

Business Tax Administrative Rule 200.23-1

200.23-1 – Doing Business for an Estate (LIC-2.04)

An estate is a tax reporting entity under City of Portland Business License and Multnomah County Business Income Tax Codes. Both Codes recognize that an estate is a temporary entity created the day after the death of an individual for the purpose of the valuation and distribution of the individual's assets. The estate shall be viewed in a manner similar to an individual for purposes of determining whether an estate is doing business in Portland and Multnomah County.

Example 1: Upon Sam Hill's death, Sam's assets passed into an estate until final distribution to Sam's heirs. Sam's estate consists of three residential rental units along with a portfolio of stocks and bonds Sam held for investment that was not connected with a trade or business. These assets generate income to the estate in the form of rents, dividends and interest. Since this combination of activities is exempt from the Multnomah County Business Income Tax for an individual, the estate is not required to pay the Multnomah County Business Income Tax. If gross receipts from rents are less than the gross receipts threshold for the year, the estate is not required to pay the City of Portland Business License Tax.

Example 2: Donna Martin owned a commercial building, three residential rentals and a portfolio of stocks and bonds. Donna was licensed for Donna's rental activities (commercial and residential). Upon Donna's death, the estate must also file a return and pay the City of Portland Business License Tax and the Multnomah County Business Income Tax. Since the rental activities are not exempt activities for an individual, they are not exempt for the estate. All income items from the business activities are used in both the determination of net income and the apportionment calculation.

Note: Applies to tax years beginning on or after 1/1/2023.

XX-XX-2023

Thomas Lannom

Date

Director, Revenue Division

Adopted XX-XX-2023