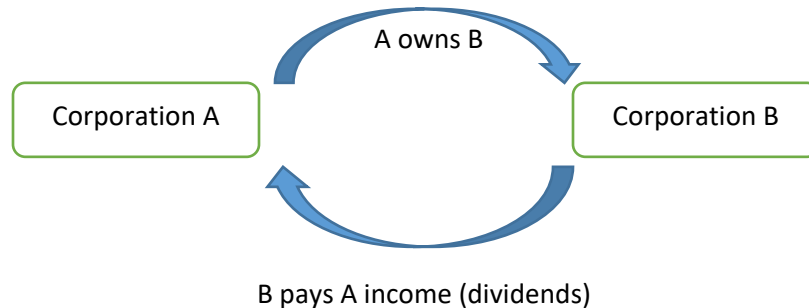


SB 1529 -4

This amendment addresses the issue of a double deduction for dividends received by requiring an addback of the federal deduction. This change is consistent with current Oregon tax policy for other types of dividend deductions.

Repatriation (Section 1)

- U.S. multinational C-corporations will be paying federal tax on accumulated foreign earnings not previously taxed by the U.S.
- The mechanism used involves a Dividend Received Deduction
- Due to a technicality in Oregon law, corporations would get a federal deduction and an Oregon deduction



Line	Description/Explanation	Current Law	SB 1529 -4
1	Untaxed income, 'deemed dividend'	\$1,000,000	\$1,000,000
2	IRC §965 Deduction to effect 8%/15.5% tax rates ¹	\$750,000	\$750,000
3	Increase in federal taxable income	\$250,000	\$250,000
4	Addback of federal DRD; references IRC §243 and §245, not §965	\$0	\$750,000
5	Oregon DRD, 80% of 'deemed dividends' ²	\$800,000	\$800,000
6	Change in OR taxable income: Line 3 + Line 4 - Line 5	-\$550,000	\$200,000

¹ Assumes 10% cash, 90% non-cash

² Assumes 20% ownership