City of Portland Business License Tax
Multnomah County Business Income Tax
Form P-2022 Combined Business Tax Return for Partnerships Instructions

General Information

Important Reminders

File and Pay Online and Manage your Business Tax Accounts at Pro.Portland.Gov. The Revenue Division's taxpayer portal can be used to manage your business tax accounts. Portland Revenue Online (PRO) allows you to:

- Register your business
- Update your business account infor0mation
- File a Combined Business Tax Return
- Make payments
- Upload supporting tax pages and documents
- View correspondence mailed to you
- Provide Third-Party Access to your preparer

For more information and to create your account, please visit Pro.Portland.gov.

Filing Deadline. The filing deadline for this return is April 18, 2023. Since the P-2022 relies on information reported on the federal and/or Oregon tax return, the due date for the P-2022 will be changed when there is a change to the federal or State of Oregon due dates.

Extensions. The Revenue Division does not generally allow an extension of time to pay the tax, even if the IRS allows an extension. The tax balance is due on the original return due date. The submission of an extension payment by the original return due date provides an automatic six-month filing extension. If there is not a tax balance due but you would like to file an extension, your federal or State of Oregon extension will serve as your Combined Business Tax extension and a separate extension will not need to be submitted. When filing your return on the extended due date, check the "Extension Filed" box on the return. If no extension payment was made, please attach a copy of your federal or State of Oregon extension with your return.

Federal and State Tax Pages. Be sure to include the following federal tax pages (and statements), Oregon tax pages (and statements), and Portland Schedules with your P-2022 Combined Business Tax Return:

- Federal Form 1065 (pages 1 through 5) and statements
- Form 8825 and statements (if filed)
- Form 4797 and statements (if filed)
- Oregon Form OR-65 with schedules if any Oregon modifications are claimed
- HVT Schedule, if required (Portland form)
- Schedule R, if required (Portland form)

What's New?

Increase to Owner's Compensation Deduction. For tax years beginning on or after January 1, 2022, the maximum Owner's Compensation Deduction has increased to $147,000, per owner, for the City of Portland Business License Tax.

For tax years beginning on or after January 1, 2022, the maximum Owner's Compensation Deduction has increased to $145,000, per owner, for the Multnomah County Business Income Tax.

Increase to Residential Rental Registration Fee. For tax years beginning on or after January 1, 2022, the Residential Rental Registration fee has increased to $65 per unit.

Amended Returns

The Revenue Division does not have a separate form for amended tax returns. To amend your Combined Business Tax Return, use the form for the tax year being amended and check the "Amended" box. If the address for the year you're amending has changed, use your current mailing address and check the "Mailing Address Change" box.

Fill in all amounts on your amended return, even if they are the same as originally filed. If you are amending to make a change to additions, subtractions, or credits, include detail of all items and amounts as well as any carryovers. Please include a statement explaining what changed from the original return.

If you change taxable income by filing an original or amended federal or Oregon income tax return, you must file an amended Combined Business Tax Return within 60 days of when the original or amended federal or Oregon income tax return is filed. Include a copy of your original or amended federal or Oregon income tax return with your amended Combined Business Tax Return and explain the adjustments made.

Do not amend your Combined Business Tax Return if you amend the federal return to carry a net operating loss back to prior years. The Revenue Division only allows tax entities to carry net operating losses forward. Additionally, net operating losses for the City of Portland Business License Tax and/or Multnomah County Business Income Tax are

only generated from the Combined Business Tax Return, not from your IRS or Oregon income tax return.

On the prepayments line of your amended Combined Business Tax Return, enter the net tax for each jurisdiction as reflected on the original return or as previously adjusted. Do not include any penalty or interest portions of payments already made.

Apportionment

For each jurisdiction, gross income includes all business income including, but not limited to, gross receipts, service income, interest, dividends, income from contractual agreements, gross rents, and gains on sale of business property.

With a few exceptions, income earned in Portland is also earned in Multnomah County. Income may be apportioned only if there is regular business activity outside Portland and/or Multnomah County. Services performed outside Portland and/or Multnomah County may be apportioned based upon the percentage of performance outside the applicable jurisdiction. Sales of tangible personal property may be apportioned only if a business has payroll or property outside the jurisdictions.

