Administrative Rule 200.95-1

"Doing Business" for an Estate

An estate is a tax reporting entity under Business License and Business Income Tax laws. Both laws recognize that an estate is a temporary entity created the day after the death of an individual for the purpose of the valuation and distribution of the individual's assets. The estate shall be viewed in a manner similar to an individual for purposes of determining whether an estate is doing business in Portland and Multnomah County.

> Example 1: Upon Sam Hill's death, his assets passed into an estate until final distribution to his heirs. Mr. Hill's estate consists of three residential rental units along with a portfolio of stocks and bonds he held for investment that was not connected with a trade or business. These assets generate income to the estate in the form of rents, dividends and interest. Since this combination of activities is exempt for an individual, the estate is not doing business in the City and County, and is not required to be licensed or file an income tax report.
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> Example 2: Donna Martin owned a commercial building, three residential rentals and a portfolio of stocks and bonds. Ms. Martin was licensed for her rental activities (commercial and residential). Upon Ms. Martin's death, the estate must also obtain a business license and pay the business income tax. Since the rental activities are not exempt activities for an individual, they are not exempt for the estate. All income items from the business activities are used in both the determination of net income and the apportionment calculation as directed in Administrative Rule 400.93-1.

Adopted: 9/26/95

(PCC 7.02.200 / MCC 5.60.200)