

Oregon EMPLOYER'S Guide



Corporation Division

Secretary of State

FilingInOregon.com

Dear Oregon Entrepreneur,

Welcome to *The Oregon Employer's Guide*.

The Secretary of State, Corporation Division publishes this guide, but many state agencies worked to provide this information on government registration and licensing requirements for businesses. This guide provides basic information and a general checklist to guide you through the process of hiring employees.

The Corporation Division also publishes a separate guide to help when starting a business. [The Oregon Start a Business Guide](#) provides a general checklist for the process of starting your business, along with information on key contacts and business assistance programs to help you start and operate your business.

Use the guides independently or together, depending on the specific needs of your business.

For further information, contact:

Secretary of State, Corporation Division

Public Service Building
255 Capitol St. NE, Ste. 151
Salem, OR 97310-1327

(503) 986-2200

Corporation.Division@state.or.us

www.FilingInOregon.com

PUBLICATION LIMITATIONS

The participating government agencies share all information allowed by law and help each other enforce compliance with the individual programs. If you have any questions about the material covered in this booklet, please contact the appropriate agency. Phone numbers are listed in each section along with material provided by the agency. Information in this publication is not a complete statement of laws and administrative rules.

The State of Oregon has made every effort to ensure accuracy of the information at publication, but it is impossible to guarantee that the information remains continuously valid.

This publication is updated periodically; assistance with corrections and additions is welcome. Please email suggestions to Corporation.Division@state.or.us.

Secretary of State, Corporation Division

Public Service Building
255 Capitol St. NE, Suite 151
Salem, OR 97310-1327

(503) 986-2200

Corporation.Division@state.or.us

www.FilingInOregon.com

EMPLOYER'S CHECKLIST

Hiring employees requires a great deal of preparation. The following is a basic checklist of recommendations to help you when hiring the first employee for your business.

1. Starting Out - Determine Employer Status

- Employer Employee
 Independent Contractor
-

2. Obtain Federal Tax ID Number

3. Obtain Workers' Compensation Insurance

- Who Needs Coverage? How Do I Get Coverage?
 What it Provides Compliance
 Workers' Compensation Assessments
-

4. File Combined Employer Registration Forms

- Who is an Employee? Due Dates
 Requirements Get a Business Identification Number (BIN)
-

5. State and Federal Withholding Tax

- Who must Withhold? Requirements
-

6. State and Federal Unemployment Tax

- Who pays State Unemployment Tax? Requirements
 Who Pays Federal Unemployment Tax?
-

7. Obtain Immigration & Naturalization I-9 Forms for Each Employee

8. Report New Hires to Department of Justice, Division of Child Support

9. Contact BOLI for Employer Information

- Required Employer Compliance Posters
-

10. Determine If You Comply With ADA

11. Contact Oregon-OSHA About Safety & Health Regulations

TABLE OF CONTENTS

WHO IS AN EMPLOYER?	1
Oregon Withholding Tax Definition:	1
Oregon Unemployment Tax Definition:	1
Workers' Benefit Fund (WBF) Assessment Definition:	1
WHO IS AN EMPLOYEE?	2
WHO IS AN INDEPENDENT CONTRACTOR?	2
Independent Contractor Standard for Oregon Department of Revenue; Employment Department; Architect Examiners; Landscape Architect; Contractors and Landscape Contractors Boards.....	2
Independent Contractor Standard for Workers' Compensation	3
Independent Contractor Standard for BOLI and US Department of Labor.....	3
Independent Contractor Standard for the Internal Revenue Service (IRS)	4
Who to Contact for Help?	4
Independent Contractor Website Information.....	5
EMPLOYER IDENTIFICATION NUMBERS (EIN)	6
General Information.....	6
Apply for Tax Identification Number (SS-4)	6
OBTAIN WORKERS' COMPENSATION INSURANCE.....	7
Who Needs Coverage?.....	7
Who is an Employer?	7
Exempt Employees.....	7
What Workers' Compensation Coverage Provides	8
How do I get Workers' Compensation Insurance Coverage?	8
Notice of Compliance	9
Worker Leasing	9
Penalties for Noncompliance	9
Workers' Compensation Assessments.....	9
Reports Due Each Quarter.....	10
REGISTERING FOR PAYROLL TAX REPORTING.....	11
File Combined Employer's Registration	11
Oregon Business Identification Number (BIN)	12
REPORTING AND PAYING COMBINED PAYROLL TAXES.....	13
Reporting Requirements.....	13
Reporting Options.....	14
Forms.....	14
Payment Address.....	14
Electronic Funds Transfer (EFT)	14
Final Payroll.....	14
Keep Your Records	15
OREGON WITHHOLDING TAX.....	16
If You Are an Employer.....	16
Oregon Based Employers	16
Out of State Employers.....	17
Taxable Wages	17

