

Business Tax Administrative Rule 611.23-3

611.23-3 – Apportionment for Incomes Subject to Portland City Code Chapters 7.12 or 7.14 (LIC-6.29)

If business activity is conducted both within and without Portland by a taxfiler subject to Portland City Code (PCC) Chapter 7.12 or 7.14, the net income is required to be apportioned using the sales factor method. All sales, including sales subject to PCC Chapters 7.12 and 7.14, are included in the denominator of the sales factor. 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 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 Tax. Apportionment is calculated as follows:

Total sales (everywhere)	\$2,000,000
Utility revenue subject to PCC 7.14	\$500,000
Other Portland 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