

## **Metro Business Income Tax Administrative Rule 7.07 – 1035**

### **7.07 – 1035 Exemption for Insurance Producers (as Defined in ORS 731.104)**

Insurance producers are exempt from filing returns under the Metro Business Income Tax laws only when the producer's gross income arises solely from premiums or fees for insurance policies, including all premiums, assessments, dues and fees received or derived. The insurance producer loses this filing exemption if the producer has gross income from any other business activity subject to the Metro Business Income Tax laws. The gross income from insurance policies and fees remains exempt throughout the apportionment calculation.

#### Example:

Johnson Insurance, an insurance company, has gross income from insurance activities of \$ 6,000,000 a year and generates \$4,000,000 in fees from financial advising services. All the activities are managed and performed from the business location within the Metro district. Johnson Insurance is required to file a Metro business income tax return and will report the net income (loss) earned from the agency activities as well as the financial advising services activities. The total business net income (loss) will be multiplied by the apportionment factor of 40% for Metro ( $\$4,000,000 / \$10,000,000$ ). The gross income from insurance activities is exempt and is not included in the numerator of the apportionment formula, even though it was derived from business activity performed in the Metro district.

**Note: This rule sunsets 12/31/2022 and does not apply to tax years beginning on or after 1/1/2023. See 7.07 - 1036 for later tax years.**

XX-XX-2023

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Date

Amended XX-XX-2023