

**COMBINED TAX RETURN  
FOR S-CORPORATIONS**

**FORM SC-2020**



Multnomah County  
Business Income Tax  
City of Portland  
Business License Tax



**DUE DATE: 15th day of 4th  
month after taxable year end**  
(Calendar Year Filers: 4/15/2021)

**TAX YEAR**

From: \_\_\_\_\_ to \_\_\_\_\_

ACCOUNT #

FEIN

BZT-

FEDERAL EXTENSION

CEASED BUSINESS

AMENDED RETURN

(attach explanation)

OFFICIAL USE ONLY

NAME

NAICS

MAILING ADDRESS

Check if changed

CITY

STATE/PROV

ZIP CODE

**EXEMPTION**

Exempt - Multnomah County Only

Exempt - City of Portland Only

Exempt - Both Jurisdictions

Total Gross Business Income:  If over \$50,000 attach statement with explanation

**PART I - BUSINESS INCOME**

Attach Federal Form 1120S, 8825 & 1125-E, if filed.

For lines 1 through 5 below, the same number will generally be entered in both columns.

|   | Multnomah County            | City of Portland            |
|---|-----------------------------|-----------------------------|
| 1. Ordinary Income or (Loss) .....  | 1M <input type="text"/>     | 1P <input type="text"/>     |
| 2. Taxes Based On or Measured by Net Income Add-Back .....                          | 2M <input type="text"/>     | 2P <input type="text"/>     |
| 3. Schedule K (lines 2-12) and Oregon Modifications on Form 20-S .....              | 3M <input type="text"/>     | 3P <input type="text"/>     |
| 4. Owner's Compensation Add-Back (# of controlling shareholders _____) .....        | 4M <input type="text"/>     | 4P <input type="text"/>     |
| 5. Adjusted Net Income (sum of lines 1 through 4) .....                             | 5M <input type="text"/>     | 5P <input type="text"/>     |
| 6. Owner's Compensation Deduction (see instructions) <i>Enter as negative sum</i> → | 6M ( <input type="text"/> ) | 6P ( <input type="text"/> ) |
| 7. Subject Net Income (line 5 minus line 6) .....                                   | 7M <input type="text"/>     | 7P <input type="text"/>     |

(Carry the amount from line 7P to the second page of the form.)

**PART II - MULTNOMAH COUNTY BUSINESS INCOME TAX**

|   |                         |                              |
|---|-------------------------|------------------------------|
| 8a. Multnomah County Gross Income .....   | 8a <input type="text"/> |                              |
| 8b. Total Gross Income .....  | 8b <input type="text"/> |                              |
| 8c. Apportionment Percentage (line 8a/8b, cannot be more than 1.0) .....            |                         | 8c <input type="text"/>      |
| 9. Multnomah County Apportioned Net Income (line 7M x line 8c) .....                |                         | 9 <input type="text"/>       |
| 10. Net Operating Loss Deduction (max 75% of line 9) <i>Enter as negative sum</i> → |                         | 10 ( <input type="text"/> )  |
| 11. Income Subject to Tax (line 9 minus line 10) .....                              |                         | 11 <input type="text"/>      |
| 12. Multnomah County Business Income Tax (line 11 x 2%) <b>MINIMUM \$100</b> .....  |                         | 12 <input type="text"/>      |
| 13. Prepayments <i>Enter as negative sum</i> →                                      |                         | 13 ( <input type="text"/> )  |
| 13a. Business Retention Credit <i>Enter as negative sum</i> →                       |                         | 13a ( <input type="text"/> ) |
| 14. Penalty .....   |                         | 14 <input type="text"/>      |
| 15. Interest .....  |                         | 15 <input type="text"/>      |
| 16. Balance Due or (Overpayment) .....  |                         | 16 <input type="text"/>      |
| 17. Reserved  |                         |                              |

Enter the amount from line 7P on page 1 of the form here: 7P

**PART III - CITY OF PORTLAND BUSINESS LICENSE TAX**

Owners of residential property in Portland must attach Schedule R.

