

Metro Business Income Tax Administrative Rule 7.07 – 1036

7.07 – 1036 Exemption for Insurance Producers (as Defined in ORS 731.104)

Insurance producers are exempt from filing returns under the Metro Business Income Tax ~~lawsCode~~ 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 ~~lawsCode~~. The gross income from insurance policies and fees remains exempt ~~throughout the apportionment calculation~~ and will not be included in the numerator of the sales factor for apportionment purposes.

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~~ sales factor, even though it was derived from business activity performed in the Metro district.

Note: Applicable for tax years beginning on or after 1/1/2023.

XX-XX-2023

Date

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