312
\$10 million to \$15 million	1,150	\$13,971	\$11,052	\$9,909	\$56,768
\$15 million to \$25 million	1,080	\$20,648	\$16,278	\$15,202	\$86,918
\$25 million to \$50 million	890	\$30,976	\$24,127	\$23,241	\$132,696
\$50 million to \$100 million	490	\$34,413	\$26,622	\$26,132	\$149,075
Over \$100 million	450	\$145,554	\$112,588	\$112,143	\$639,326
Total	26,570	\$305,444	\$239,020	\$214,529	\$1,228,111

Percentage Distribution

Oregon Commercial Activity Category	Number of Returns	Oregon Commercial Activity	Taxable Commercial Activity	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability
< \$1 million	9.6%	0.4%	0.4%	0.0%	0.0%
\$1 million to \$1.5 million	20.9%	2.2%	2.4%	0.2%	0.3%
\$1.5 million to \$2 million	12.9%	2.0%	2.0%	0.7%	0.7%
\$2 million to \$3 million	16.0%	3.4%	3.5%	1.9%	2.0%
\$3 million to \$5 million	13.7%	4.6%	4.7%	3.6%	3.6%
\$5 million to \$7 million	6.6%	3.4%	3.5%	3.0%	3.1%
\$7 million to \$10 million	5.1%	3.7%	3.8%	3.6%	3.6%
\$10 million to \$15 million	4.3%	4.6%	4.6%	4.6%	4.6%
\$15 million to \$25 million	4.1%	6.8%	6.8%	7.1%	7.1%
\$25 million to \$50 million	3.3%	10.1%	10.1%	10.8%	10.8%
\$50 million to \$100 million	1.8%	11.3%	11.1%	12.2%	12.1%
Over \$100 million	1.7%	47.7%	47.1%	52.3%	52.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 14 shows the share of returns and the share of total tax liability by Oregon commercial activity categories. It highlights the concentration of returns among taxpayers with Oregon commercial activity less than \$5 million, but the concentration of tax liability among those with Oregon commercial activity greater than \$25 million.

**Exhibit 14—Tax Year 2022 Corporate Activity Tax Returns
Share of Returns and Tax Liability by Oregon Commercial Activity Category**



Select Exclusions

Exhibit 15 provides detail on the few exclusions from commercial activity that are thought to be true deductions in computation of the Oregon CAT, rather than just part of the definition of the tax base.¹³ The largest in terms of both number and total exclusion amount is for receipts from the wholesale or retail sale of groceries.

**Exhibit 15—Tax Year 2022 Corporate Activity Tax Returns
Select Exclusions (Deductions) from Oregon Commercial Activity**

Exclusion	Number of Returns with Exclusion	Total Exclusion Amount (\$ millions)
Receipts from the wholesale or retail sale of groceries	790	\$22,796
Receipts from the sale, transfer, exchange, or other disposition of motor vehicle fuel	240	\$19,126
Farmer sales to an agricultural cooperative in Oregon	130	\$539
Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative	*	*
Net revenue of residential care facilities or in-home care agencies received for providing services to Medicare recipients	80	\$1,212
Receipts from the sale of prescription drugs sold by an "eligible pharmacy"	40	\$866
Total	1,280	\$44,539

* Included in farmer sales to an agricultural cooperative in Oregon.

¹³ See Appendix B for the complete list of exclusions for tax year 2022.

Section IV: Corporate Activity Tax Returns

CAT Subtraction

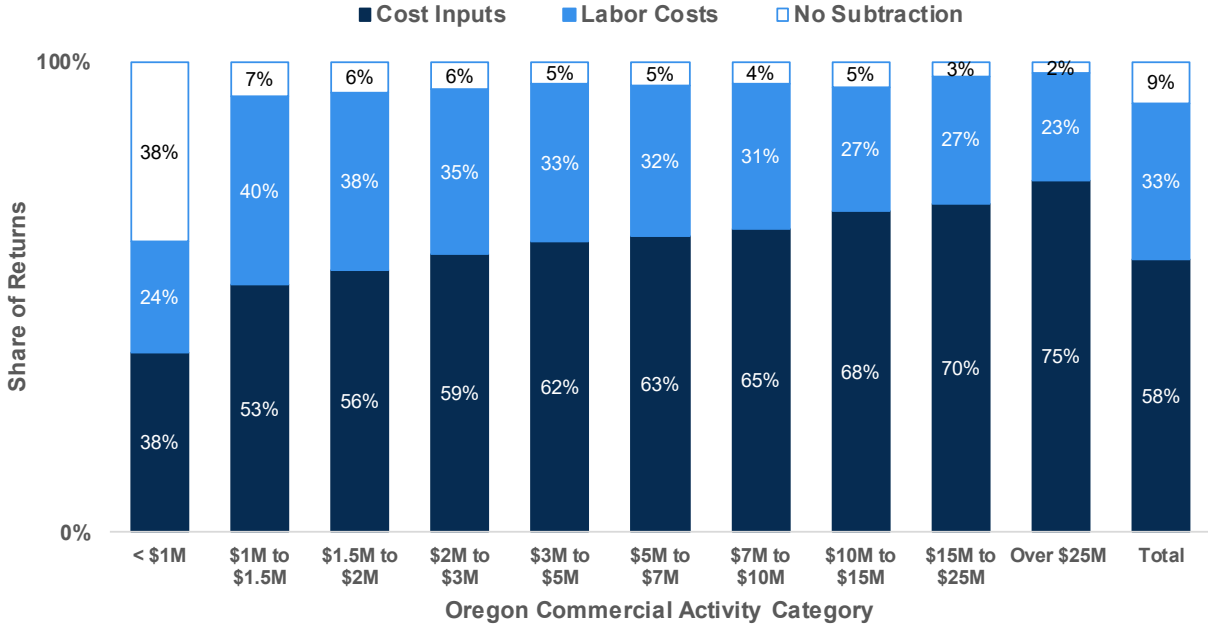
For the CAT subtraction, taxpayers can use 35 percent of the greater of their cost inputs or eligible labor costs related to their Oregon commercial activity. Exhibit 16 provides details on the CAT subtraction by Oregon commercial activity category. Most taxpayers took a CAT subtraction, but within all categories there were taxpayers who did not claim a CAT subtraction. The latter was most common for those with less than \$1 million of Oregon commercial activity. As these taxpayers did not have any CAT liability, it is likely that many simply did not complete the CAT subtraction section of the return. Most taxpayers used cost inputs, rather than labor costs, as the basis for their CAT subtraction.

