

Business Tax Administrative Rule 500.19-5

Clean Energy Surcharge (CES) - Penalties & Interest

Portland City Code (PCC) 7.02.500(F)(4), titled "Effective Date and Penalties," imposes penalties and interest on Large Retailers who file late or underpay the CES. PCC 7.02.700 and PCC 7.02.710 impose penalties and interest on business entities that file late or underpay their liability for Business License Tax (BLT) and are directly referenced in PCC 7.02.500(F)(4) to calculate penalties and interest for CES. BLT and CES are each looked at separately when determining the amount of penalties and interest due.

Per PCC 7.02.500(F)(4), no underpayment interest for failure to make quarterly estimated payments for CES will be charged or imposed for the 2019 tax year. All other penalties and interest under PCC 7.02.700 and PCC 7.02.710 will be imposed for all tax years of CES.

Example 1

Large Retailer A underpays its BLT obligation in a year after enactment of CES and is subject to penalties and interest on BLT. If Large Retailer A does not underpay its CES obligation, it is not subject to penalties and interest on the CES amount.

Example 2

Large Retailer B underpays its CES obligation and is subject to CES penalties and interest but pays its BLT obligation in full. Large Retailer B is subject to CES penalties and interest but is not subject to BLT penalties and interest.

Example 3

Large Retailer C underpays both its CES and BLT obligations. Large Retailer C is subject to CES penalties and interest and BLT penalties and interest, each calculated independently.

Example 4

Large Retailer D overpays its BLT by \$500,000 and underpays its CES by \$500,000. Large Retailer D is subject to CES penalties and interest.