|   |     |                         |                          |
|---|-----|-------------------------|--------------------------|
| 18a. Portland Gross Income.....   | 18a | <input type="text"/>    |                          |
| 18b. Total Gross Income .....   | 18b | <input type="text"/>    |                          |
| 18c. Apportionment Percentage (line 18a/18b, cannot be more than 1.0) .....               | 18c |                         | <input type="text"/>     |
| 19. Portland Apportioned Net Income (line 7P x line 18c) .....                            | 19  |                         | <input type="text"/>     |
| 20. Net Operating Loss Deduction (max 75% of line 19) .....                               | 20  | Enter as negative sum → | ( <input type="text"/> ) |
| 21. Income Subject to Tax (line 19 minus line 20) .....                                   | 21  |                         | <input type="text"/>     |
| 22. Portland Business License Tax (line 21 x tax rate of 2.6%) <b>MINIMUM \$100</b> ..... | 22  |                         | <input type="text"/>     |
| 22a. Heavy Vehicle Use Tax (HVT) (see HVT Schedule) .....                                 | 22a |                         | <input type="text"/>     |
| 22b. Reserved .....   |     |                         |                          |
| 22c. Residential Rental Registration Fee (see Schedule R) .....                           | 22c |                         | <input type="text"/>     |
| 22d. Clean Energy Surcharge (reported separately on Form CES, see instructions) .....     |     |                         |                          |
| 23. Prepayments .....   | 23  | Enter as negative sum → | ( <input type="text"/> ) |
| 23a. Business Retention Credit .....  | 23a | Enter as negative sum → | ( <input type="text"/> ) |
| 24. Penalty .....   | 24  |                         | <input type="text"/>     |
| 25. Interest .....  | 25  |                         | <input type="text"/>     |
| 26. Balance Due or (Overpayment) .....  | 26  |                         | <input type="text"/>     |

**PART IV - TAX DUE / REFUND**

|  |     |                          |
|--|-----|--------------------------|
| 27. If the sum of line 16 and line 26 is negative, this is the amount you overpaid ..... | 27  | <input type="text"/>     |
| 27a. Amount from line 27 you want refunded to you .....                                  | 27a | ( <input type="text"/> ) |
| For direct deposit of your refund, file your tax return online at Pro.Portland.gov.      |     |                          |
| 27b. Amount from line 27 you want applied to tax year 2021 .....                         | 27b | ( <input type="text"/> ) |
| 28. If the sum of line 16 and line 26 is positive, this is the amount you owe .....      | 28  | <input type="text"/>     |
| Make check payable to City of Portland. Check # _____                                    |     |                          |

**PART V - SIGNATURE**

The undersigned declares that the information given on this report is true. The undersigned is authorized to act as a representative of the filer. Filers of incomplete returns may be subject to civil penalties of up to \$500.

Signature of Taxfiler \_\_\_\_\_ Date \_\_\_\_\_

Taxfiler Email \_\_\_\_\_ Taxfiler Phone Number (    ) \_\_\_\_\_

Signature of Preparer \_\_\_\_\_ Date \_\_\_\_\_

Preparer's Name \_\_\_\_\_ Preparer Phone Number (    ) \_\_\_\_\_

Mail completed tax return (with supporting tax pages and payment, if applicable) to:

Revenue Division  
111 SW Columbia St. Suite 600  
Portland, OR 97201-5840

Phone (503) 823-5157      FAX (503) 823-5192      TDD (503) 823-6868

## SC-2020 GENERAL INFORMATION (S CORPORATIONS)

### IMPORTANT REMINDERS

**Note:** C corporations should file C-2020.

**Federal Tax Pages.** Be sure to include the following federal tax pages (and statements) and Portland schedules with your SC-2020 Combined Tax Return, even if claiming an exemption from the business taxes:

- Federal Form 1120-S (pages 1 through 4) and statements
- Federal Form 1125-E and statements (if filed)
- Form 8825 and statements (if filed)
- Form 4797 and statements (if filed)
- HVT Schedule, if required (Portland form)
- Schedule R, if required (Portland form)

**There is no extension to pay.** The Revenue Division generally does not allow an extension of time to pay your tax, even if the IRS is allowing an extension. When you request an extension, the extension is for additional time to file your tax return only.

**Manage Your Tax Account Online.** The Revenue Division has launched a new taxpayer portal with new tools that can be used to manage your business tax account. Portland Revenue Online (PRO) allows you to:

- Register your business
- Update your business account information
- File a Combined 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](http://Pro.Portland.gov).

### WHAT'S NEW?

**Increase to Multnomah County Business Income Tax Gross Receipts Exemption Threshold.** For tax years beginning on or after January 1, 2020, businesses whose gross receipts amount to less than \$100,000 may be exempt from Multnomah County Business Income Tax.

The threshold has not changed for the City of Portland Business License Tax. Businesses whose gross receipts amount to less than \$50,000 may be exempt from Portland Business License Tax.

**Increase to Owner's Compensation Deduction.** For tax years beginning on or after January 1, 2020, the maximum Owner's Compensation Deduction has been increased to

\$129,000, per owner, for the City of Portland Business License Tax.

For tax years beginning on or after January 1, 2020, the maximum Owner's Compensation Deduction has been increased to \$127,000, per owner, for the Multnomah County Business Income Tax.

**Increase to Multnomah County Business Income Tax Rate.** For tax years beginning on or after January 1, 2020, the Multnomah County Business Income Tax rate has increased to 2% of apportioned net income.

