Terri Williams, Manager
License & Tax Division
Revenue Bureau
111 SW Columbia, Room 600
Portland, Oregon 97201-5840
(503) 823-5157
FAX (503) 823-5192
TTY (503) 823-6868

CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer
Thomas W. Lannom, Revenue Bureau Director

Exemption for Certain Foster Care Payments Policy

Certain foster care providers are exempt from filing returns under the Business License Tax and Business Income Tax Laws ONLY when the provider's entire gross income arises **solely** from certain foster care payments defined in Internal Revenue Code Section 131. The foster care provider loses this filing exemption if the provider has gross income from non-qualifying foster care payments or any other business activity subject to Business License or Business Income Tax Laws. Gross incomes from qualified foster care payments are considered with other business gross receipts to qualify for the exemption based upon gross receipts. The net income as reported in the Federal Schedule C has already excluded qualifying payments. This net income is taxable income for both the City of Portland and Multnomah County if the total gross income of **both** qualified and non-qualified gross receipts is equal to or exceeds $50,000.

> Example: Paul Green, a foster care provider has gross income from qualified foster care payments $56,400 a year and also receives $23,600 in gross foster care payments that are not qualified under Internal Revenue Code Section 131. He has expenses of $15,000 resulting in a net income of $8,600 ($23,600 less $15,000). The foster care facility is located within the County and City.
>
> Mr. Green is not exempt from payment of the City Business License Tax and County Business Income Tax because his gross receipts from **all** business activity exceed $50,000. He will be required to pay City and County tax upon the $8,600 net income of his foster care business.

6/28/11 — Thomas Lannom

Date — Director, Revenue Bureau

Adopted 4-11-1995
Revised 2010, 2011