

GILTI

Global Intangible Low-Taxed Income

GILTI

What is GILTI?

- Reoccurring tax on high-return income earned by controlled foreign corporations
- Eligible for a 50% federal deduction
- Federal credit for foreign taxes paid (80%)
- Treated similar to Subpart F income at federal level (but is not Subpart F income)

The Problem(s)

- Uncertainty regarding how Oregon will treat GILTI for tax purposes
- Potential for double-deduction

Solution in SB 851

- Require taxpayers to add back GILTI deducted at federal level
- Provide taxpayers 80% dividends received deduction (DRD) at state level
- Avoid a double deduction *and* taking the least controversial path for GILTI treatment

Simplified Example of Revenue Calculation

Federal Gross GILTI Amount (IRC 951A)	\$2,200
Federal GILTI Deduction (IRC 250)	-\$1,100
Federal Net GILTI Amount	\$1,100
State GILTI Amount Included in FTI	\$1,100
Addback of federal deduction	+\$1,100
Taxable GILTI after 80% DRD	=\$440

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Legislative Revenue Office