Chapter 318

1973 REPLACEMENT PART

Corporation Income Tax

318.010 Short title; Department of Revenue to administer chapter
318.020 Imposition of tax
318.030 Incorporation of certain provisions of corporate excise tax into corporation income tax law
318.040 Exempt corporations
318.044 Depreciation allowance in computing net income
318.046 Net losses of prior years allowed as deduction in computing net income
318.048 Reacquisition of real property used to secure indebtedness; treatment of debt
318.050 Computation of tax upon change of taxable status or tax rate
318.060 Rules and regulations; personnel
318.070 Disposition of revenue

CROSS REFERENCES

Administration of revenue laws generally, Ch. 305

Associations, trusts or other unincorporated organization, income tax liability, 316.277

Business trusts, distributions subject to personal income and corporate excise and income tax provisions, 316.279

Change of tax rate or taxable status, 317.096

Corporate excise and income tax liability of business trusts, 316.279

Estimated tax procedure for corporate excise and income tax, 314.505 to 314.525

General provisions relating to income taxation, Ch. 314

Relocation assistance from public condemnor, business or farm operation required to submit tax returns, 281.070

State development credit corporation, exemption, 63.340

Tax Court, Oregon, 305.405 to 305.555

Verification of documents filed under tax laws, falsification prohibited, 305.810, 305.815

When tax document deemed filed with tax official, 305.820

318.010 Short title; Department of Revenue to administer chapter. This chapter shall be known and may be cited as the Corporation Income Tax Act of 1955, and it shall be administered by the Department of Revenue.
[1955 c.334 §1]

318.020 Imposition of tax. (1) There hereby is imposed upon every corporation for each taxable year a tax at the rate of eight percent upon its net income derived from sources within this state after August 3, 1955, other than income for which the corporation is subject to the tax imposed by the Corporation Excise Tax Law of 1929 (ORS chapter 317) according to or measured by its net income. For tax years beginning on and after January 1, 1957, the tax rate shall be six percent.

(2) Income from sources within this state includes income from tangible or intangible property located or having a situs in this state and income from any activities carried on in this state, regardless of whether carried on in intrastate, interstate or foreign commerce.

(3) The 1961 amendments to this section shall apply to net income derived from sources within this state after August 3, 1955.
[1955 c.334 §2; 1957 c.607 §9; 1957 c.633 §1; 1961 c.55 §1; subsection (3) enacted as 1961 c.55 §2]

318.030 Incorporation of certain provisions of corporate excise tax into corporation income tax law. It being the intention of the Legislative Assembly that this chapter and the Corporation Excise Tax Law of 1929 shall be administered as uniformly as possible (allowance being made for the difference in imposition of the taxes and the operative date of this chapter), the provisions of ORS 305.140, 305.150, 314.405, ORS chapter 314 and of the following sections of ORS chapter 317, as amended on or before August 3, 1955, and as they may thereafter be amended, are incorporated into this chapter by this reference and made a part hereof: ORS 317.010, 317.030, 317.035, 317.072, 317.080, 317.105, 317.110, 317.120, 317.155, 317.160, 317.165, 317.170, 317.175, 317.206, 317.210, 317.216 (except that wherever the words "December 31, 1928" or "January 1, 1929" appear, there shall be substituted "August 3, 1955"), 317.220, 317.225, 317.228, 317.231, 317.236 to 317.241, 317.245, 317.248, 317.249, 317.251, 317.255, 317.260, 317.262, 317.265 (except that subsection (4) shall read: "Taxes which became due and payable before January 1, 1956"), 317.270, 317.275, 317.280, 317.290, 317.295, 317.300, 317.305, 317.320, 317.325, 317.360, 317.395, 317.510, 317.515 and this section.
[1955 c.334 §3; 1957 c.74 §3; 1965 c.154 §5; 1965 c.460 §5; 1967 c.592 §10; 1969 c.166 §7; 1969 c.493 §§96, 96a, 1969 c.681 §7; 1971 c.283 §5; 1973 c.115 §6; 1973 c.753 §7]

Note: The 1973 amendments to 318.030 by chapter 115, Oregon Laws 1973, apply to tax years ending after December 31, 1971. See 1973 c.115 §7.

Note: The 1973 amendments to 318.030 by chapter 753, Oregon Laws 1973, apply to tax years ending on and after October 5, 1973. See 1973 c.753 §8.

318.040 Exempt corporations. In addition to the corporations exempt from the provisions of this chapter by the incorporation in this chapter of ORS 317.080, there shall also be exempt those foreign corporations whose activities in this state are confined to purchases of personal property, and the storage thereof incident to shipment outside the state, unless such foreign corporation is an affiliate of another foreign or domestic corporation which is doing business in Oregon or is subject to this chapter. Whether or not corporations are affiliated shall be determined as provided in ORS 317.360.
[1955 c.334 §4]

318.044 Depreciation allowance in computing net income. (1) In computing net income there shall be allowed as a deduction a reasonable allowance for the depreciation, exhaustion, wear and tear and obsolescence of property used in the business. In no case shall the total amount recoverable through the depreciation allowance over the life of the property be in excess of the basis of the property as computed under subsection (5) of this section.