Exhibit 16—Tax Year 2022 Corporate Activity Tax Returns
CAT Subtraction and Basis for CAT Subtraction by Oregon Commercial Activity Category

Oregon Commercial Activity Category	Total Returns	No CAT Subtraction Returns	Total CAT Subtraction		CAT Subtraction Using Cost Inputs		CAT Subtraction Using Labor Costs	
			Returns	(\$ millions)	Returns	(\$ millions)	Returns	(\$ millions)
< \$1 million	2,540	960	1,580	\$204	970	\$149	600	\$55
\$1 million to \$1.5 million	5,550	400	5,150	\$1,191	2,930	\$799	2,230	\$392
\$1.5 million to \$2 million	3,440	220	3,220	\$1,082	1,920	\$756	1,310	\$325
\$2 million to \$3 million	4,240	250	3,990	\$1,943	2,510	\$1,445	1,480	\$498
\$3 million to \$5 million	3,650	170	3,480	\$2,717	2,260	\$2,065	1,220	\$652
\$5 million to \$7 million	1,750	80	1,670	\$2,027	1,100	\$1,582	570	\$444
\$7 million to \$10 million	1,350	60	1,290	\$2,266	880	\$1,805	420	\$462
\$10 million to \$15 million	1,150	60	1,090	\$2,913	780	\$2,418	310	\$496
\$15 million to \$25 million	1,080	30	1,050	\$4,349	750	\$3,677	290	\$672
Over \$25 million	1,820	40	1,780	\$47,574	1,360	\$43,740	420	\$3,834
Total	26,570	2,280	24,290	\$66,265	15,460	\$58,435	8,840	\$7,831

Exhibit 17 shows the basis for the CAT subtraction by Oregon commercial activity category. Cost inputs were the predominant basis for the CAT subtraction across all categories of Oregon commercial activity and their share generally increased as Oregon commercial activity increased.

**Exhibit 17—Tax Year 2022 Corporate Activity Tax Returns
Basis for CAT Subtraction by Oregon Commercial Activity Category**



Section IV: Corporate Activity Tax Returns

Another way to view the CAT subtraction is by industry sector, as shown in Exhibits 18 and 19. In every industry sector, most taxpayers claimed a CAT subtraction.

Exhibit 18—Tax Year 2022 Corporate Activity Tax Returns CAT Subtraction and Basis for CAT Subtraction by Industry Sector

Industry Sector*	Total Returns	No CAT	Total CAT		CAT Subtraction		CAT Subtraction	
		Subtraction Returns	Returns	(\$ millions)	Using Cost Inputs Returns (\$ millions)	Using Labor Costs Returns (\$ millions)		
Agriculture, Forestry, Fishing, and Hunting	1,080	40	1,040	\$1,147	780	\$1,031	260	\$116
Utilities	80	20	60	\$1,584	40	\$1,568	20	\$16
Construction	4,250	170	4,080	\$9,328	3,550	\$9,050	530	\$278
Manufacturing	2,720	140	2,580	\$11,926	2,320	\$11,650	250	\$277
Wholesale Trade	1,800	130	1,670	\$10,468	1,560	\$10,396	110	\$71
Retail Trade	2,990	160	2,830	\$12,938	2,700	\$12,827	130	\$111
Transportation and Warehousing	740	40	700	\$1,022	360	\$522	340	\$500
Information	480	40	440	\$1,758	170	\$1,246	260	\$512
Finance and Insurance	870	160	710	\$1,049	90	\$460	620	\$589
Real Estate, Rental, and Leasing	2,230	780	1,450	\$1,144	410	\$770	1,050	\$374
Professional, Scientific, and Technical Services	2,560	200	2,360	\$2,355	680	\$1,009	1,680	\$1,346
Management of Companies and Enterprises	730	60	670	\$5,979	430	\$5,204	250	\$775
Administrative, Support, and Waste Management	720	50	670	\$1,024	290	\$552	380	\$472
Health Care and Social Assistance	1,910	110	1,800	\$1,972	230	\$346	1,570	\$1,626
Arts, Entertainment, and Recreation	260	10	250	\$192	90	\$79	160	\$113
Accommodation and Food Services	1,950	70	1,880	\$1,384	1,060	\$935	820	\$450
Other Services (except Public Administration)	920	40	880	\$535	560	\$381	310	\$154
Unknown, Mining, and Education Services**	290	40	250	\$460	150	\$410	100	\$51
Total	26,570	2,280	24,290	\$66,265	15,460	\$58,435	8,840	\$7,831

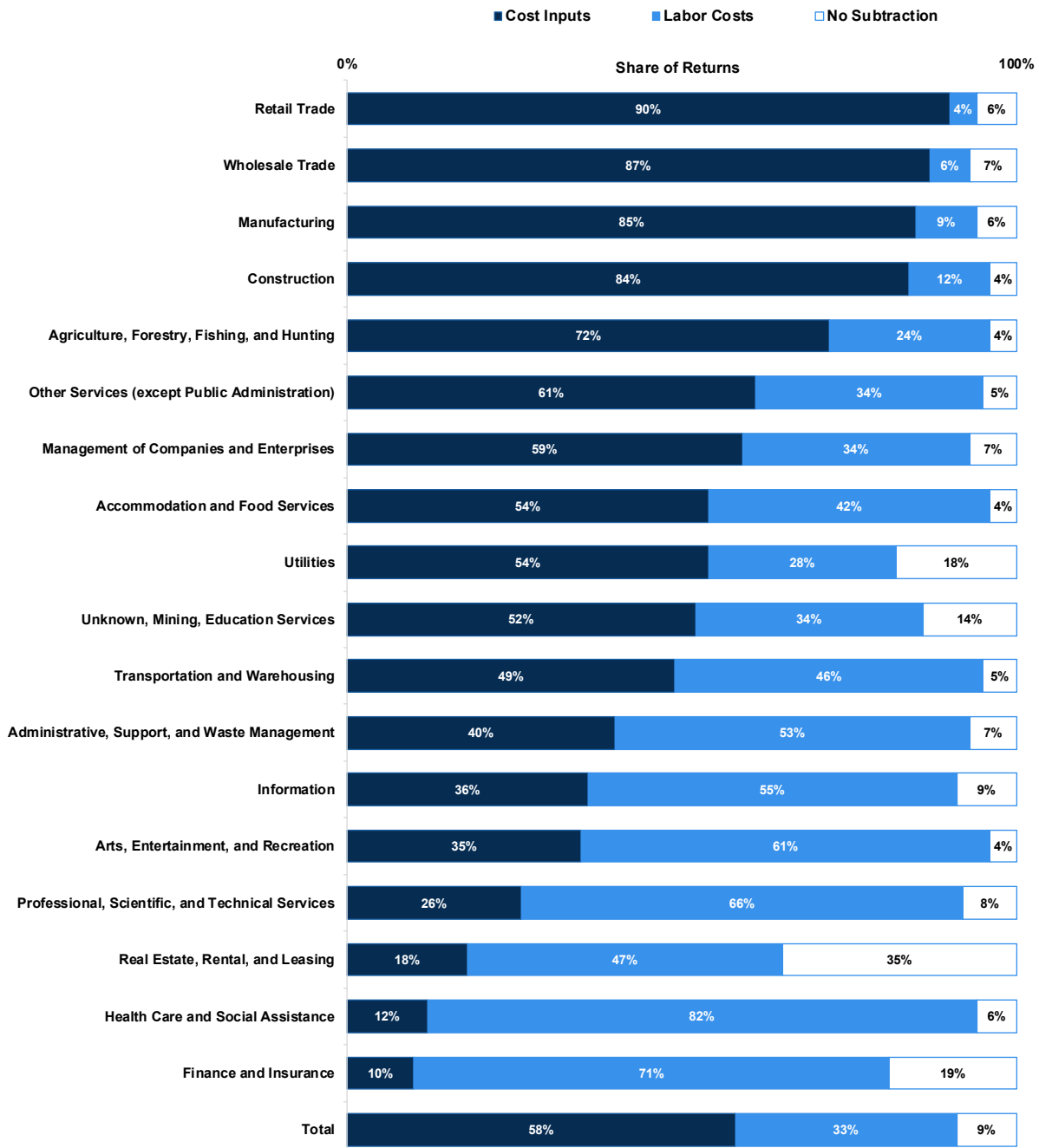
*The order and definitions for these sectors is from the North American Industry Classification System (NAICS). For additional information on NAICS sectors, please see Appendix C.

