

FAQ FORMULA SERIES

International FAQ Issue # 78 November 17, 2020 TAXES FOR CANADIAN BUSINESSES IN THE USA: OREGON

Question:

What state taxes does a Canadian business pay in Oregon?

Answer:

Sales Tax

The Oregon sales tax rate is currently 0%. However, Oregon counties and cities have the right to impose a sales tax at the local level.

Use Tax

The Oregon use tax rate is currently 0%.

Unemployment Tax (Payroll Tax)

If you have employees working in Oregon, you must pay unemployment taxes on their gross wages up to the taxable wage base (\$42,100 as of 2020). The tax rate varies from 0.7% - 5.4%.

Corporation Excise Tax (Income Tax)

The corporate excise tax applies to corporations based in Oregon, the tax claims 6.6% of the first \$10 million of income in the state and 7.6% on all income above \$10 million. Businesses not set up as corporations are mostly shielded from Oregon's corporation excise tax. However, certain non-corporation business types must pay a minimum excise tax of \$150.

Corporate Activity Tax (Income Tax)

In addition to the state's current corporate income tax, businesses in Oregon may have responsibilities under the Corporate Activity Tax (*CAT*). Only taxpayers with more than \$1 million of taxable Oregon commercial activity will have a payment obligation. Businesses subject to the *CAT* will be taxed at a rate of 0.57% on taxable receipts less deductions. The *CAT* is an annual calendar year tax.

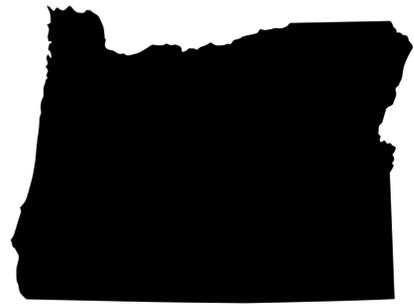
Discussion:

Availability of Treaty benefits:

Income taxes in the USA are almost always treated as income taxes by the Canadian government. Thus, in the majority of cases, if you pay tax in the state you don't pay tax again in Canada unless the Canadian rate is higher.

Recommendation:

If you are considering business in Oregon, including online sales to businesses and residents in Oregon, please contact GGCPA's at www.gilmour.ca/contact and we can advise on the best structure to reduce or minimize the impact of the taxes.



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