

Business Tax Administrative Rule 611.23-3

6101.9323-9A3 – Apportionment for Incomes Subject to Portland City Code Chapters 7.12 or 7.14 (LIC-6.4929)

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

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 ~~the Portland 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 Tax~~. Apportionment is calculated as follows:

Total gross income sales (everywhere)	\$2,000,000
Utility revenue subject to PCC 7.14	\$500,000
Other Portland gross income sales	\$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 1: Applicable for tax years beginning on or after 1/1/2023.

Note 2: This rule applies only to the City of Portland Business License Tax.

XX-XX-2023

Thomas Lannom

Date

Director, Revenue Division

Adopted XX-XX-2023