



Oregon Society of Certified Public Accountants

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Oregon Legislative Assembly - 2015-16 Interim Hearing Senate Interim Committee on Finance and Revenue Testimony related to Pass-Through Entity Income Reduced Tax Rate (OR-PTE)

DATE: September 21, 2016

Good morning Chair Senator Mark Hass, Vice-Chair Senator Boquist and Members of the Senate Interim Committee on Finance and Revenue. For the record, my name is Heather Jackson. I am Chair of the Taxation Committee of the Oregon Society of Certified Public Accountants (OSCPA). I am a Certified Public Accountant with firm of Dougall Conradie LLC in Beaverton, OR. I appreciate the opportunity to participate in today's hearing.

On behalf of the 4,500 members of the OSCPAs, I respectfully testify related to Pass-Through Entity Income Reduced Tax Rate (OR-PTE).

BACKGROUND:

CPAs are highly trained and must meet rigorous criteria to obtain and maintain their licenses. We work directly with our clients in a variety of areas. As our clients' Trusted Business Advisors, planning is of significant importance as well as preparation itself.

ISSUE:

- Two taxpayers with similar tax returns can come out with two different answers from the OR-PTE
- The OR-PTE did not have much publicity that this new law was coming into effect in 2015 and has caught many taxpayers and tax preparers off guard.
- The Oregon Society of CPAs was trying to get the information out to its members, but that doesn't reach all tax preparers or even the taxpayers.

RECOMMENDATION:

I respectfully encourage that members of the committee to consider having the pass-through entity K-1 have a check box or line that can guide taxpayers that the OR-PTE exists. The dissemination of the information and how to apply to the law needs to be clarified better. We have many emails with prac.revenue@oregon.gov trying to clarify the law and how to apply the rules.

Thank you for the opportunity to share my experiences and observations related to this important topic.

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