Exempt Businesses

If your business is exempt from the City of Portland Business License Tax, as allowed under Portland City Code (PCC) 7.02.400 or the Multnomah County Business Income Tax, as allowed under Multnomah County Code (MCC) 12.400, you are still required to file a Combined Business Tax Return by the due date of your return. Failure to do so may result in a Presumptive Fee bill and your account will remain in non-compliance status until the required documentation is received.

This exemption is from the business taxes only. Any other tax, surcharge, or fee may fall under separate exemption criteria, for which your business may still be liable.

GROSS RECEIPTS EXEMPTION

Note: The following amounts are taken from the federal income tax return.

To claim a gross receipts exemption from the City of Portland Business License Tax and/or the Multnomah County Business Income Tax, the total gross receipts from all business activity must be under:

- $50,000 for the City of Portland Business License Tax exemption, and
- $100,000 for the Multnomah County Business Income Tax exemption.

To calculate the total gross receipts from all business activity, add the following lines together:

- **Form 1065.** Add the sum of the positive numbers reported on lines 1c, 4, 6, and 7 from page 1 of Form 1065. Include gross receipts from farming operations (if the net income is reported on line 5 of Form 1065) if the taxfiler does not qualify for the farming exemption under Portland City Code 7.02.400 (H). Add the sum of the positive numbers reported on lines 3c and 5 through 11 of the Schedule K.
- **Form 8825.** Add the sum of positive numbers reported on line 18a. If the partnership owns any residential rental properties in the City of Portland, make sure to complete and submit a **Schedule R** (with payment) with your exemption request.

If your total gross receipts from all business activity are $50,000 or more, you do not qualify for the gross receipts exemption for the City of Portland Business License Tax.

If your total gross receipts from all business activity are $100,000 or more, you do not qualify for the gross receipts exemption for the Multnomah County Business Income Tax.

OTHER EXEMPTIONS

If you are claiming an exemption other than the gross receipts exemption, you must attach a statement that explains which exemption you are claiming and provide support for that exemption (See Exemption Codes in the Appendix).

Penalty Calculation

You may be subject to penalties for underpaying your estimated tax, filing a late Combined Business Tax Return, and/or paying your business tax liability after the original due date of the return.

Although the Revenue Division assesses a late penalty for both failing to file a Combined Business Tax Return by the due date and failing to pay the tax by the original due date of the return, only one of these late penalties will be applied, even if there is a failure of both requirements. In these cases, only the late filing penalty is applied.

UNDERPAYMENT PENALTY

You may subject to a penalty for underpaying your estimated tax if, by the original due date of the return, timely prepayments are not made which are either:

- At least 90% of the total tax due on line 19 (Multnomah County) and line 30 (City of Portland), or
- 100% of the prior year's tax for each jurisdiction.

If you did not satisfy either requirement, you will be charged a 5% underpayment penalty on the unpaid amount, but not less than $5 per jurisdiction.

LATE FILING PENALTY

If you do not file your Combined Business Tax Return by the original due date, file an extension with the Revenue Division by the original due date, or include a copy of your federal or state extension with your Combined Business Tax Return when you file by the extended due date, the following late filing penalties will apply:

- 5% of the amount of the total tax liability if the failure to file is for a period less than four months.
- An additional penalty of 20% of the total tax liability must be added if the Combined Business Tax Return is four months or more past due.
- An additional penalty of 100% of the total tax liability of all tax years for any Combined Business Tax Return which is delinquent for three or more consecutive years.

No late filing penalty is due if a timely extension is filed with the Revenue Division and a Combined Business Tax Return is filed by the extended due date, or a copy of the federal or state extension is included with the Combined Business Tax Return and the 'Extension Filed' box is checked.

LATE PAYMENT PENALTY

Your 2022 business tax must be paid by April 18, 2023, even if you requested an extension to file your Combined Business Tax Return. If you do not pay your tax by the original due date, the following late payment penalties will apply:

- 5% of the amount of the tax that was not paid by the original due date.
- An additional penalty of 20% of the unpaid tax must be added if the failure to pay is for a period of four months or more.
- An additional penalty of 100% of the unpaid tax liability of all tax years if the failure to pay is for three or more consecutive years.