** Categories combined due to low counts in some columns.

Section IV: Corporate Activity Tax Returns

Exhibit 19 shows the basis for the CAT subtraction by industry sector. Cost inputs were the predominant basis for industries focused on the production or sale of goods such as manufacturing, construction, and wholesale and retail trade. Meanwhile, labor costs were the predominant basis for service industries such as healthcare and social assistance; finance and insurance; and real estate, rental, and leasing.

**Exhibit 19—Tax Year 2022 Corporate Activity Tax Returns
Basis for CAT Subtraction by Industry Sector**



Section IV: Corporate Activity Tax Returns

Subcontractor Exclusion

Exhibit 20 provides details on the taxpayers using the subcontractor labor payment exclusion by Oregon commercial activity category. The exclusion is available to general contractors who incur labor costs for single-family residential construction located in Oregon.

Exhibit 20—Tax Year 2022 Corporate Activity Tax Returns Subcontractor Exclusion by Oregon Commercial Activity Category

Oregon Commercial Activity Category	Number of Returns with Subcontractor Exclusion	Subcontractor Exclusion (\$ thousands)	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)
< \$1 million	10	\$1,160	\$6	\$0	\$0
\$1 million to \$1.5 million	60	\$10,058	\$67	\$1	\$11
\$1.5 million to \$2 million	60	\$14,165	\$110	\$14	\$92
\$2 million to \$3 million	80	\$17,850	\$186	\$52	\$312
\$3 million to \$5 million	60	\$21,653	\$231	\$95	\$555
\$5 million to \$7 million	30	\$19,621	\$206	\$100	\$577
\$7 million to \$10 million	20	\$14,770	\$157	\$84	\$483
\$10 million to \$15 million	10	\$5,342	\$134	\$78	\$445
\$15 million to \$50 million	30	\$26,371	\$688	\$464	\$2,651
Over \$50 million	10	\$27,815	\$1,433	\$1,017	\$5,795
Total	370	\$158,805	\$3,218	\$1,903	\$10,922

Taxable Commercial Activity and Tax Liability

Exhibit 21 provides detail on the components of tax liability by Oregon commercial activity category. More than 20 percent of filers did not have taxable commercial activity in excess of \$1 million and therefore had no CAT liability. While almost half of these filers had Oregon commercial activity less than \$1 million, the others had Oregon commercial activity up to \$25 million but reduced their taxable commercial activity below \$1 million using the CAT subtraction and/or the subcontractor exclusion.

For taxpayers with taxable commercial activity greater than \$1 million, tax liability is calculated by combining the base tax of \$250 and the rate tax of 0.57 percent of the taxable commercial activity in excess of \$1 million. Most of the tax liability comes from the tax based on rates.

**Exhibit 21—Tax Year 2022 Corporate Activity Tax Returns
Tax Liability Components by Oregon Commercial Activity Category**

Oregon Commercial Activity Category	Number of Returns	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Number of Returns with a Tax Liability	Tax Liability from Base Tax of \$250 (\$ thousands)	Tax Liability from 0.57% Rate (\$ thousands)	Total Tax Liability (\$ thousands)	Number of Returns With No Tax Liability	Share of Returns with No Tax Liability
< \$1 million	2,540	\$0	0	\$0	\$0	\$0	2,540	100%
\$1 million to \$1.5 million	5,550	\$416	2,870	\$718	\$2,374	\$3,090	2,690	48.5%
\$1.5 million to \$2 million	3,440	\$1,457	3,380	\$845	\$8,303	\$9,147	60	1.7%
\$2 million to \$3 million	4,240	\$4,153	4,210	\$1,053	\$23,672	\$24,723	40	0.9%
\$3 million to \$5 million	3,650	\$7,636	3,630	\$908	\$43,525	\$44,432	20	0.5%
\$5 million to \$7 million	1,750	\$6,524	1,740	\$435	\$37,190	\$37,624	10	0.6%
\$7 million to \$25 million	3,580	\$32,826	3,560	\$890	\$187,109	\$187,998	20	0.6%
\$25 million to \$50 million	890	\$23,241	890	\$223	\$132,475	\$132,696	0	0.0%
\$50 million to \$100 million	490	\$26,132	490	\$123	\$148,953	\$149,075	0	0.0%
Over \$100 million	450	\$112,143	450	\$113	\$639,215	\$639,326	0	0.0%
Total	26,570	\$214,529	21,190	\$5,298	\$1,222,813	\$1,228,111	5,380	20.2%

Section IV: Corporate Activity Tax Returns

Exhibit 22 shows the distribution of returns and detail by tax liability category. Almost 37 percent of taxpayers had liability less than \$2,500, including those with no liability. The 7.2 percent of taxpayers with tax liability greater than \$100,000 accounted for more than 76 percent of the total tax liability.

Exhibit 22—Tax Year 2022 Corporate Activity Tax Returns
Tax Liability Category

Tax Liability Category	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
\$0	5,380	20.2%	\$4,703	\$0	\$0	0.0%
< \$2,500	4,410	16.6%	\$6,456	\$809	\$5,712	0.5%
\$2,500 to \$5,000	3,240	12.2%	\$6,484	\$1,944	\$11,888	1.0%
\$5,000 to \$10,000	3,760	14.2%	\$10,366	\$4,592	\$27,114	2.2%
\$10,000 to \$20,000	3,290	12.4%	\$14,487	\$8,109	\$47,042	3.8%
\$20,000 to \$50,000	3,100	11.7%	\$25,424	\$17,039	\$97,896	8.0%
\$50,000 to \$100,000	1,480	5.6%	\$24,918	\$18,191	\$104,059	8.5%
\$100,000 to \$500,000	1,540	5.8%	\$74,318	\$56,606	\$323,042	26.3%
\$500,000 to \$1 million	200	0.8%	\$32,680	\$25,216	\$143,780	11.7%
\$1 million to \$2 million	100	0.4%	\$31,973	\$24,612	\$140,316	11.4%
\$2 million to \$3 million	30	0.1%	\$14,558	\$11,330	\$64,587	5.3%
Over \$3 million	50	0.2%	\$59,076	\$46,082	\$262,677	21.4%
Total	26,570	100.0%	\$305,444	\$214,529	\$1,228,111	100.0%

