



CITY OF
PORTLAND, OREGON

BUREAU OF LICENSES
An Equal Opportunity Employer

Thomas Lannom, Director
111 SW Columbia St., Suite 600
Portland, OR 97201
(503) 823-5157
Fax: (503) 823-5192
TDD: (503) 823-6868

March 17, 2004

Dear Tax Professional:

The Bureau of Licenses has clarified its policy regarding the waiver of penalties. These changes were made to ensure compliance with existing Portland City Code and Multnomah County Code provisions. These changes apply to the City of Portland Business License and Multnomah County Business Income Tax programs only.

As a result of the changes, more defined criteria will be used to determine whether a penalty waiver request will be granted. A copy of the revised Penalty Assessment Policy is enclosed and can be found on our website at www.licenses.ci.portland.or.us. With the April 15th tax deadline approaching for most of our filers, we would like to inform you of the policy change as well as provide information to help prevent your clients from being assessed penalties.

If your client cannot file a return by the original due date, they should 1) file a six-month extension request *directly with* the Bureau of Licenses and 2) make sure that the client has paid in the current year's estimated liability (including the School Funding Surcharge on line 22b).

The amount paid in includes quarterly estimates, overpayments from the prior year's return and extension payments. The payments must be properly allocated between County Tax and City Fee. We do not have the authority to find out directly from the Internal Revenue Service or the Oregon Department of Revenue whether a taxpayer has filed a Federal or Oregon extension. **Therefore, we must receive a separate extension, even if no additional tax/fee is due.** If they cannot accurately estimate the current liability, then the option is to pay at least the prior year's liability (including the School Funding Surcharge on line 22b) with the extension request.

The safest way to avoid penalties is to have all prepayments equal the prior year's total liability **and** file a timely extension. If a calendar year 2003 taxpayer files an extension request on or before April 15, 2004 and encloses a payment equal to the prior year's tax and fee liability (and this payment is properly allocated between the County and City), no penalties will be due for the 2003 tax year as long as the actual return is filed by October 15, 2004. Interest may still be due, but not penalties.

If you have any questions or need additional information, please contact our office.

Sincerely,

Thomas Lannom
Interim Director