Interest Calculation

LATE PAYMENT INTEREST

Interest is calculated at 10% per annum (.00833 multiplied by the number of months). Calculate your interest from the original due date to the 15th day of the month following the date of the payment.

QUARTERLY UNDERPAYMENT INTEREST

Quarterly underpayment interest will be due if estimated payments were required and were underpaid. Calculate your quarterly underpayment interest at a rate of 10% per annum from the due date of each quarterly estimated payment to the original due date of the tax return to which the estimated payments apply.

The amount of underpayment is determined by comparing the 90% of the current total tax liability amount to quarterly estimated payments made prior to the original due date of the tax return.

There is no interest on underpayment of quarterly estimated payments if:

- The total tax liability of the prior tax year was less than $1,000 for the jurisdiction.
- An amount equal to at least 90% of the total tax liability for the current tax year was paid in accordance with PCC 7.02.530 and/or MCC 12.530; or
- An amount equal to at least 100% of the prior year's total tax liability was paid in accordance with PCC 7.02.530 and/or MCC 12.530.

Combined Business Tax Return Filing Instructions

Rounding. Round cents to whole dollars on your return and schedules. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3. If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

General Return Information

Tax Year. Enter the beginning and ending dates for your tax year. For calendar year filers, this would be 01/01/2022 to 12/31/2022.

Account #. Enter your BZT account number (ten digits). This information can be found on letters the Revenue Division has mailed to you related to your business tax account. If you cannot find your account number, call the Revenue Division at (503) 823-5157.

FEIN. Enter the Federal Employer Identification Number (FEIN) of the partnership.

NAICS. Enter the NAICS (North American Industry Classification System) code for your business.

If you are a residential lessor limited to Federal Schedules E and D, enter a business code of 531110. Commercial lessors should enter a business code of 531120.

Name. Enter the legal name of the partnership.

Mailing Address. Always enter your current mailing address. If the address for the year you are filing has changed from last year, check the box indicating the change.

Initial Return Box. Check this box if this is your first return you are filing with us. Attach the Business Tax Registration Form, if not mailed to us previously.

Final Return Box. Check this box if you no longer conduct business in the City of Portland and/or Multnomah County and this is the final return you are filing with us. Attach an *Out of Business Notification Form* or an explanation for your final return. If you have sold your business, indicate the name and address of the entity you sold your business to.

Amended Return Box. Check this box if you are amending your 2022 tax return. See the Amended Return instructions above for more information about amending your Combined Business Tax Return.

Extension Filed Box. Check this box if you filed an extension to file your federal or state income taxes. Attach a copy of your federal or State of Oregon extension to your tax return.

Part I – Gross Income

Line 1. Multnomah County gross income. Multnomah County gross income includes income from all business activity within Multnomah County (see Apportionment instructions above).

Line 2. Total gross income from all sources in all locations. Total gross income includes income from all business activity everywhere, as reported on your federal Form 1065.

Line 3. Multnomah County apportionment percentage. Line 1 divided by line 2. Round to 6 decimal places. This line cannot be more than 1.0.

Line 4. City of Portland gross income. Portland gross income includes income from all business activity within the City of Portland (see Apportionment instructions above).

Line 5. Total gross income from all sources in all locations. Total gross income includes income from all business activity everywhere, as reported on your federal Form 1065. Generally, this should be the same amount reported on line 2, but there are rare situations where this amount may be different.

Line 6. City of Portland apportionment percentage. Line 4 divided by line 5. Round to 6 decimal places. This line cannot be more than 1.0.

Exempt – Multnomah County. Check this box if you are claiming an exemption from the Multnomah County Business Income Tax and select a reason for the exemption. If your reason for being exempt is other than for gross receipts, attach a statement explaining which exemption you are claiming and provide support for that exemption (See Exemption Codes in the Appendix).

Exempt – City of Portland. Check this box if you are claiming an exemption from the City of Portland Business License Tax and select a reason for the exemption. If your reason for being exempt is other than for gross receipts, attach a statement explaining which exemption you are claiming and provide support for that exemption (See Exemption Codes in the Appendix).