Section IV: Corporate Activity Tax Returns

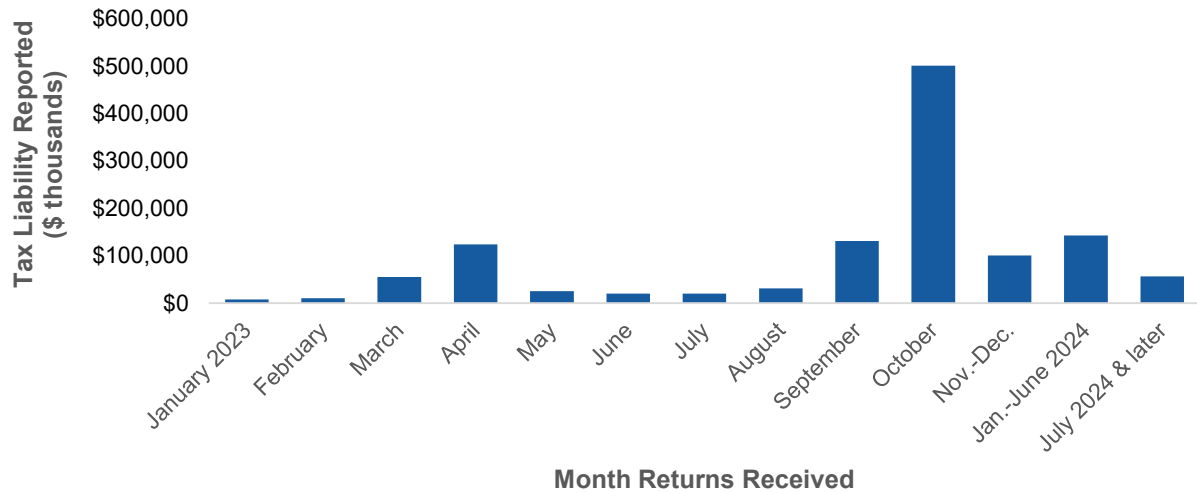
Exhibits 23a and 23b show what months in 2023 and 2024 that tax year 2022 CAT returns were received, and the amount of tax liability reported on the returns. While the highest number of returns was received in April of 2023, coinciding with the regular filing deadline of April 15 for calendar year filers, most of the tax liability was reported on returns received in October of 2023, coinciding with the six-month extension filing deadline of October 15 for calendar year filers.

Exhibit 23a—Tax Year 2022 Corporate Activity Tax Returns Reported Tax Liability by Month Returns Received

Month Received	Number of Returns	Tax Liability Reported (\$ thousands)	Percent of Total Tax Liability Reported	Cumulative Tax Liability (\$ thousands)	Cumulative Percent
January 2023	200	\$7,682	0.6%	\$7,682	0.6%
February	990	\$10,515	0.9%	\$18,197	1.5%
March	3,950	\$55,176	4.5%	\$73,373	6.0%
April	5,810	\$124,317	10.1%	\$197,690	16.1%
May	830	\$25,284	2.1%	\$222,974	18.2%
June	870	\$20,072	1.6%	\$243,046	19.8%
July	880	\$20,119	1.6%	\$263,165	21.4%
August	1,350	\$31,218	2.5%	\$294,383	24.0%
September	4,550	\$131,471	10.7%	\$425,854	34.7%
October	4,210	\$501,465	40.8%	\$927,319	75.5%
November	570	\$81,801	6.7%	\$1,009,120	82.2%
December	290	\$19,063	1.6%	\$1,028,183	83.7%
January 2024	440	\$42,778	3.5%	\$1,070,961	87.2%
February	360	\$21,701	1.8%	\$1,092,662	89.0%
March	240	\$11,575	0.9%	\$1,104,237	89.9%
April	240	\$34,950	2.8%	\$1,139,187	92.8%
May	120	\$8,193	0.7%	\$1,147,380	93.4%
June	120	\$23,946	1.9%	\$1,171,326	95.4%
July	210	\$21,347	1.7%	\$1,192,673	97.1%
August	110	\$20,152	1.6%	\$1,212,825	98.8%
September	110	\$12,311	1.0%	\$1,225,136	99.8%
October 2024 and later	130	\$2,975	0.2%	\$1,228,111	100.0%
Total	26,570	\$1,228,111	100.0%		

Section IV: Corporate Activity Tax Returns

Exhibit 23b—Tax Year 2022 Corporate Activity Tax Returns Reported Tax Liability by Month Returns Received



D. Payments and Refunds

Exhibit 24 shows pre-payments from estimated payments as reported on the tax return along with those who made no estimated payments. This exhibit also shows details on whether a taxpayer was required to make a payment with their return, received a refund, or had a zero balance. The total amount for returns with tax to pay includes only tax due and does not include penalty and interest. The total amount of refunds includes both amounts carried forward as estimated payments for the following tax year and amounts refunded to taxpayers.

**Exhibit 24—Tax Year 2022 Corporate Activity Tax Returns
Reported Payments and Refunds on Returns**

	Number of Returns	Total (\$ thousands)
Pre-Payments		
Estimated Payments	15,820	\$1,351,626
No Estimated Payments	10,750	\$0
Final Payment Category		
Payment Due with Return*	11,340	\$103,292
Zero balance	6,160	\$0
Refund Available**	9,070	\$225,781
Carried Forward to 2023	6,770	\$190,115
Net Refund	3,290	\$35,666

* Does not include any penalty or interest

**The number of returns with a refund does not equal the sum of the number carried forward and the number with a net refund because refunds can be carried forward to the next tax year and/or refunded. Refund available is overpayment minus penalty.

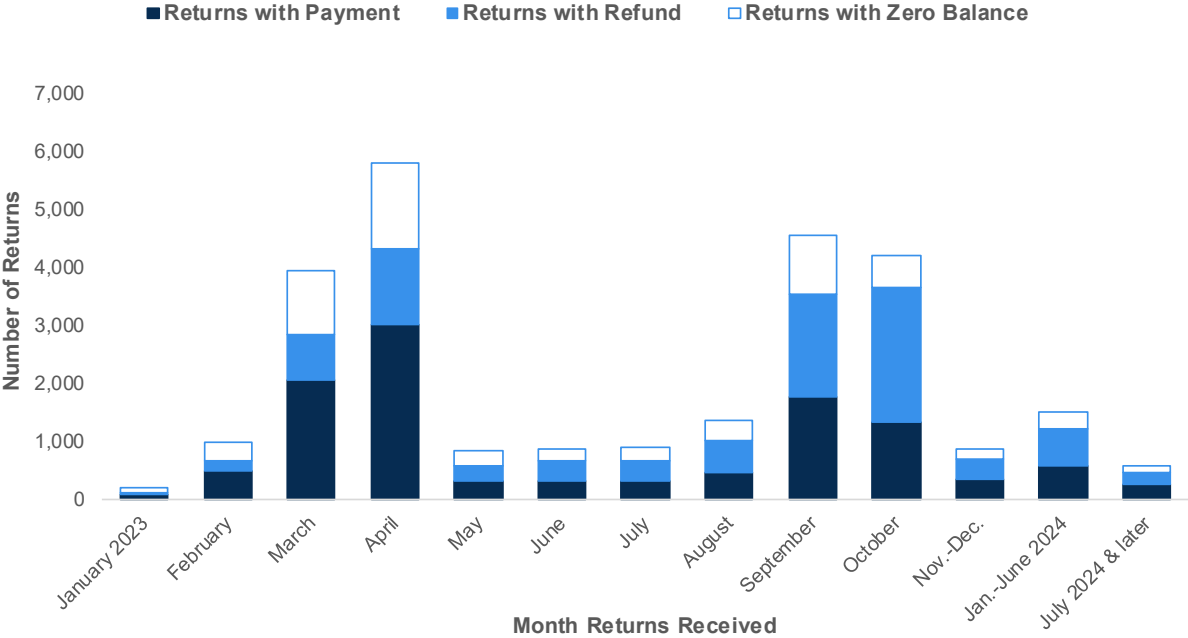
Section IV: Corporate Activity Tax Returns

Exhibits 25a and 25b show tax returns received by month and type (refund, payment, and zero balance). Overall, returns with a payment due were the most common and those with a zero balance were the least common.