Reimbursable Expenses.....	17
Withholding on Distributions from IRAs, Annuities and Compensation Plans.....	17
What about Farm Workers?	18
Exempt Wages.....	18
How to Compute Withholding Tax.....	19
Allowances.....	19
Voluntary Withholding for Civil Service Annuitants.....	19
Voluntary Withholding for Retired Members of the Armed Forces.....	20
Common Pay Agent	20
Payment Due Dates	20
Alternate Payment Method.....	20
Annual Withholding Reconciliation Report.....	21
W-2 Forms	21
Reporting W-2 information	21
Reporting 1099 Information.....	21
Penalty and Interest.....	22
Failure to File.....	22
Dishonored Checks or Electronic Payments	22
Bonding Requirements	22
Liability.....	22
Need More Information	23
DEPARTMENT OF REVENUE OFFICES.....	23
OREGON UNEMPLOYMENT INSURANCE TAX	24
Employers Who Must Pay Unemployment Insurance (UI) Tax	24
Who is an Employee?	24
Taxable Payroll.....	24
Tax Rates.....	24
Nonprofit Organizations	25
Religious Organizations	25
Corporations	25
Limited Liability Companies and Limited Liability Partnerships.....	25
Government Units and Political Subdivisions.....	25
Reports Due Each Quarter.....	26
Domestic (In Home) Employer Reports.....	26
Delinquent Taxes and Late Reports	26
Change in Organization or Sale	26
Employer Ceases to be Subject to UI Tax.....	26
Outreach and Education	26
Need More Information?	26
TRANSIT DISTRICT TAXES	27
General Information.....	27
Service Areas	27
TriMet Transit District ZIP Code List.....	27
ZIP Codes Completely in TriMet Transit District.....	27
ZIP Codes Partially in TriMet Transit District.....	27
Lane Transit District ZIP Code List	27
Who Must File and Pay a Transit Tax on Payroll?	28
Exempt Payroll	28
How to Register.....	28
How to Figure the Transit Payroll Excise Tax	29
When and How to File.....	29

Penalty and Interest.....	29
How to Close Your Transit Payroll Tax Account.....	29
For More Transit Payroll Tax Information	29
Who Must File and Pay a Transit Self-Employment Tax?.....	29
For More Transit Self Employment Tax Information	29
TAX LIABILITY REFERENCE CHART.....	30
WORKERS' BENEFIT FUND (WBF) ASSESSMENT	33
Who Reports and Pays the WBF Assessment.....	33
How to Calculate the WBF Assessment	33
Reporting and Paying.....	33
Late or Incorrect Payments and Reports	34
How to Update or Close Your WBF Assessment Account.....	34
Need More Information?	34
EMPLOYEE WITHHOLDING FORMS (W-4 FORM)	35
W-4 Form	35
Internal Revenue Service	35
Who Must Withhold Federal Taxes?.....	35
Social Security and Medicare Taxes	35
Reporting Requirements.....	35
Deposit Schedules & Electronic Federal Tax Payment System (EFTPS)	36
\$2,500 Rule	37
\$100,000 One-Day Rule	37
Agricultural Employers	37
Non-Payroll Items	37
Electronic Deposit of Taxes	37
Annual and Final Reporting.....	38
Penalties and Interest	38
Who Pays Federal Unemployment Tax?	38
Reporting.....	38
How to get Forms.....	38
IMMIGRATION & NATURALIZATION I-9 FORMS.....	39
General Information.....	39
OREGON CHILD SUPPORT PROGRAM.....	40
New Hire Reporting	40
Electronic Funds Transfer (EFT)	40
CONTACT BUREAU OF LABOR AND INDUSTRIES (BOLI)	41
Services Offered	41
Resource Materials.....	41
OREGON MINIMUM WAGE	41
POSTERS REQUIRED FOR EMPLOYERS	42
Background.....	42
Bureau of Labor and Industries Required Posters	42
State Minimum Wage Poster	42
Family Leave Posters.....	42
Fair Labor Standards Act.....	42
Equal Employment Opportunity Commission Poster	42
Safety and Health Poster.....	43