NOTE: If you have claimed an exemption from the Multnomah County and the City of Portland business taxes, you generally don't need to fill out the following parts of the return:

- Part II – Net Income
- Part III – Multnomah County Business Income Tax (if claiming an exemption from Multnomah County Business Income Tax)
- Part IV – City of Portland Business License Tax (If claiming an exemption from the City of Portland Business License Tax)

However, even if you are exempt from the City of Portland Business License Tax, you are still liable for any Heavy Vehicle Use Tax or Residential Rental Registration fees that may be due. If you are subject to either tax/fee, please complete lines 28 (Heavy Vehicle Use Tax) and/or 29 (Residential Rental Registration Fee) and attach the required schedule(s) with your Combined Business Tax Return. Be sure to include any payment due for these taxes/fees, or you will be subject to late payment penalties and interest on the unpaid balance.

If you have made estimated prepayments and would like them refunded to you or credited to the next tax year, fill out the prepayment section(s) of the return to tell us how you would like your overpayment applied in Part V – Tax Due / Refund.

Part II – Net Income

Line 7. Ordinary Income or (Loss). Net income or loss is the ordinary business income (loss) reported on form 1065. Enter the amount of ordinary business income (loss) reported on Form 1065, line 22.

Line 8. Taxes based on or measured by net income add-back. Add back any taxes based on or measured by net income, including the City of Portland Business License Tax, Multnomah County Business Income Tax, and Metro Business Income Tax, that have been deducted to arrive at the net income reported on line 7.

Line 9. Owner's compensation add-back. Enter the total number of:

- General Partners (GPs),
- Limited Partners (LPs) paid compensation and/or interest, and
- The total amount of compensation paid to these LPs.

Enter all compensation (guaranteed payments, wages, and salary) paid to all partners (GPs and LPs).

Members of LLCs shall be deemed General or Limited Partners per *Business Tax Policy (BTP): Limited Liability Company and Limited Liability Partnership Owner's Compensation Deduction.*

Line 10. Schedule K (lines 2 – 3, 5 – 13) and Oregon Modifications on Form 65. Enter the total of the amounts from Schedule K lines 2-3 and 5-13. Add or subtract any Oregon modifications related to business income. Subtract any other pass-through income (or add any loss) from entities already taxed by Portland and/or Multnomah County. **Attach a schedule for these modifications.**

No deduction is allowed for owner health insurance premiums or IRC 734 or IRC 743 adjustments (related to an IRC 754 election).

Line 11. Adjusted net income. Sum of lines 7 through 10.

Part III - Multnomah County Business Income Tax

Line 12. Multnomah County modifications. Enter any modifications to Multnomah County's adjusted net income here. This would generally apply only in rare circumstances.

Line 13. Multnomah County net business income. Sum of line 11 and line 12.

Line 14. Owner's compensation deduction. A deduction of up to 75% of the net business income (line 13) is allowed for GPs but cannot exceed $145,000 for the County per GP listed on line 9.

GPs who are owners of capital in a Limited Partnership are allowed this deduction, regardless of direct compensation paid.

Deductions for LPs are limited to the lesser of:

- LP compensation included on line 9 per partner,
- $145,000 for the County (per LP), or
- 75% of the total income reported on line 13.

No deduction is allowed if line 13 is a loss.

Line 15. Multnomah County subject net income. Sum of line 13 and line 14.

Line 16. Multnomah County apportioned net income. Line 15 times multiplied by line 3.

Line 17. Net operating loss deduction. Enter your net operating loss (NOL) from previous years as a negative number here. NOLs are allowed only if reported on prior Combined Business Tax Returns. This deduction cannot be greater than 75% of line 16. Any unused NOL may only be carried forward for five years.

Line 18. Income subject to tax. Sum of line 16 and line 17.

Line 19. Multnomah County Business Income Tax. Line 18 multiplied by the tax rate of 2%. The minimum amount of tax owed is $100.