Exhibit 25a—Tax Year 2022 Corporate Activity Tax Returns Received by Month and Type

Month Received	Returns with Zero Balance	Returns with Refund	Returns with Payment	All Returns		
				Number	Share	Cumulative
January 2023	100	30	70	200	0.8%	0.8%
February	320	170	490	990	3.7%	4.5%
March	1,100	800	2,050	3,950	14.9%	19.3%
April	1,490	1,300	3,020	5,810	21.9%	41.2%
May	260	250	320	830	3.1%	44.3%
June	210	330	330	870	3.3%	47.6%
July	230	340	310	880	3.3%	50.9%
August	350	550	460	1,350	5.1%	56.0%
September	1,010	1,770	1,770	4,550	17.1%	73.1%
October	540	2,340	1,330	4,210	15.8%	89.0%
November	110	240	220	570	2.1%	91.1%
December	50	100	140	290	1.1%	92.2%
January 2024	80	200	160	440	1.7%	93.9%
February	80	140	140	360	1.4%	95.2%
March	60	70	100	240	0.9%	96.1%
April	40	120	80	240	0.9%	97.0%
May	20	50	60	120	0.5%	97.5%
June	10	60	50	120	0.5%	97.9%
July	30	110	80	210	0.8%	98.7%
August	20	40	50	110	0.4%	99.1%
September	30	30	60	110	0.4%	99.5%
October 2024 and later	30	30	80	130	0.5%	100.0%
Total	6,160	9,070	11,340	26,570	100.0%	

Exhibit 25b—Tax Year 2022 Corporate Activity Tax Returns Received by Month and Type



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Information presented in this publication primarily comes from tax year 2022 Oregon Corporate Activity Tax (CAT) returns the Oregon Department of Revenue (DOR) received and processed through early 2025 and the corresponding financial transactions. The financial transaction data are constructed from the payments and refunds handled by the department and due to timing issues may not line up with other reported figures. Therefore, while the DOR financial transactions data is used to breakout totals proportionally by tax year or NAICS sector for Exhibit 2-5, the totals are taken from the most recent Office of Economic Analysis forecast.¹⁴ The CAT database used for this report includes amended and audited returns. These returns replaced the original where applicable. Original and amended returns and audit results received and processed after January 2, 2025, are not reflected in this report.

The department uses considerable data validation to maintain accuracy of reported information and ensure the internal consistency of individual returns.

Data Validation

Most returns are filed electronically and are initially processed by the DOR computer system automatically. During the initial processing of all returns, returns with errors are identified. Some of the errors result in letters to taxpayers or human intervention to make corrections before final processing.

Following return processing, the Research Section performs additional data checks on the CAT database to identify returns that are not internally consistent. In many cases, the physical returns are inspected to find systematic errors and encode data handling rules for those returns.

To the extent possible, the Research Section modifies inconsistent data in a manner believed to correct errors on the returns. The data handling procedures used to build the CAT return database are not connected with other DOR business. Examples of the data handling procedures include:

- If a taxpayer reports an exclusion but does not include it in the final total exclusion amount, the reported amount is replaced with zero.
- If a line on a return is blank, the associated value is set to zero.

Statistical Reporting

Following the finalization of the data handling, the DOR Research Section creates statistical summaries. All summaries are derived from the complete database of returns; they are not based on statistical samples. Sums, percentages, etc. are computed using their simple arithmetic definitions (computations are performed using SAS and Excel).

The following are the general rounding guidelines used in this report—return counts to the nearest multiple of 10, total dollar amounts to the nearest \$1 million or \$1 thousand, and percentages to the nearest 0.1 percent. The exception is that counts rounded to 10 represent 10 to 14, not five to 14, since summary information for groups with less than 10 are not included in the

¹⁴ <https://www.oregon.gov/das/oea/Documents/OEA-Forecast-1224.pdf>

report. Due to rounding, the sum of separate quantities may not correspond exactly to some totals.

Due Dates for Returns

Businesses are required to file a tax return after the end of their tax year. For many businesses, the calendar year is their tax year. However, others file on a fiscal year basis. For tax year 2020, all CAT taxpayers were required to file based on a calendar year. The passage of SB 164 in 2021 added fiscal year filing for CAT taxpayers who use a fiscal year other than the calendar year for federal tax purposes. For tax year 2021, these filers were required to first file a short-year return that started on January 1, 2021, and ended on the last day of their federal tax year that ended in 2021. The short-year returns were due by April 15, 2022. Then they were required to file a return that started the day after their short-year return ended and covered the same period as their 2021 federal fiscal year. For tax year 2022 and beyond, taxpayers are only required to file one return corresponding to their federal fiscal year.

Returns and tax are normally due on the 15th day of the fourth month following the end of the tax year, but a six-month extension for filing only is available. Fiscal year filers extend the length of time needed to obtain a complete database of returns. As seen from Exhibit 26, a CAT taxpayer that started its fiscal year on December 1 would start tax year 2022 in December 2022. The taxpayer's tax year would end November 2023. The taxpayer's Oregon return would be due by March 15, 2024. Then the taxpayer could request an extension, extending the time to file returns by six months. So, a business that starts its fiscal year on December 1 may file its 2021 CAT return as late as September 15, 2024.

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, most of the payments associated with the CAT are received before the corresponding tax returns are filed.

Exhibit 26—Corporate Activity Tax Filing Calendar

Tax Year Begins	Tax Year Ends	Oregon CAT Return Due Date	Due Date with Extension
January 1	December 31	April 15	October 15
February 1	January 31	May 15	November 15
March 1	February 28	June 15	December 15
April 1	March 31	July 15	January 15
May 1	April 30	August 15	February 15
June 1	May 31	September 15	March 15
July 1	June 30	October 15	April 15
August 1	July 31	November 15	May 15
September 1	August 31	December 15	June 15
October 1	September 30	January 15	July 15
November 1	October 31	February 15	August 15
December 1	November 30	March 15	September 15

Appendix A: Data Construction

Tax Period

Although corporations may have varying fiscal years, most are calendar year filers. Exhibit 27 shows the filing period for all tax year 2022 CAT returns. A business' tax year 2022 is based on a filing period that begins any time in calendar year 2022. If the tax year starts on July 1 and ends on June 30, the tax year ending month is June.

Exhibit 27—All Tax Year 2022 Corporate Activity Tax Returns Tax Year Ending Month

	Number of Returns	Share of Returns	Oregon Commercial Activity (\$ millions)	Taxable Commercial Activity in Excess of \$1M (\$ millions)	Tax Liability (\$ thousands)	Share of Tax Liability
January	440	1.6%	\$31,382	\$23,472	\$133,889	10.9%
February	70	0.3%	\$979	\$687	\$3,930	0.3%
March	430	1.6%	\$13,390	\$9,386	\$53,597	4.4%
April	100	0.4%	\$1,071	\$735	\$4,209	0.3%
May	100	0.4%	\$2,547	\$1,964	\$11,216	0.9%
June	370	1.4%	\$7,224	\$5,212	\$29,786	2.4%
July	70	0.3%	\$1,743	\$1,323	\$7,556	0.6%
August	90	0.3%	\$3,020	\$2,061	\$11,768	1.0%
September	460	1.7%	\$7,703	\$5,416	\$30,967	2.5%
October	170	0.6%	\$2,729	\$1,964	\$11,232	0.9%
November	80	0.3%	\$972	\$654	\$3,740	0.3%
December	24,210	90.2%	\$232,683	\$161,655	\$926,222	75.1%
Short Year - Jan./Feb.	20	0.1%	\$24	\$17	\$100	0.0%
Short Year - March	30	0.1%	\$66	\$40	\$233	0.0%
Short Year - April	10	0.0%	\$34	\$18	\$106	0.0%
Short Year - May	10	0.0%	\$60	\$40	\$229	0.0%
Short Year - June	20	0.1%	\$43	\$23	\$133	0.0%
Short Year - July	20	0.1%	\$93	\$57	\$325	0.0%
Short Year - August	10	0.0%	\$48	\$27	\$155	0.0%
Short Year - September	20	0.1%	\$122	\$83	\$475	0.0%
Short Year - October	30	0.1%	\$152	\$103	\$592	0.0%
Short Year - November	10	0.0%	\$40	\$29	\$164	0.0%
Short Year - December	110	0.4%	\$505	\$328	\$1,889	0.2%
Total	26,850	100.0%	\$306,631	\$215,293	\$1,232,513	100.0%