**Tenants-in-Common.** Tenants-in-Common arrangements (and similar entities that do not have a federal filing requirement) are no longer allowed to file a pro-forma Combined Tax Return. Starting with tax years beginning on or after January 1, 2020, business income from these activities will be required to be reported to the Revenue Division at the owner level only.

**Combined Business Tax Payments.** Starting with tax years beginning on or after January 1, 2021, business tax payments will no longer be required to be separated between the two jurisdictions. Your prepayments will be applied to reduce any calculation of penalties and interest.

**Federal Extensions.** The Revenue Division now accepts federal extensions of time to file. If you have filed a federal extension, attach a copy to your Combined Tax Return.

**Form CES.** For tax years beginning on or after January 1, 2020, the Clean Energy Surcharge (CES) will no longer be included on the Combined Tax Return. All prepayments, refunds, and credit carryforwards for the CES will be reported on Form CES.

### AMENDED RETURNS

The Revenue Division does not have a separate form for amended tax returns. To amend your Combined 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.

If you change taxable income by filing an original or amended federal or Oregon income tax return, you must file an amended Combined 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 Tax Return and explain the adjustments made.

Do not amend your combined 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 tax return, not from your IRS or Oregon income tax return.

On the prepayments line of your amended Combined 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.

## 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 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 1120-S.** Add the sum of the positive numbers reported on lines 1c, 4, and 5 from page 1 of Form 1120-S. Add the sum of the positive numbers reported on lines 3c through 10 of the Schedule K.
- **Form 8825.** Add the positive numbers reported on line 18a. If the S corporation owns any residential rental properties in the City of Portland, make sure to complete and submit a **Schedule R** (with payment, if filing for tax year 2019) 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.

# COMBINED TAX RETURN FILING INSTRUCTIONS

## GENERAL RETURN INFORMATION

**Tax Year.** Enter the beginning and ending dates for your tax year. For calendar year filers, this would be 1/1/2020 to 12/31/2020.

**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 S corporation.

**Federal Extension Box.** Check this box if you filed an extension to file your federal taxes. Attach a copy of your federal extension to your tax return.

**Amended Return Box.** Check this box if you are amending your 2020 tax return. See the Amended Return instructions above for more information about amending your Combined Tax Return.

**Ceased Business Box.** Check this box if you no longer conduct business in the City of Portland and/or Multnomah County. Attach an *Out of Business Notification Form* or an explanation for ceasing your business activity. If you have sold your business, indicate the name and address of the entity you sold your business to.

**Name.** Enter the legal name of the S corporation.

**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.

**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.

## EXEMPTION

**Exempt – Multnomah County Only.** Check this box if you are claiming an exemption from the Multnomah County Business Income Tax only. 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.

**Exempt – City of Portland Only.** Check this box if you are claiming an exemption from the City of Portland Business License Tax only. 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.

**Exempt – Both Jurisdictions.** Check this box if you are claiming an exemption from both business taxes. 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.

**Total Gross Business Income.** Enter the total gross income from all business activity everywhere, as reported on your federal and state income tax returns.

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

- Part I – Business Income
- Part II – Multnomah County Business Income Tax (if claiming an exemption from Multnomah County Business Income Tax)
- Part III – 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 22a (Heavy Vehicle Use Tax) and/or 22c (Residential Rental Registration Fee) and attach the required schedule(s) with your Combined 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 IV – Tax Due / Refund.

## PART I – BUSINESS INCOME

**Note:** Generally, lines 1 through 5 should be the same for both columns (Multnomah County and City of Portland).

**Line 1M/1P. Ordinary Income or (Loss).** Ordinary income is income before distribution to shareholders. Enter the amount from federal Form 1120-S, line 21.

**Line 2M/2P. Taxes Based on or Measured by Net Income Add Back.** Add back City of Portland Business License Tax, Multnomah County Business Income Tax, and other taxes based on or measured by net income that have been deducted to arrive at the net income reported on line 1M/1P. Both columns should include the total tax.

**Line 3M/3P. Schedule K (lines 2 – 12) and Oregon Modifications on Form 20-S.** Enter the total of the amounts from Schedule K lines 2 through 12. 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 the City of Portland and/or Multnomah County. **Attach a schedule for these modifications.**

No deduction is allowed for owner health insurance.

**Line 4M/4P. Owner's Compensation Add-Back.** Enter the number of controlling shareholders. Enter any compensation paid to controlling shareholders (individuals or families who together hold more than 5% of the stock). This includes wages, commissions, salaries (current and deferred), and interest.

See Business Tax Administrative Rule (BTAR) 600-93.9A *Definition of Controlling Shareholders and Calculation of Number of Controlling Shareholders* for additional guidance.