Workers' Compensation Notice of Compliance	43
Employment Insurance Notice (Form 11)	43
COMPLY WITH AMERICANS WITH DISABILITIES ACT.....	44
Background.....	44
CONTACT OREGON OSHA	45
General Information.....	45
Services Offered	45
Field Office Numbers.....	45
EMPLOYEE HEALTH INSURANCE ASSISTANCE.....	46
Oregon Health Insurance Marketplace.....	46
Small Business Guide to Insurance and Worksite Safety	47
WORKSOURCE OREGON EMPLOYMENT DEPARTMENT	48
Recruitment Services at No Additional Charge.....	48
Work Opportunity Tax Credit (WOTC).....	49
Foreign Labor Certification Program.....	49
Veteran Services for Employers	50
Special Requirements for Federal Contractors	50
Child Care Services for Employers	50
Work Share Program.....	50
UNDERSTAND UNEMPLOYMENT INSURANCE BENEFITS.....	51
Qualifying	51
Disqualifications and Penalties.....	51
Working and Receiving Benefits	52
Notice of Claim Filed (Form 220)	52
Inquiries from Other States	52
Reporting a Job Refusal	52
Fraud.....	52
HEARINGS	53
Purpose and Process	53
LABOR MARKET INFORMATION.....	54
Information on the Internet	54
Labor Market Information Publications	54
UNCLAIMED PROPERTY	54
Complying with Oregon's Unclaimed Property Law	54
OREGON IDENTITY THEFT PROTECTION ACT	55
OFFICE OF SMALL BUSINESS ASSISTANCE	56

WHO IS AN EMPLOYER?

Oregon law differs from federal law and from state agency to state agency. Please contact the individual agency programs for further information. For more information, contact the Department of Revenue at 503-945-8091, the Employment Department at 503-947-1488, or the Department of Consumer and Business Services at 503-947-7815.

Oregon Withholding Tax Definition:

If you pay someone to work for you, are in charge of the way the job is done, and have the right to direct and control the worker, the worker is probably your employee (ORS 316.162(3) or OAR 150-316.167(1)).

According to Oregon law for withholding tax purposes, **an employer is:**

- A person or an organization for whom a worker performs a service as an employee;
- A person who has the right to hire and fire an employee;
- A person who provides the tools and a place to work;
- A person who directs and controls the work of another person;
- An officer or employee of a corporation or a member, partner, or other employee of a partnership who is responsible to comply with withholding tax provisions of the income tax law.

An employer may be an individual, corporation, partnership, estate, trust, association, joint venture, or other unincorporated organization. Religious, educational, charitable, and social organizations can also be employers, even though such organizations may be exempt from paying income tax.

Oregon Unemployment Tax Definition:

Any individual or organization with employees working for pay is an employing unit. Employing units, which meet any of the following criteria, are employers for purposes of Employment Department law:

1. Employers, other than agricultural or domestic employers, who:
 - Pay \$1000 or more to employees in a calendar quarter, or
 - Have one or more employees in each of 18 separate weeks during any calendar year.
2. Employers who employ agricultural workers, and:
 - Pay \$20,000 or more in cash wages in a calendar quarter, or
 - Have 10 or more employees in each of 20 weeks during a calendar year.
3. Employers who employ domestic (in home) workers in a personal residence and pay \$1,000 or more in cash wages in a calendar quarter.

Workers' Benefit Fund (WBF) Assessment Definition:

To determine whether you are subject to the WBF assessment, you first need to know whether you need or want workers' compensation insurance coverage. See the section "*Obtain Workers' Compensation Insurance*" in this guide.

Oregon law requires almost all employers to carry workers' compensation insurance on their employees that work in Oregon. However, general guidelines that have evolved in the courts over many years complicate determining whether you need workers' compensation insurance for specific work situations. If you are trying to make this determination, contact the Employer Compliance Unit of the Department of Consumer and Business Services Workers' Compensation Division at 503-947-7815.

For purposes of the WBF assessment, you are required to report and pay the WBF assessment if:

- 1) You have workers for whom you are required by Oregon law to provide workers' compensation insurance coverage, 2) you choose to provide workers' compensation insurance coverage for yourself or any others that receive remuneration even though Oregon law does not require the coverage or 3) you have any paid individuals

performing personal support work who are eligible for workers' compensation insurance coverage under House Bill 3618 (2010).

WHO IS AN EMPLOYEE?

An employee is anyone who performs services for pay for another person or organization under the direction and control of the person or organization. Even when the employer gives the employee freedom of action, the person performing the service may still be considered an employee.