Demographic Data

Except for NAICS codes, all demographic data in this report are self-reported by taxpayers on their tax year 2022 CAT returns. For NAICS codes, the self-reported codes on the tax year 2022 CAT returns are the primary source of data. If a taxpayer did not report a NAICS code on their tax year 2022 CAT return, NAICS data from their other tax year CAT returns or the Research Section's NAICS master file replaces missing codes when available. The latter is used for the Department of Revenue's *Oregon Corporate Excise and Income Tax* reports and includes NAICS codes assigned based primarily on information reported by the Oregon Employment Department. See Appendix C of the most recent report at www.oregon.gov/dor/stats for more details.

Exclusions from Commercial Activity

Exhibit 28 shows summary information from the exclusions form, 2022 Schedule OR-EXC-CAT: Exclusions from Commercial Activity.

Exhibit 28—Tax Year 2022 Full-Year Corporate Activity Tax Returns Exclusions from Oregon Commercial Activity

Citation	Exclusion	Number of Return with Exclusion	Total Exclusion Amount (\$ millions)
ORS 317A.100(1)(b)(A)	Interest Income	3,850	\$1,206
ORS 317A.100(1)(b)(B)	Receipts from the sale, exchange or other disposition of an asset.	1,900	\$3,414
ORS 317A.100(1)(b)(C)	If received by an insurer, federally reinsured premiums, or income from transactions between a reciprocal insurer and its attorney in fact.	20	\$25
ORS 317A.100(1)(b)(D)	Receipts from hedging transactions	30	\$1,937
ORS 317A.100(1)(b)(E)	Proceeds received attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument.	50	\$134
ORS 317A.100(1)(b)(F)	Principal amounts received under a repurchase agreement or loan	20	\$21
ORS 317A.100(1)(b)(G)	Contributions received by a trust, plan or other arrangement	*	*
ORS 317A.100(1)(b)(H)	Compensation received	20	\$455
ORS 317A.100(1)(b)(I)	Proceeds received from the issuance or sale a taxpayer's own stock	10	\$12
ORS 317A.100(1)(b)(J)	Proceeds received from insurance policies owned by the taxpayer	200	\$70
ORS 317A.100(1)(b)(K)	Gifts or charitable contributions received, membership dues received by trade, professional, homeowners' or condominium associations, payments received for educational courses, meetings or meals, or similar payments to a trade, professional or other similar association, and fundraising receipts received by any person when any excess receipts are donated or used exclusively for charitable purposes.	20	\$17
ORS 317A.100(1)(b)(L)	Damages received as the result of litigation in excess of amounts that, if received without litigation, would be treated as commercial activity.	20	\$14
ORS 317A.100(1)(b)(M)	Property, money, and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission, fee, or other remuneration.	380	\$7,270
ORS 317A.100(1)(b)(N)	Tax refunds, other tax benefit recoveries and reimbursements.	480	\$65
ORS 317A.100(1)(b)(O)	Pension reversions	*	*
ORS 317A.100(1)(b)(P)	Contributions to capital	20	\$15
ORS 317A.100(1)(b)(Q)	Receipts from the sale, transfer, exchange, or other disposition of motor vehicle fuel.	240	\$19,126
ORS 317A.100(1)(b)(R)	Federal and state excise taxes paid on cigarettes or tobacco products.	120	\$533
ORS 317A.100(1)(b)(S)	Federal and state excise taxes paid on alcoholic beverages.	100	\$88
ORS 317A.100(1)(b)(T)	Federal and state excise taxes paid on marijuana items.	*	*
ORS 317A.100(1)(b)(U)	Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages	*	*
ORS 317A.100(1)(b)(V)	Tips or gratuities collected by a restaurant or other food establishment and passed on to employees	230	\$95
ORS 317A.100(1)(b)(W)	Receipts from vehicle dealer trades to meet a specific customer's preference or an exchange of new vehicles between franchised motor vehicle dealerships.	60	\$169
ORS 317A.100(1)(b)(X)	Registration fees or taxes collected by a vehicle dealer at the sale or other transfer of a motor vehicle, that are owed to a third party by the purchaser of the motor vehicle and passed to the third party by the dealer.	30	\$5
ORS 317A.100(1)(b)(Y)	Receipts from a financial institution for services provided to the financial institution in connection with the issuance, processing, servicing and management of loans or credit accounts, if the financial institution and the recipient of the receipts have at least 50 percent of their ownership interests owned or controlled, directly or constructively through related interests, by common owners.	*	*
ORS 317A.100(1)(b)(Z)	Amounts specified under ORS chapter 462 that must be paid to or collected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to be used as purse money.	*	*

Appendix B: Exclusions from Commercial Activity

Exhibit 28 cont.—Tax Year 2022 Corporate Activity Tax Returns Exclusions from Oregon Commercial Activity

