

## **Business Tax Administrative Rule 875.23-2**

### **Changes to the Amount or the Loss of the Downtown Business Incentive Credit**

(1) The initial application for, and the Revenue Division's notification that a Downtown Business Incentive credit is approved based on that information, allows a taxfiler to calculate the credit on the tax return for the year of origination. The calculation on the first tax return filed for the year of origination sets the ceiling of the credit allowed to a taxfiler.

(2) A taxfiler may experience circumstances that result in a decrease to the amount of the credit allowed. In these circumstances a taxfiler must provide the Revenue Division with the information, similar to the information provided in the pre-return application, necessary to determine the impact on the credit amount.

(a) Where an amended tax return is filed for the tax return of the year of origination, the credit must be recalculated based on the information in the amended tax return applying all the limitations to re-determine the potential adjusted credit. Information must be provided to the Revenue Division to determine the correct revised credit.

(b) If the tax return for the year of origination is adjusted by the Revenue Division, the credit will be recalculated based on the information in the return, information previously received, or information received during audit.

(c) If the credit is reduced, any credit previously claimed must be repaid with interest.

(3) Portland City Code (PCC) 7.02.875 G says breaking a lease, or an extended lease, prior to end of the lease/lease extension period during the four-year credit period requires repayment of any Downtown Business Incentive credit previously claimed. For purposes of this credit, breaking of the lease means any termination of the lease. This includes an early termination allowed by the terms of the lease.

(4) Penalties.

(a) If the credit is reduced or eliminated and must be repaid per PCC 7.02.875 G. due to either breaking a lease/lease extension, selling an owned building, or failing to maintain 15 employees who work half their time within the four-year period for claiming the credit no penalty will be applied to the amount for that reason. This does not prevent the application of any other penalty authorized under the Business License Law when appropriate.

(b) If the credit is reduced or eliminated because it is determined that the taxfiler significantly overstated the amount of the credit the taxfiler is entitled to claim, penalties will apply under PCC 7.02.700 E, or PCC 7.02.840.

(c) If the credit is eliminated because it is determined the taxfiler never qualified for the credit, penalties will apply under PCC 7.02.700 E or PCC 7.02.840.

11-XX-2023

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Date

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Director, Revenue Division

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Adopted 11-XX-2023

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