

2017 LEGISLATION ALERTS

Taxation

HB 2156 (Ch. 611) New Hotline for C and S Corporations

HB 2156 requires the Department of Revenue to establish a program for representatives of C corporations and S corporations to contact the Department by dedicated phone and other electronic means to resolve issues and ask questions concerning Oregon corporate income and excise tax laws in an expedited manner. The Department is required to clearly list the dedicated telephone number and electronic means on any notice or letter the Department sends to a business customer and is required to track customer satisfaction with the program.

HB 2156 takes effect on January 1, 2018.

HB 2285 (Ch. 23) Tax Not Paid With a Return

HB 2285 changes the date when underpaid income tax is considered assessed in the case of a taxpayer who submits a return with payment of less than the amount due. Existing law treats the underpaid amount as assessed on the extended due date or the date of actual filing, whichever is later. The new law treats the underpaid amount as assessed on the original due date, without regard to extensions, or the date of actual filing, whichever is later. The effect of the law change is to prevent a taxpayer from delaying the commencement of collection procedures, and the imposition of “Tier II” interest, by obtaining an extension to file the return.

HB 2285 applies to returns originally due on or after January 1, 2018.

SB 33 (Ch. 278) Interest Computation

SB 33 replaces the monthly or partial monthly method for computing interest rates with an annual percentage rate computed daily. The new method applies to deficiencies and refunds. It is intended to conform to generally accepted accounting principles. This method will apply to income taxes, estate tax, and most other tax programs administered by the Department of Revenue, except property tax.

SB 33 applies to tax deficiencies or refunds owing as of January 1, 2018.

SB 254 (Ch. 644) Financial Institutions Data Match

SB 254 requires financial institutions to participate in a “data match” program, including transmitting data to the Department of Revenue quarterly. The law is intended to enable the Department to more easily locate a debtor’s accounts for collection purposes, without first conducting and paying for a search among multiple financial institutions where the debtor might have an account.

SB 254 took effect on October 6, 2017, but most provisions become operative on July 1, 2018.

HB 2283 (Ch. 24) Application of Overpayment

HB 2283 changes the date an overpayment of tax is credited as payment of the estimated income tax under ORS 316.583 to the later of the first date prescribed for payment of the estimated tax or the date that the taxpayer actually made the overpayment. Prior to the change in law, the overpayment was credited to the date of the first estimated tax payment due date. The change in law means the Department of Revenue may charge interest on a late estimated tax payment when the taxpayer makes the overpayment that the taxpayer applies to estimated tax payments after the due date of the estimated tax payment.

HB 2283 applies to estimated tax payments made in tax years beginning on or after January 1, 2018.

HB 2284 (Ch. 22) Conflicting Taxpayer Claims

Existing law requires the Department of Revenue to arrange a meeting among taxpayers (typically parents) filing conflicting claims for the same dependent. HB 2284 broadens the “joint determination” requirement to apply to “conflicting returns or reports addressing an item of income, deduction, or credit under the personal income tax laws.”

HB 2284 applies to tax years beginning on or after January 1, 2018.

SB 32 (Ch. 182) Failure to File and Failure to Pay

For estate tax returns due on or after January 1, 2018, SB 32 eliminates the possibility that two of the 5 percent penalties (failure to timely pay and initial failure to timely file) would apply. If the failure to file continues more than three months after the due date, the 20 percent penalty in ORS 118.260(2) is added to one of the 5 percent penalties, but not both, so that the cumulative penalty will not exceed 25 percent.

SB 32 applies to estate tax returns due on or after January 1, 2018.

HB 2017 (Ch. 750) Gross Wages Tax

This omnibus transportation funding bill includes a new 0.1 percent tax on the wages of Oregon residents and the wages of nonresidents for services performed in Oregon. The entire tax amount will be withheld from employee wages, and there is no provision to collect from employees, except that a resident employee whose employer is not doing business in Oregon will be required to report and pay as determined by administrative rule.

In contrast to regular wage withholding, HB 2017 includes no cross-reference between the new wage tax (starting at section 122a of the bill) and ORS 316.187; therefore, the new tax functions as an independent excise tax and not as a credit against the employee’s personal income tax liability. There is no employer-paid component to this tax. The new law imposes a penalty of \$250 per employee (up to \$25,000) if an employer knowingly fails to deduct and withhold the tax.

The new wage tax applies to tax periods beginning on or after July 1, 2018.