Citation	Exclusion	Number of Returns with Exclusion	Total Exclusion Amount (\$ millions)
ORS 317A.100(1)(b)(AA)	Net revenue of residential care facilities as defined in ORS 443.400 or in-home care agencies as defined in ORS 443.305, to the extent that the revenue is derived from or received as compensation for providing services to a medical assistance or Medicare recipient.	80	\$1,212
ORS 317A.100(1)(b)(BB)	Dividends received	690	\$693
ORS 317A.100(1)(b)(CC)	Distributive income received from a pass-through entity	260	\$1,196
ORS 317A.100(1)(b)(DD)	Receipts from sales to a wholesaler in this state, if the seller receives certification at the time of sale from the wholesaler that the wholesaler will sell the purchased property outside this state.	250	\$2,820
ORS 317A.100(1)(b)(EE)	Receipts from the wholesale or retail sale of groceries, including receipts of a person that owns groceries at the time of sale and compensation of any consignee engaged in effecting the sale of groceries on behalf the owner of groceries, but only to the extent that the compensation relates to grocery sales.	790	\$22,796
ORS 317A.100(1)(b)(FF)	Receipts from transactions among members of a unitary group	1,500	\$55,269
ORS 317A.100(1)(b)(GG)	Moneys, including public purpose charge moneys collected under ORS 757.612 and costs of funding or implementing cost-effective energy conservation measures collected under ORS 757.689, that are collected from customers, passed to a utility and approved by the Public Utility Commission and that support energy conservation, renewable resource acquisition and low-income assistance programs.	*	*
ORS 317A.100(1)(b)(HH)	Moneys collected by a utility from customers for the payment of loans through on-bill financing	0	\$0
ORS 317A.100(1)(b)(II)	Surcharges collected under ORS 757.736	10	\$1
ORS 317A.100(1)(b)(JJ)	Power Act Exchange credits or pursuant to any settlement associated with the exchange credit.	*	*
ORS 317A.100(1)(b)(KK)	Moneys collected or recovered for fees payable under ORS 756.310, right-of-way fees, franchise fees, privilege taxes, federal taxes and local taxes.	30	\$412
ORS 317A.100(1)(b)(LL)	Charges paid to the Residential Service Protection Fund	*	*
ORS 317A.100(1)(b)(MM)	Universal service surcharge moneys collected or recovered and paid into the universal service fund	10	\$24
ORS 317A.100(1)(b)(NN)	Moneys collected for public purpose funding	*	*
ORS 317A.100(1)(b)(OO)	Moneys collected or recovered and paid into the federal universal service fund.	*	*
ORS 317A.100(1)(b)(PP)	In the case of a seller or provider of telecommunications services, the amount of tax imposed under ORS 403.200 for access to the emergency communications system that is collected from subscribers or consumers.	*	*
ORS 317A.100(1)(b)(QQ)	The amount of tax imposed under ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging.	50	\$10
ORS 317A.100(1)(b)(RR)	The amount of tax imposed under ORS 320.415 upon retail sales of bicycles	*	*
ORS 317A.100(1)(b)(SS)	The amount of tax imposed under ORS 307.872 upon the rental price of heavy equipment	*	*
ORS 317A.100(1)(b)(TT)	Farmer sales to an agricultural cooperative in this state that is a cooperative organization described in section 1381 of the Internal Revenue Code.	130	\$539
ORS 317A.100(1)(b)(UU)	Revenue received by a business entity that is mandated by contract or subcontract to be distributed to another person or entity if the revenue constitutes sales commissions that are paid to a person who is not an employee of the business entity.	190	\$849
ORS 317A.100(1)(b)(VV)	Receipts from the sale of fluid milk by dairy farmers that are not members of an agricultural cooperative.	**	**
Senate Bill 1524 (2022)	Receipts from the sale of prescription drugs sold by an "eligible pharmacy."	40	\$866
	All Other and Unknown	60	\$318
	Total	11,910	\$121,676

* Included in All Other and Unknown.

** Included in farmer sales to an agricultural cooperative in Oregon.

Index of Selected Industry Sectors

Sector classification information is based on the 2022 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 www.census.gov/naics/.

Exhibit 29—NAICS Sector Codes, Titles, and Descriptions

Code	NAICS Sector Title and Description
11	Agriculture, Forestry, Fishing, and Hunting. Includes farming, animal production, logging, and support activities.
21	Mining. Includes the extraction of mineral solids, liquid minerals, and gases. Also includes mineral quarrying such as crushed gravel and sand mining.
22	Utilities. Includes electric, natural gas, and water utilities.
23	Construction. Includes residential and commercial construction, and specialty trade construction.
31-33	Manufacturing. Includes food, apparel, wood products, paper, chemical, plastics, machinery, computer products, electronics, and furniture manufacturing.
42	Wholesale Trade. Includes wholesalers for durable and nondurable goods. Also includes wholesale trade agents and brokers.
44-45	Retail Trade. 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.
48-49	Transportation and Warehousing. Includes air, rail, water, and truck transportation. Includes charter buses and sightseeing operations. Includes postal service and courier services.

Appendix C: Index of Selected Industry Sectors

Code	NAICS Sector Title and Description
51	Information. Includes book, newspaper, radio, and television broadcasting, telecommunications, data processing, and libraries.
52	Finance and Insurance. Includes banks, mortgage lenders, insurance companies, and pension funds.
53	Real Estate and Rental and Leasing. Includes offices of real estate agents and brokers. Includes automobile, videotape, consumer electronics, and industrial machinery rental and leasing services.
54	Professional, Scientific, and Technical Services. Includes legal services, architectural and engineering firms, accounting, advertising, photographic, marketing, and veterinary services.
55	Management of Companies and Enterprises. Includes offices of bank holding companies and other holding companies.
56	Administrative and Support and Waste Management and Remediation Services. Includes employment and security agencies. Includes exterminating, janitorial, and landscaping services. Includes waste management and remediation.
61	Educational Services. Includes technical and trade schools. Includes educational support services.
62	Health Care and Social Assistance. Includes offices of doctors and dentists. Includes hospitals, nursing care facilities, and day care facilities.
71	Arts, Entertainment, and Recreation. Includes performing arts, sports, museums, theme parks, golf and skiing facilities, and bowling centers.
72	Accommodation and Food Services. Includes hotels and restaurants.
81	Other Services (except Public Administration). Includes automotive, electronic equipment, industrial equipment repair, and household goods repair. Includes personal care services, dry cleaning, and photo finishing services.

Apportion. To proportionally attribute the cost subtraction to the states in which a taxpayer is doing business. The taxpayer's cost subtraction is divided proportionally, based on an apportionment method, among the states where the taxpayer does business. See *Cost Subtraction* and *Doing Business*.

Biennium. The period of two fiscal years for which the state budgets are determined. For example, July 1, 2023, to June 30, 2025, is referred to as the 2023-25 biennium.

CAT Subtraction. Taxpayers may subtract from their Oregon sourced commercial activity 35 percent of the greater of their eligible cost inputs or eligible labor costs. If a taxpayer has commercial activity both inside and outside of Oregon, they must apportion their eligible costs to only include those related to Oregon commercial activity. The amount of the CAT subtraction is limited to 95 percent of total Oregon commercial activity. See *Apportion*, *Commercial Activity*, *Cost Inputs*, and *Labor Costs*.

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).

Commercial Activity. Under ORS 317A.100(1)(a), the total amount realized by a person, arising from transactions and activity in the regular course of the person's trade or business, without deduction for

expenses incurred by the trade or business. See OAR 150-317-1000 for more details.

Cost Inputs. The cost of goods sold (COGS) as calculated in arriving at federal taxable income under the Internal Revenue Code. For taxpayers engaged in farming operations doing business under NAICS code 111 (crop production), 112 (animal production and aquaculture), or 115 (support activities for agriculture and forestry) who are not required to report cost of goods sold for federal tax purposes, "cost inputs" means the taxpayer's operating costs excluding labor costs. See *COGS*.

Cost of Goods Sold (COGS). The direct costs of producing or acquiring the goods sold by a company. It includes the cost of material and labor directly used to create or acquire the goods, such as factory labor, raw materials, and factory overhead. It does not include indirect costs such as sales, advertising, accounting and legal fees, management salaries, office rents, etc.

Doing Business. Under ORS 317A.100(3), doing business means engaging in any activity, whether legal or illegal, that is conducted for, or results in, the receipt of commercial activity at any time during a calendar year.

Eligible Pharmacy. An eligible pharmacy is defined as a pharmacy with nine or fewer locations under common ownership in Oregon.

Employee. An individual who provides services under the control of another person or organization. Generally, an individual will be considered an employee if the person or organization that receives the services is subject to industrial accident insurance, unemployment compensation, federal social

Appendix D: Glossary of Terms

security, or federal tax withholding for that individual. “Employee” doesn’t include:

- Partners in a partnership who receive guaranteed payments or distributive income.
- Members in a limited liability company (LLC) who receive guaranteed payments or distributive income.
- Statutory employees described in the Internal Revenue Code (IRC) Section 3121(d)(3).
- Independent contractors as defined in ORS 670.600.