**Line 6M/6P. Owner's Compensation Deduction.** A deduction from adjusted net income (line 5) is limited to the lesser of:

- The compensation reported on line 4M/4P,
- 75% of the amount on line 5M/5P, or
- The number of controlling shareholders multiplied by \$127,000 for the County and \$129,000 for the City.

No deduction is allowed if line 5M/5P is a loss.

## 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.

## PART II - MULTNOMAH COUNTY BUSINESS INCOME TAX

**Line 8a. County Gross Income.** Multnomah County gross income includes income from all business activity within Multnomah County (see Apportionment instructions above).

**Line 8b. Total Gross Income.** Total gross income includes income from all business activity everywhere, as reported on your federal Form 1120-S.

**Line 8c. Apportionment Percentage.** Round to 6 decimal places. This line cannot be more than 1.0.

**Line 10. 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 Tax Returns. This line cannot be greater than 75% of line 9. Any unused NOL may only be carried forward for five years.

**Line 13. 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 13a. Business Retention Credit.** Enter the amount of Business Retention Credit being claimed on the tax return as a negative number here. Please attach Form BRC showing your calculations.

**Line 14. Penalty.** Enter all late and/or underpayment penalties that apply (see instructions below).

**Line 15. Interest.** Enter any quarterly underpayment interest and/or interest due on taxes not paid by their due dates (see instructions below).

**Line 16. Balance Due or (Overpayment).** Add line 12, line 13, line 14, and line 15 to determine if a balance due or an overpayment exists for your Multnomah County Business Income Tax.

**Line 17. Reserved.**

## PART III - CITY OF PORTLAND BUSINESS LICENSE TAX

**Line 18a. Portland Gross Income.** Portland gross income includes income from all business activity within Portland (see Apportionment instructions above).

**Line 18b. Total Gross Income.** Total gross income includes income from all business activity everywhere, as reported on your federal Form 1120-S.

**Line 18c. Apportionment Percentage.** Round to 6 decimal places. This line cannot be more than 1.0.

**Line 20. Net Operating Loss Deduction.** Enter your NOL from previous years as a negative number here. NOLs are allowed only if reported on prior Combined Tax Returns. This line cannot be greater than 75% of line 19. Any unused NOL may only be carried forward for five years.

**Line 22a. 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 22c. Residential Rental Registration Fee.** If you are subject to Portland's Residential Registration Fee, enter the amount due from the Schedule R here.

**Line 22d. Clean Energy Surcharge.** If you are subject to Portland's Clean Energy Surcharge, please file Form CES.

**Line 23. 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 23a. Business Retention Credit.** Enter the amount of Business Retention Credit being claimed on the tax return as a negative number here. Please attach Form BRC showing your calculations.

**Line 24. Penalty.** Enter all late and/or underpayment penalties that apply (see instructions below).

**Line 25. Interest.** Enter any quarterly underpayment interest and/or interest due on taxes not paid by their due dates (see instructions below).

**Line 26. Balance Due or (Overpayment).** Add line 22, line 22a, line 22c, line 23, line 24, and line 25 to determine if a balance due or an overpayment exists for your City of Portland Business License Tax.

## PART IV - TAX DUE / REFUND

**Line 27. Overpayment.** If the sum of lines 16 and 26 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 27a. Refund.** Enter the amount of the overpayment you would like refunded to you on this line. If you would like direct deposit, please file your Combined Tax Return online at Pro.Portland.gov.

**Line 27b. Credit Carryforward.** Enter the amount of the overpayment you would like to apply as an estimated payment for tax year 2021 on this line. This election is irrevocable.

**Line 28. Combined Amount Due With Report.** If the sum of line 16 and line 26 is positive, a balance is due.

Make your check payable to 'City of Portland.'

## PENALTY CALCULATION

You may be subject to penalties for underpaying your estimated tax, filing a late Combined 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 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 be 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 12 (Multnomah County) and line 22 (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 percent underpayment penalty on the unpaid amount.

## LATE FILING PENALTY

You must pay a 5 percent penalty of the total tax liability if you do not file your Combined 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 extension with your Combined Tax Return when you file by the extended due date.

An additional penalty of 20% of the tax must be added if the Combined Tax Return is four months or more past due. Any Combined Tax Return which is delinquent for three or more consecutive years accrues an additional penalty of 100% of the tax.

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

## LATE PAYMENT PENALTY

Your 2020 business tax must be paid by April 15, 2021, even if you requested an extension to file your Combined Tax Return. You must pay a 5 percent penalty 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 payment is four months or more past due.

## INTEREST CALCULATION

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

Quarterly underpayment interest will be due if quarterly estimated payments were required and were underpaid.