Part IV - City of Portland Business License Tax

Line 20. City of Portland modifications. Enter any modifications to City of Portland's adjusted net income here. This would generally apply only in rare circumstances.

Line 21. City of Portland net business income. Sum of line 11 and line 20.

Line 22. Owner's compensation deduction. A deduction of up to 75% of the net business income (line 21) is allowed for GPs but cannot exceed $147,000 for Portland per GP listed on line 9.

GPs who are owners of capital in a Limited Partnership are allowed this deduction, regardless of direct compensation paid.

Deductions for LPs are limited to the lesser of:

- LP compensation included on line 9 per partner,
- $147,000 for the City (per LP), or
- 75% of the total income reported on line 21.

No deduction is allowed if line 21 is a loss.

Line 23. City of Portland subject net income. Sum of line 21 and line 22.

Line 24. City of Portland apportioned net income. Line 23 multiplied by line 6.

Line 25. Net operating loss deduction. Enter your NOL from previous years as a negative number here. NOLs are allowed only if reported on prior Combined Business Tax Returns. This deduction cannot be greater than 75% of line 24. Any unused NOL may only be carried forward for five tax years.

Line 26. Income subject to tax. Sum of line 24 and line 25.

Line 27. City of Portland Business License Tax. Line 26 multiplied by the tax rate of 2.6%. The minimum amount of tax owed is $100.

Line 28. Heavy Vehicle Use Tax (HVT). If you are subject to Portland's Heavy Vehicle Use Tax, enter the amount from line 4 of the HVT Schedule here.

Line 29. Residential Rental Registration Fee. If you are subject to Portland's Residential Registration Fee, enter the amount due from the Schedule R here.

Line 30. Total of City of Portland taxes and fees. Sum of lines 27, 28, and 29.

Part V - Tax Due / Refund

Line 31. Total business taxes and fees. Sum of line 19 and 30.

Line 32. Late payment or late filing penalty. Enter the amount of any late payment of taxes or late filing penalty owed.

Line 33. Underpayment penalty. Enter the amount of any underpayment penalty owed.

Line 34. Interest. Enter any quarterly underpayment interest and/or interest due on taxes not paid by their due dates**.**

Line 35. Quarterly estimated payments and other prepayments. Enter the total amount of prepayments as a negative number here. This includes all quarterly estimated payments, extension payments, and any credits carried forward from prior years.

Line 36. Business Retention Credit. Enter the total amount of Business Retention Credit being claimed on the tax return as a negative number here. Please attach Form BRC showing your calculations.

Line 37. Overpayment. If the sum of lines 31 through 36 is negative, this is the amount you have overpaid. If you have an overpayment, you may choose to have the balance:

- Refunded to you, or
- Credited forward to the next tax year.

If no election is made, any overpayment will be refunded to you.

Line 38a. Refund. Enter the amount of the overpayment you would like refunded to you on this line. If you would like direct deposit of your refund, please file your Combined Business Tax Return online at Pro.Portland.gov. If your return is filed on paper, you will receive your refund in the mail by check.

Line 38b. Credit carryforward. Enter the amount of the overpayment you would like to apply as an estimated payment for tax year 2023 on this line. This election is irrevocable.

Line 39. Combined amount due with report. If the sum of lines 31 through 36 is positive, this is the balance due.

Make your check payable to 'City of Portland' and submit with your Combined Business Tax Return. For fastest payment processing, pay online by logging into your PRO account at Pro.Portland.gov.

Appendix

Exemption Codes

If you are claiming an exemption from the City of Portland Business License Tax and/or Multnomah County Business Income Tax, please use one of the following Exemption Codes listed below:

Code	Explanation
1	No business activity in jurisdiction
2	Gross business income from all sources less than $100,000 **(Multnomah County Only)**
3	Gross business income from all sources less than $50,000 **(City of Portland Only)**
4	Only business is the operation of less than 10 residential rentals **(Multnomah County Only)**
5	Real estate brokers **(City of Portland Only)**
6	Insurance agent
7	PL 86-272
8	Non-profit under ORS 317.080
9	Trusts exempt from Federal income tax under IRC § 501
10	Farm/Ag only (HVT still possible)
99	Other (explanation required, please attach)