(2) "Reasonable allowance," as used in subsection (1) of this section, includes an allowance computed in accordance with regulations prescribed by the department under any of the following methods:

(a) The straight-line method;

(b) The declining balance method, using a rate not exceeding twice the rate which would have applied had the annual allowance been computed under paragraph (a) of this subsection;

(c) The sum-of-the-years digits method; and

(d) Any other consistent method approved by the department.

(3) The regulations prescribed by the department pursuant to this section shall be designed to permit the adoption and use by the taxpayer of a uniform method of computing its allowance for depreciation for the purposes of this chapter and for federal income tax purposes, except that any change in federal regulations adopted after December 31, 1970, shall not be given consideration by the department.

(4) Paragraphs (b), (c) and (d) of subsection (2) of this section shall apply only in the case of property (other than intangible property) described in subsection (1) of this section with a useful life of three years or more:

(a) The construction, reconstruction or erection of which is completed after December 31, 1956, and then only to that portion of the basis which is properly attributable to such construction, reconstruction or erection after December 31, 1956; or

(b) Acquired after December 31, 1956, if the original use of such property commences with the taxpayer and commences after such date.

(5) The basis recoverable through depreciation allowance in respect of any property shall be:

(a) In the case of property acquired before January 1, 1929, the cost of the property (or, in the case of property acquired other than by purchase, the fair market value of the property at the date of acquisition) less depreciation properly chargeable against the property prior to January 1, 1929.

(b) In the case of property acquired after December 31, 1928, the same basis as for gain or loss upon the disposition of such property as provided in ORS 317.210 to 317.220.

[1957 (s.s.) c.15 §§14, 15; 1971 c.724 §2]

318.046 Net losses of prior years allowed as deduction in computing net income. (1) In computing net income there shall be allowed as a deduction an amount equal to the aggregate of the net losses of prior years to the extent provided in this section.

(2) As used in this section, "net loss" means the total of the deductions allowed by this chapter in arriving at net income, reduced by the gross income, if any, with a limitation provided in subsection (3) of this section.

(3) In computing the net loss for any taxable year the net loss for a prior year shall not be allowed as a deduction.

(4) (a) The net loss in any taxable year shall be allowed as a deduction in any of the five succeeding taxable years.

(b) The amount of the net loss deductible in any taxable year shall be the net loss of a prior year reduced by the net income (computed without the net loss deduction) of any intervening taxable year or years between the year of loss and the succeeding taxable year in which the net loss deduction is claimed.

(c) The net loss of the earliest taxable year shall be exhausted before a net loss from a later year may be deducted.

(5) For the purpose of establishing a net loss under this section, an original or amended return for any taxable year may be filed, at the option of the taxpayer, with the department within the period during which a claim for refund might be filed for the same taxable year under ORS 314.415. The filing of any such original or amended return shall not operate to extend the period during which the department might otherwise assess any tax for such taxable year or during which the taxpayer might otherwise file a claim for refund of taxes paid with respect to such year.

(6) This section, including the 1959 amendments, applies only to net losses occurring after December 31, 1956.

[1957 (s.s.) c.15 §§16, 17; 1959 c.92 §3]

318.048 Reacquisition of real property used to secure indebtedness; treatment of debt. If a sale of real property gives rise to indebtedness to the seller which is secured by the real property sold, and the seller of such property reacquires such property in partial or full satisfaction of such indebtedness, then, except as provided in ORS 314.155 and 314.165, no gain or loss shall result to the seller from such reacquisition, and no debt shall become worthless or partially worthless as a result of such reacquisition.

[1965 c.178 §6]

318.050 Computation of tax upon change of taxable status or tax rate. If the taxable status of a corporation under this chapter changes, or if any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then tentative taxes shall be computed by applying the

rate for the period before the effective date of the change, and the rate for the period on and after such date, to the taxable income for the entire taxable year, and the tax for such taxable year shall be the sum of that proportion of each such tentative tax which the number of days in each such period bears to the number of days in the entire taxable year. A corporation shall be deemed to have changed its taxable status on the effective date of this Act (August 3, 1955), or of any subsequent Act under which it first becomes subject to this chapter; and a corporation which at any time ceases to be subject to this chapter shall be deemed to have changed its taxable status at that time.

[1955 c.334 §6]

318.060 Rules and regulations; personnel. The Department of Revnue is authorized to employ such personnel, and prescribe and prepare such rules, regulations, forms and tables as are necessary to place this chapter in operation.

[1955 c.334 §7; 1957 c.528 §5]

318.070 Disposition of revenue. The net revenue from the tax imposed by this chapter shall be paid over to the State Treasurer and held by him in the General Fund as miscellaneous receipts available generally to meet any expense or obligation of the State of Oregon lawfully incurred. A working balance of unreceipted revenue from the tax imposed by this chapter may be retained by the Department of Revenue for the payment of refunds, but such working balance shall not at the close of any fiscal year exceed the sum of $50,000.

[1955 c.334 §5]

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Thomas G. Clifford, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
on November 1, 1973.

Thomas G. Clifford
Legislative Counsel