

WHAT DOES MEASURE 67 MEAN TO MY BUSINESS?

With the Jan. 26, 2010, passage of Measure 67 in Oregon, taxes on corporations with sales in the state will increase retroactively to 2009. C corporations will pay a higher minimum tax and higher corporate income tax on income in excess of \$250,000. Other business entities will pay an increased minimum tax, based on revenue, regardless of profits.

- ❖ There are two tax changes at work with C-Corporations. First there is now a minimum tax, which is paid regardless of whether or not there are taxable profits or tax losses in the Corporation. Second, there are rate changes for C-Corporations with taxable profits.
- ❖ The C-Corporation minimum tax has increased from \$10 to a bracketed system ranging from \$150 to \$100,000. (Revenues ranging from \$500,000 to \$100,000,000.)
- ❖ The C-Corporation tax rate on taxable income is raising from a flat 6.6% to a two tiered system:
 - 6.6% tax rate on the first \$250,000 of taxable income
 - 7.9% tax rate on taxable income in excess of \$250,000
- ❖ All pass-through entities now have a \$150 minimum tax per return
 - The S-Corporation minimum tax has increased from \$10 to \$150
 - The Partnership tax (including LLC's that file as partnerships) has increased from \$0 to \$150.
- ❖ Owners of pass-through entities will have a higher rate of tax apply. See "What Does It Mean to Me Personally?"

THINGS TO CONSIDER:

- ❖ These tax changes are retroactive to January 1, 2009.
- ❖ These tax changes make the planning and interplay between shareholders and the corporation all the more critical.
- ❖ If your company is a C-Corporation, are you eligible to switch to an S-Corporation?
- ❖ If you have multiple entities subject to the new taxes, consider simplifying your entity structure and having fewer entities.

If you have questions regarding your specific situation, please contact any one of our tax professionals.

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