Estimated Payments. Payments made during the tax year based on the expected final tax liability. For tax year 2022, estimated payments were only required if the taxpayer expected to have a tax liability of \$5,000 or more. Due dates for calendar year filers were April 30, July 31, and October 31 of 2022 and January 31, 2023. For fiscal year filers, due dates were the last day of the fourth, seventh, and 10th month, and the last day of the first month following the end of the fiscal tax year.

Exclusions. Receipts from certain items are excluded from Oregon commercial activity and are not taxed. See Appendix B for details on tax year 2022 exclusions.

Final Payment. A payment due with the return because the final tax liability was greater than the total pre-payments.

Groceries. Food and food items that would be eligible for purchase with Supplemental Nutrition Assistance Program (SNAP) benefits. Essentially, groceries are food and beverages purchased for home consumption. Food-producing seeds and plants for use in the purchaser’s garden are also groceries.

Labor Costs. Includes most types of compensation paid to employees, such as wages, health insurance benefits, retirement benefits, and any other fringe benefits, but it does not include employees’ payroll taxes or compensation in excess of \$500,000 paid to any single employee. See *Employee*.

Limited Liability Partnership. A form of a partnership in which all partners have limited liability from errors, omissions, negligence, incompetence, or malpractice committed by other partners or by employees of the partnership. It is most used by professionals, such as doctors or lawyers, who practice together. See *Partnership*.

LLC. A limited liability company (LLC) is a business structure that protects its owners from personal responsibility for its debts and liabilities.

LLC Organized as a Partnership. A limited liability company treated as a partnership for tax purposes. An LLC with at least two members is classified as a partnership for federal income tax purposes unless it files Form 8832 and elects to be treated as a corporation. See *LLC* and *Partnership*.

LLC Organized as a Corporation. A limited liability company that has elected to be treated as a corporation for tax purposes by filing Form 8832 with the IRS. See *LLC*.

Partnership. A partnership is a business organization comprised of two or more people engaged in trade or business. Each person contributes money, property, labor or skill, and shares in the profits and losses of the business. The partners are jointly liable for the partnership’s debts. A partnership does not pay income tax. Instead, it “passes through” profits or losses to its partners. Each partner reports their share of the

partnership's income or loss on their personal income tax return.

Qualified Subchapter S Subsidiary. An S corporation that is owned by another S corporation. It is treated as a subsidiary of the parent corporation and in general, only the parent corporation files a federal tax return which include the income and deductions of the subsidiary. See *S Corporation*.

Retail Sales of Groceries. A taxpayer may exclude receipts from the retail sale of groceries, provided that the sale meets the following requirements: Requirement 1: The sale is of a grocery item that would be eligible for purchase with SNAP benefits, and Requirement 2: The seller typically intends or expects that the sale of food to the purchaser is for home consumption by the purchaser. A seller that typically sells grocery items to final consumers for home consumption is determined based on factors such as (but not limited to):

- Whether the average gross receipts from the sale of groceries is greater than the average gross receipts from the sale of hot food or prepared food.
- Whether the business offers on-site dining facilities or space, and the percentage of floor space dedicated to dining compared to grocery shelves.
- Business advertising and marketing.

If a store's receipts from the sale of hot food or hot prepared food constitutes 80 percent or more of the total receipts that the store realized from the sale of all food items, the store doesn't intend to sell, or typically sell, groceries to the final consumer for home consumption; therefore, sales from the store are not excludable as retail sales of groceries. See *Groceries*.

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). Trusts holding stock must meet certain conditions as well.

Short-Year Return. A return covering less than a full tax year. Normally, these returns occur due to businesses opening, closing, or re-organizing during a tax year. However, for tax year 2021, all taxpayers who use a fiscal year other than the calendar year for federal tax purposes were required to file a short-year return that started on January 1, 2021, and ended on the last day of their federal tax year that ended in 2021. This was necessary to make the transition from tax year 2020 calendar year filing to tax year 2021 fiscal year filing.

Single-Family Residential Construction. The construction of new single-family housing such as single-family detached or semidetached houses and townhouses or row houses where each housing unit meets all of the following criteria:

- Is separated from the adjacent unit by a ground-to roof wall.
- Has no housing units constructed above or below.
- Doesn't share heating or air-conditioning systems.
- Doesn't share utilities.

Single Member LLC. A limited liability company with one owner. The owner is

Appendix D: Glossary of Terms

generally protected from personal liability for debts associated with the business. By default, the IRS tax treatment is the same as for a sole proprietorship, with all business losses and profits reported on the owner's individual tax return. However, the owner does have the option of choosing to be taxed as a corporation. See *LLC*.

Sole Proprietorship. A business entity owned and managed by one individual. The owner does not pay separate income tax on the business but reports all losses and profits on their individual tax return. Because the owner is indistinguishable from the business, the owner remains personally liable for all debts of the business.

State of Incorporation. The state where a business is registered as a corporation making it a legal entity separate from its owners and staff.

Subcontractor Exclusion. An amount subtracted from Oregon commercial activity, available to general contractors who incur labor costs for single-family residential construction located in Oregon. The exclusion is 15 percent of the labor costs paid to a subcontractor. It does not include payments made for materials, land or permits and is not allowed for payments between subcontractors. See *Single-Family Residential Construction*.

Tax Base. In general, the total amount of income, property, assets, consumption, transactions, or other economic activity subject to taxation by a tax authority. For the CAT, the tax base is commercial activity as defined in ORS 317A.100(1)(a)-(b).

Taxable Commercial Activity. Oregon commercial activity minus the CAT subtraction and the subcontractor exclusion. The first \$1 million of taxable commercial

activity is excluded from taxation. See *CAT Subtraction* and *Subcontractor Exclusion*.

Tax Liability. Also referred to as tax or the CAT. The amount of tax calculated to be owed. It does not include penalties or interest.

Taxpayer. Under ORS 317A.100(17)(a), any person or unitary group required to register, file, or pay the Corporate Activity Tax (CAT) under ORS 317A.100 to 317A.158.

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.

See also *Unitary Group*.

Unitary Group. Under ORS 317A.100(19), unitary group means a group of persons with more than 50 percent common ownership, either direct or indirect, that is engaged in business activities that constitute a unitary business.

Wholesale Sales of Groceries. A taxpayer may exclude receipts from the wholesale sale of groceries provided that the sale meets all the following requirements:

1. The sale is a wholesale sale.
2. The sale is of a food item that would be eligible for purchase with SNAP benefits and is in a form that can be resold to the end consumer for home consumption.

3. The sale must be made for the purpose of reselling the food item, without processing, to the final consumer for consumption at home. Note: Processing means transforming or changing the physical characteristics of the food item, including incorporation or consumption of an item as an ingredient or component in the production or manufacture of another item.
4. The taxpayer making the wholesale sale must obtain written certification from the purchaser that the grocery items will be resold at retail without processing and are intended for, or typically purchased by, the final consumer for home consumption. A wholesale seller isn't required to obtain separate verification if the purchase was made for the purpose of resale without further processing, and
 - (A) The purchaser is a qualified SNAP retailer with a current permit to accept SNAP benefits from the U.S. Department of Agriculture; or
 - (B) The purchaser is a store that meets the required qualifications to be a SNAP retail food store under 7 U.S.C. 2012(o)(1), (2), (4) or (5).See *Groceries*.