What really matters is that the employer has the legal right to control the method and the result of the services, even though the employer may not always exercise that right.

Corporate officers, whether a C corporation or an S corporation, who are paid for working for the corporation are considered employees of the corporation and are subject to withholding tax requirements (ORS 316.162, OAR 150.316.162).

For workers' compensation purposes, one must rely on general guidelines that have evolved in the courts to make the distinction between an "employee" and an "independent contractor." If you have questions, contact the Employer Compliance Unit at 503-947-7815.

WHO IS AN INDEPENDENT CONTRACTOR?

In Oregon, workers may only be classified as independent contractors if they meet the provisions of laws and court decisions that define independent contractor and employer-employee relationships.

The provisions vary for some agencies; you should read this entire section and check with agency representatives if you need more information.

Independent Contractor Standard for Oregon Department of Revenue; Employment Department; Architect Examiners; Landscape Architect; Contractors and Landscape Contractors Boards

For these agencies, independent contractors are defined in ORS 670.600: This law considers service providers to be independent contractors if they:

- Are free from direction and control, subject to the right of the service recipient to specify the desired result.
- Are licensed under ORS 671 or 701 (Construction Contractors Board, Landscape Contractors Board, State Landscape Architect Board, or State Board of Architect Examiners) if required for the service.
- Are customarily engaged in an independently established business (if they meet three out of five requirements listed below):
 1. **Maintain a business location that is:**
 - a. Separate from the business or work location of the service recipient; or
 - b. In a portion of their own residence that is used primarily for business.
 2. **Bear the risk of loss**, shown by factors such as:
 - a. Entering into fixed price contracts;
 - b. Being required to correct defective work;
 - c. Warranting the services provided; or
 - d. Negotiating indemnification agreements or purchasing liability insurance, performance bonds, or errors and omissions insurance.
 3. **Provide contracted services for two or more different persons within a 12-month period;** or routinely engage in business advertising, solicitation, or other marketing efforts reasonably calculated to obtain new contracts to provide similar services.
 4. **Make a significant investment in the business** through means such as:

- a. Purchasing tools or equipment necessary to provide services;
- b. Paying for the premises or facilities where the services are provided; or
- c. Paying for licenses, certificates or specialized training required to provide the services.

5. Have the authority to hire and fire other persons to provide assistance in performing the services.

A person who files tax returns with a Schedule F and performs agricultural services reportable on a Schedule C is not required to meet the independently established business requirements (1 through 5).

Forming a business entity, such as a corporation or limited liability company, does not by itself establish that the individual providing services will be considered an independent contractor. For more information, contact:

Employment Department	503-947-1488
Oregon Department of Revenue	503-945-8091

Independent Contractor Standard for Workers' Compensation

For worker's compensation purposes, an independent contractor must be free from direction and control and even free from another's right to direct and control. The following tests are used in the determination of independent contractor status.

Right to Control:

- Direct evidence of the right to, or the exercise of, actual control.
- The method of payment (a contractor's pay will relate more to completion of a job).
- The furnishing of equipment falls to the independent contractor.
- The right to dismiss. Can either party terminate the contract? Can the person be dismissed at will? Does the person have the authority to hire someone to work alongside? If either party pulls out early, a legitimate contract with an independent contractor will make provision for breach of contract.
- Can the "contractor" accept or refuse a job? Since services of an independent contractor are not ongoing, the independent contractor has the right to refuse or accept jobs.
- Was a bid made for the job? Were multiple bids taken or sought by the person seeking to retain a service?
- An independent contractor sets his or her own hours within the period of who "let" the contract. Meeting time demands is an element of a contract.
- The independent contractor can use his or her own methods to accomplish the intended result.
- Was the contractor subject to monitoring beyond checking progress?

Nature of Work:

- Consider the character of the work or business. Is it a separate calling?
- How much is the work a regular part of the hiring entity's business?
- How skilled is it?
- Is the work continuous or intermittent? Continuous ongoing service is indicative of employment rather than independence.
- Is the duration sufficient to amount to the hiring of continuous services as distinguished from contracting for completion of a particular job?
- To what extent may it be expected to carry its own accident burden? An independent contractor will carry responsibility for the work product.

For more information, and if you are trying to determine whether you need worker's compensation insurance for a specific work situation, contact the Workers' Compensation Employer Compliance Unit at 503-947-7815, or go online to [view more information](#).

Independent Contractor Standard for BOLI and US Department of Labor

The Bureau of Labor and Industries (BOLI) and the US Department of Labor use criteria established through court cases, known as the "economic realities" test, to make determinations on independent contractor status.

