

Business Tax Administrative Rule 400.23-2

400.23-2 – Exemption for Insurance Producers (as Defined in ORS 731.104) (LIC-4.06)

Insurance producers are exempt from filing returns under the City of Portland Business License and Multnomah County Business Income Tax Codes only when the producer's gross income arises solely from premiums or fees for insurance policies, including all premiums, assessments, dues and fees received or derived. The insurance producer loses this filing exemption if the producer has gross income from any other business activity subject to the City of Portland Business License or Multnomah County Business Income Tax Codes. The gross income from insurance policies and fees remains exempt and will not be included in the numerator of the sales factor for apportionment purposes.

Example: Marilyn Johnson, an insurance producer, has gross income from insurance activities of \$160,000 a year and generates \$40,000 in fees as a financial counselor. All the activities are managed and performed from Marilyn's business location within Multnomah County. Marilyn is required to file returns with Multnomah County and will report the net income or loss earned from insurance activities as well as the financial counseling activities. The total net business income or loss will be multiplied by the apportionment factor of 20% for Multnomah County ($\$40,000 / \$200,000$). The gross income from insurance activities is exempt and is not included in the numerator of the sales factor, even though it was derived from business activity performed in Multnomah County.

Note: Applicable for tax years beginning on or after 1/1/2023.

XX-XX-2023

Thomas Lannom

Date

Director, Revenue Division

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