

The Revenue Division administers both the City of Portland Business License Tax Program and the Multnomah County Business Income Tax Program. Request further information or forms as needed from the Division at 111 SW Columbia, Suite #600, Portland, OR 97201-5840 or go to www.portlandoregon.gov/biztax.

INSTRUCTIONS FOR PARTNERSHIP, LP, LLC, LLP, JOINT VENTURE OR TENANTS IN COMMON/ENTIRETY RETURN - 2018

Note: Please enter your business code below your FEIN. You may find this code in Section C of page 1 of federal Form 1065.

1. Ordinary income is income before distribution to partners, on federal Form 1065, line 22. If a joint venture or tenants-in-common elect to not file as partnership, please combine individual net incomes from the joint venture or rental activities on line 1.
2. Add back Multnomah County and City of Portland business income/license tax and other taxes measured by net income deducted to arrive at net income (line 1). Both line 2M and line 2P should include the total (County plus City) tax.
3. Add (subtract) Schedule K lines 2-3 and 5-13. Also add (subtract) any Oregon modifications related to business and other pass-through income (loss) by entities already licensed/taxed by Portland/Multnomah County and attach a schedule. No deduction is allowed for owner health insurance or IRC 743 adjustments.
4. Enter number of general partners (GPs). Also enter the number of limited partners (LPs) paid compensation and/or interest and the total amount of compensation and interest paid to these LPs. Add all compensation (guaranteed payments, interest, wages and salary) paid to all partners (GPs and LPs) and enter this amount in the far right column. *Members of LLCs shall be deemed general or limited partners by Division written policy (available at www.portlandoregon.gov/biztax).*
6. A deduction of up to 75% of the total income (line 5) is allowed for general partnerships but cannot exceed \$106,000 for the County and \$125,000 for the City per general partner listed on line 4. General partners who are owners of capital in a limited partnership are allowed this deduction regardless of direct compensation paid. However, deductions for limited partners cannot exceed limited partner compensation included on line 4. No deduction is allowed if line 5 is a loss.

Apportionment (line 8 and line 18) **Multiple factor apportionment methods are not allowed.**

Gross income includes all income (gross receipts, service income, interest, dividends, income from contractual agreements, gross rents and gains on sale of business property). With few exceptions, income in the City is also in Multnomah County. Income may be apportioned only if there is regular business activity outside the City/County. Services performed outside the City/County may be apportioned based upon 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 jurisdiction.

MULTNOMAH COUNTY BUSINESS INCOME TAX

Multnomah Employees: Enter average sum of full-time and part-time employees working in Multnomah County during tax year.

8. County gross income includes income from all activity within the County (see apportionment instructions above). Enter the gross income within the County as the numerator of the fraction and gross income everywhere as the denominator of the fraction. Divide to determine the rate that Subject Net Income is apportioned to Multnomah County. Round apportionment rate to six places.
10. Net Operating Losses (as previously reported on line 9 of prior combined returns) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned income for the current year.
13. Enter all prepayments (quarterly, extension payments and credit carried forward from prior years).
14. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions below).
15. Interest on taxes not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
16. Total lines 12, 13, 14 and 15 to determine balance due or (overpayment) for Multnomah County Business Income Tax.
17. Overpayments may be refunded, credited forward and/or transferred between programs.

Penalty calculation (line 14 and line 24)

A penalty of 10% (5% late penalty plus 5% underpayment penalty) of the tax must be added if the report and tax are filed and paid past the due date. An additional penalty of 20% of the tax must be added if the report is more than four months past due. Any report which is delinquent three or more consecutive years accrues an additional 100% of the tax as penalty. No late penalty is due if a timely extension is filed with the Division and a return is filed by the extended due date. No underpayment penalty is due if a timely prepayment is made which is at least 90% of the total tax on line 12 (County) and at least 90% of the tax on line 22 (City), or 100% of the prior year's tax.

CITY OF PORTLAND BUSINESS LICENSE TAX

Portland Employees: Enter average sum of full-time and part-time employees working in Portland during tax year.

18. Portland gross income includes income from all activity within Portland (see apportionment instructions above). Enter the gross income within Portland as the numerator of the fraction and gross income everywhere as the denominator of the fraction. Divide to determine the rate that Subject Net Income is apportioned to City of Portland. Round apportionment rate to six places.
20. Net Operating Losses (as previously reported on line 19 of prior combined returns) are allowed a maximum carryforward of five (5) years. The annual deduction cannot exceed 75% of the apportioned income for the current year.
23. Enter all prepayments (quarterly, extension payments, credit carried forward from prior years).
24. Enter all late and/or underpayment penalties that apply (see penalty calculation instructions above).
25. Interest on taxes not paid by the original due date (April 15 for calendar year taxpayers) is calculated at 10% per annum (.00833 x no. of months). Calculate interest from original due date to the 15th day of the month following the date of payment.
26. Total lines 22, 22a, 23, 24 and 25 to determine balance due or (overpayment) for the City of Portland Business License Tax.
27. Overpayments may be refunded, credited forward and/or transferred between programs. You may also apply a portion or all of your overpayment as a donation to the "Work for Art" program.* Transfers between programs occur as of the postmark date of request.
28. **If payment is due, make check payable to City of Portland.** Also include additional Work for Art donations on line 27.

*A donation to "Work for Art," a program of the Regional Arts & Culture Council, may be made by reducing your refund due or by paying an amount in addition to the combined amount due. Any designated donation is final. Go to www.workforart.org for additional information.

(If you choose to pay by check, you authorize the City of Portland, Revenue Division to convert your check to an electronic debit. Funds may be withdrawn from your account upon receipt, and you will not get your check back. Please call with questions, or to permanently opt out.)

ATTACH DETAILED SCHEDULES FOR NOL DEDUCTIONS OR OTHER DEDUCTIONS FROM INCOME