The Economic Realities Test:

No single factor is determinative; however, the following is used to gauge the degree of the worker's economic dependency on the employer:

- The degree of control exercised by the alleged employer.
- The extent of the relative investments of the worker and the alleged employer.
- The degree to which the worker's opportunity for profit and loss is determined by the employer.
- The skill and initiative required in performing the job.
- The permanency of the relationship.

NOTE: US Department of Labor and Oregon Bureau of Labor and Industries use the above test for minimum wage and/or overtime claims, or for discrimination claims. For information, contact BOLI at 971-673-0824.

Independent Contractor Standard for the Internal Revenue Service (IRS)

The Internal Revenue Service (IRS) uses a 20-factor control test to determine employer control of the independent contractor or employee. Please go [online for more information](#), or call 1-800-829-4933.

The 20-Factor Test:

1. Do you provide instructions as to when, where and how work is performed?
2. Did you train the worker in order to have the job performed correctly?
3. Are the worker's services a vital part of your company's operation?
4. Is the person prevented from delegating work to others?
5. Is the worker prohibited from hiring, supervising and paying assistants?
6. Does the worker perform services for you on a regular and continuous basis?
7. Do you set the hours of service for the worker?
8. Does the person work full time for your company?
9. Does the worker perform duties on your company's premises?
10. Do you control the order and sequence of the work performed?
11. Do you require workers to submit oral or written reports?
12. Do you pay the worker by the hour, week or month?
13. Do you pay for the worker's business and travel expenses?
14. Do you furnish tools or equipment for the worker?
15. Does the worker lack a "significant investment" in tools, equipment and facilities?
16. Is the worker insulated from suffering a loss as a result of the activities performed for your company?
17. Does the worker perform services solely for your firm?
18. Does the worker not make services available to the general public?
19. Do you have the right to discharge the worker at will?
20. Can the worker end the relationship without incurring any liability?

Note: There is no single factor that controls who is an independent contractor. Before deciding that you or someone else is an independent contractor, it is important to consider all of the facts and the consequences. Failure to do so could lead to fines, penalties, and considerable legal expense. Anyone considering hiring an independent contractor or becoming one, should consult their legal advisor and the appropriate government agencies.

Who to Contact for Help?

Bureau of Labor and Industries (BOLI)	971-673-0824
Employment Department	503-947-1488
Department of Revenue	503-945-8091
Internal Revenue Service	1-800-829-4933
Workers' Compensation Division (DCBS)	503-947-7815

Independent Contractor Website Information

Oregon has an independent contractor informational page [on the web](#). You will find information to help you understand more about this issue, including:

- Answers to questions that a business owner or a worker might ask
- Links to individual agencies, contact information, laws and rules
- Things to consider for specific types of business

EMPLOYER IDENTIFICATION NUMBERS (EIN)

General Information

All businesses, except certain sole proprietors, are required to obtain a federal employer identification number (EIN).

- [Application for EIN](#) requires identification of responsible party
- [Responsible party](#) for Employer Identification Number
- [Business name change](#) for an EIN
- [Use of Nominees](#) in the EIN Application Process

How to update Incorrect Information

- [When do you need a new EIN?](#)

If you have any questions regarding the federal tax identification number, contact your local IRS office or:

Internal Revenue Service

1220 SW 3rd Avenue

Portland, OR 97204

1-800-829-4933

www.irs.gov

Apply for Tax Identification Number (SS-4)

To obtain a Federal Tax Identification Number, you must complete an SS-4 form. SS-4 forms are available at all IRS offices, or the IRS will send you a form if you call 1-800-829-3676. The application is also [available online](#).

You may either apply online, phone in, fax, or mail the form to the IRS. Be sure you include a daytime phone number on the application, in case additional information is required.

Online: A provisional number will be assigned immediately when the form is [submitted online](#). A letter confirming your EIN number will be mailed two to three weeks after the form is processed.

Phone: 1-800-829-4933

You will need a completed SS-4 in hand.

Fax: You can fax the completed [Form SS-4 \(PDF\)](#) application to your state fax number (see Where to File – Business forms and Filing Addresses), after ensuring Form SS-4 contains all of the required information. If it is determined the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type. If the taxpayer's fax number is provided, a fax will be sent back with the EIN within four (4) business days.

Mail: **Internal Revenue Service**
Attn: EIN Operation
Cincinnati, OH 45999
Fax – TIN: (859) 669-5760

You will receive your EIN number by mail in four to five weeks.

