

Business Tax Administrative Rule 610.93-9A

610.93-9A – Apportionment for Incomes Subject to Portland City Code Chapters 7.12 or 7.14 (LIC-6.19)

If business activity is conducted both within and without Portland by a Portland Business License taxfiler subject to PCC Chapter 7.12 or 7.14, the net income is required to be apportioned using the single total gross income method. All gross incomes, including gross incomes subject to Chapters 7.12 and 7.14, are included in the denominator of the apportionment fraction. Incomes exempted under the Business License Law, such as gross revenue subject to Chapters 7.12 and 7.14, are excluded from the numerator of the apportionment fraction.

Example: XYZ Electric Utility, Inc. provides electricity to customers located inside and outside Portland city limits. XYZ also has business activity other than as an electric utility. XYZ must pay a business license tax for the other business activity it conducts. However, electric utility revenues subject to a franchise fee upon utility gross revenue received from utility customers (PCC 7.14) are exempt from the Business License Law. Apportionment is calculated as follows:

Total gross income (everywhere)	\$2,000,000
Utility revenue subject to PCC 7.14	\$500,000
Other Portland gross income	\$100,000
Net Income	\$1,000,000

Apportionment ($\$100,000 / \$2,000,000$) = 5%

Apportioned Income ($\$1,000,000 \times .05$) = \$50,000

License Tax ($\$50,000 \times 2.2\%$) = \$1,100

Note: This rule sunsets 12/31/2022 and does not apply to tax years beginning on or after 1/1/2023. See 611.23-3 (LIC 6.29) for later tax years.

XX-XX-2023

Thomas Lannom

Date

Director, Revenue Division

Amended XX-XX-2023