

## Income/Franchise:

### City of Portland Revenue Division Posts Voluntary Disclosure Information on Portland Metro Area's Business Income Taxes

*Tax Administration Policy – Voluntary Compliance*, City of Portland, Or. (3/14/24). Tax Administration Policy for the City of Portland, Oregon (City) issued updated voluntary compliance guidance on the City of Portland Business License Tax, Multnomah County Business Income Tax, and Metro SHS Business Income Tax – explaining that a “limitation on the number of prior year tax payments with a new, unsolicited return is appropriate” to assist businesses with compliance and to encourage future compliance. The guidance states that a taxpayer seeking voluntary compliance for open years may do so using one of two options, and that to qualify for the penalty waiver in either option, the tax returns with payment of tax, interest (which may include quarterly underpayment interest), and applicable penalty must be filed and paid before the City Revenue Division notifies the taxpayer of a potential filing requirement. According to the guidance, eligible taxpayers may either:

**URL:** <https://www.portland.gov/revenue/policy-voluntary-compliance>

1. Report and pay all taxes due, plus interest for all years of unreported business activity, and “upon receipt of returns with payment of taxes and interest, penalties will be waived upon written request,” or
2. Report and pay all taxes, interest, and penalties for the current year plus three prior years only, and “the penalty will be limited to 25% of the taxes and/or fees due each year.”

The guidance includes an illustrative example, and notes that the City Revenue Division’s voluntary compliance policy “only limits the calculation of penalties and the number of years required to be filed,” and that “nothing in this policy should be construed to limit or expand any other element in the tax calculation, including the owner’s compensation add back and deduction or net operating loss deductions.” Please contact us with any questions.

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