

SENATE AMENDMENTS TO A-ENGROSSED HOUSE BILL 2460

By COMMITTEE ON FINANCE AND REVENUE

June 24

1 In line 2 of the printed A-engrossed bill, after “compliance;” insert “creating new provisions;
2 amending ORS 317.267 and 317.715;”.

3 After line 11, insert:

4 “**SECTION 2.** ORS 317.715 is amended to read:

5 “317.715. (1) If a corporation required to make a return under this chapter is a member of an
6 affiliated group of corporations making a consolidated federal return under sections 1501 to 1505
7 of the Internal Revenue Code, the corporation’s Oregon taxable income shall be determined begin-
8 ning with federal consolidated taxable income of the affiliated group as provided in this section.

9 “(2)(a) **For purposes of determining Oregon taxable income, the taxable income or loss**
10 **of any corporation that is a member of a unitary group and that is incorporated in any of**
11 **the following jurisdictions shall be added to federal consolidated taxable income:**

12 “(b) **Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados,**
13 **Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Cook Islands, Cyprus,**
14 **Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, the Isle of Man, Jersey, Liberia,**
15 **Liechtenstein, Luxembourg, Malta, the Marshall Islands, Mauritius, Monaco, Montserrat,**
16 **Nauru, the Netherlands Antilles, Niue, Samoa, San Marino, Seychelles, St. Kitts and Nevis,**
17 **St. Lucia, St. Vincent and the Grenadines, the Turks and Caicos Islands, the U.S. Virgin**
18 **Islands and Vanuatu.**

19 “[2)] (3) If the affiliated group, of which the corporation subject to taxation under this chapter
20 is a member, consists of more than one unitary group, before the additions, subtractions, adjustments
21 and modifications to federal taxable income provided for in this chapter are made, and before allo-
22 cation and apportionment as provided in ORS 317.010 (10), if any, modified federal consolidated
23 taxable income shall be computed. Modified federal consolidated taxable income shall be determined
24 by eliminating from the federal consolidated taxable income of the affiliated group the separate
25 taxable income, as determined under Treasury Regulations adopted under section 1502 of the Inter-
26 nal Revenue Code, and any deductions or additions or items of income, expense, gain or loss for
27 which consolidated treatment is prescribed under Treasury Regulations adopted under section 1502
28 of the Internal Revenue Code, attributable to the member or members of any unitary group of which
29 the corporation is not a member.

30 “[3)(a)] (4)(a) After modified federal consolidated taxable income is determined under subsection
31 [(2)] (3) of this section, the additions, subtractions, adjustments and modifications prescribed by this
32 chapter shall be made to the modified federal consolidated taxable income of the remaining members
33 of the affiliated group, where applicable, as if all such members were subject to taxation under this
34 chapter. After those modifications are made, Oregon taxable income or loss shall be determined as
35 provided in ORS 317.010 (10)(a) to (c), if necessary.

1 “(b) In the computation of the Oregon apportionment percentage for a corporation that is a
2 member of an affiliated group filing a consolidated federal return, there shall be taken into consid-
3 eration only the property, payroll, sales or other factors of those members of the affiliated group,
4 **and of those corporations described in subsection (2) of this section**, whose items of income,
5 expense, gain or loss remain in modified federal consolidated taxable income after the eliminations
6 required under subsection [(2)] (3) of this section. Those members of an affiliated group making a
7 consolidated federal return or a consolidated state return [shall] **may** not be treated as one taxpayer
8 for purposes of determining whether any member of the group is taxable in this state or any other
9 state with respect to questions of jurisdiction to tax or the composition of the apportionment factors
10 used to attribute income to this state under ORS 314.280 or 314.605 to 314.675.

11 “(5) **The Department of Revenue shall adopt rules:**

12 “(a) **To determine the computation of income or loss for a corporation that is a member**
13 **of a unitary group and that is not otherwise required to file a consolidated federal return.**

14 “(b) **To prevent double taxation or double deduction of any amount included in the com-**
15 **putation of income under this section.**

16 “**SECTION 3.** ORS 317.267 is amended to read:

17 “317.267. (1) To derive Oregon taxable income, there shall be added to federal taxable income
18 amounts received as dividends from corporations deducted for federal purposes pursuant to section
19 243 or 245 of the Internal Revenue Code, except section 245(c) of the Internal Revenue Code,
20 amounts paid as dividends by a public utility or telecommunications utility and deducted for federal
21 purposes pursuant to section 247 of the Internal Revenue Code or dividends eliminated under
22 Treasury Regulations adopted under section 1502 of the Internal Revenue Code that are paid by
23 members of an affiliated group that are eliminated from a consolidated federal return pursuant to
24 ORS 317.715 [(2)] (3).

25 “(2) To derive Oregon taxable income, after the modification prescribed under subsection (1) of
26 this section, there shall be subtracted from federal taxable income an amount equal to 70 percent
27 of dividends (determined without regard to section 78 of the Internal Revenue Code) received or
28 deemed received from corporations if such dividends are included in federal taxable income. How-
29 ever:

30 “(a) In the case of any dividend on debt-financed portfolio stock as described in section 246A
31 of the Internal Revenue Code, the subtraction allowed under this subsection shall be reduced under
32 the same conditions and in same amount as the dividends received deduction otherwise allowable
33 for federal income tax purposes is reduced under section 246A of the Internal Revenue Code.

34 “(b) In the case of any dividend received from a 20 percent owned corporation, as defined in
35 section 243(c) of the Internal Revenue Code, this subsection shall be applied by substituting ‘80
36 percent’ for ‘70 percent.’

37 “(c) A dividend that is not treated as a dividend under section 243(d) or 965(c)(3) of the Internal
38 Revenue Code may not be treated as a dividend for purposes of this subsection.

39 “(d) If a dividends received deduction is not allowed for federal tax purposes because of section
40 246(a) or (c) of the Internal Revenue Code, a subtraction may not be made under this subsection for
41 received dividends that are described in section 246(a) or (c) of the Internal Revenue Code.

42 “(3) There shall be excluded from the sales factor of any apportionment formula employed to
43 attribute income to this state any amount subtracted from federal taxable income under subsection
44 (2) of this section.

45 “**SECTION 4. On or before January 1 of each odd-numbered year, the Department of**

1 Revenue shall submit a report to the Legislative Assembly in the manner provided by ORS
2 192.245. The report shall include recommendations for legislation related to jurisdictions
3 listed in ORS 317.715 (2)(b), including recommendations for additions to or subtractions from
4 the list of jurisdictions in ORS 317.715 (2)(b).

5 SECTION 5. The amendments to ORS 317.267 and 317.715 by sections 2 and 3 of this 2013
6 Act apply to tax years beginning on or after January 1, 2014.”.

7 In line 12, delete “2” and insert “6”.

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