OBTAIN WORKERS' COMPENSATION INSURANCE

Who Needs Coverage?

All employers doing business in Oregon, with very few exceptions, are subject to the Oregon Workers' Compensation Law. Employers must obtain workers' compensation insurance before they employ. Failing to provide workers' compensation coverage will subject employers to penalties and liability for all claims costs if an employee is injured on the job.

This section will provide you with basic information on who must have workers' compensation insurance, how to obtain it, and how the workers' compensation programs are financed.

For general questions regarding workers' compensation insurance, or if you know of a potential non-complying employer, contact:

Department of Consumer and Business Services
Workers' Compensation Division, Employer Compliance Unit
PO Box 14480
Salem, OR 97309-0405
503-947-7815

Email: wcd.employerinfo@state.or.us

Internet site: www.oregonwcd.org

Who is an Employer?

If you pay someone to work for you, are in charge of the way the job is done, or have the right to direct and control the worker, the worker is probably your employee.

The Oregon Supreme Court has ruled that, for workers' compensation purposes, the independent contractor checklist used by other agencies does not prove someone is or is not an employee. If you are trying to determine whether you need workers' compensation insurance for a specific work situation, contact the Employer Compliance Unit at 503-947-7815.

Exempt Employees

Some workers do not have to be covered by workers' compensation, even if they are employees. These workers are usually called "exempt" workers. Here are some of the most common exemptions:

- **Sole proprietors.** If you are a sole proprietor, you do not need coverage on yourself.
- **Partners.** In construction, exempt partners are limited to two, unless all partners are family members (related as parent, daughter, son, daughter-in-law, son-in-law, grandchild, spouse, or sibling). In other industries, most partners do not need coverage. However, the partners must be real partners, with the right to make business decisions.
- **Private residence workers.** People working for you at your home. This includes workers doing cleaning, home health care (unless they are personal support workers who are provided with workers' compensation insurance under House Bill 3618 (2010)), gardening, maintenance, and even remodeling. It does not include laborers constructing a new home.
- **Casual labor.** If your total payroll is always less than \$500 within any 30-day period, your workers are "casual" and do not have to be covered by workers' compensation. However, if your payroll ever reaches \$500 within any 30-day period, workers' compensation is required going back to day one of when the worker(s) started and must remain in effect as long as work continues.

- **Some corporate officers.** Corporate officers don't have to be covered by workers' compensation if they are:
 - 1) on the board of directors, and
 - 2) an owner of at least 10 percent of the stock or an amount equal to the average held by all stockholders.
 The ownership requirement does not apply to most family-run farms.

In the construction or timber industries, this same rule applies if all corporate officers are family members. Otherwise, the number of exempt officers in these two industries is limited to:

- 1) two corporate officers, or
 - 2) one corporate officer for each 10 employees, whichever is more.
- **Most limited liability company members.** Most members are exempt, except in the construction trade. In construction, exemptions are only allowed if the company is registered with the Construction or Landscape Contractors Boards, then all members are exempt if they are all part of the same family. Otherwise, exemptions are limited to two members or one per 10 employees, and they must have substantial ownership interest in the company.
 - **Workers from out-of-state.** Employers from other states who temporarily bring their out-of-state employees into Oregon do not usually need Oregon coverage. However, coverage is required if you hire any Oregon workers or if you come from a state that does not recognize Oregon's coverage in that state.

If sole proprietors, partners, corporations, or limited liability companies are working under a contract, they must also qualify as independent contractors to be exempt. For more information, contact the Workers' Compensation Division, Employer Compliance Unit at 503-947-7815.

What Workers' Compensation Coverage Provides

Costs of injured workers' claims are paid by the insurer or directly by employers who are certified as self-insured. Claims costs include all medical expenses related to compensable accepted claims for injury, as well as payments to workers while temporarily or permanently disabled. It also provides payments to dependents if the worker dies as a result of occupational injury or disease.

How do I get Workers' Compensation Insurance Coverage?

In Oregon there are two methods to get workers' compensation insurance coverage: 1) through an insurance company, or 2) by self-insurance.

Insurance Companies: You can obtain insurance from any insurer authorized to provide workers' compensation in Oregon. This includes one insurer (SAIF Corporation) that is owned by the State, and more than 300 that are privately owned. Many of these insurers sell policies through agents. Often the agency that handles your other business insurance will also write your workers' compensation insurance. Some insurers will deal directly with you, and a few have made special arrangements to provide workers' compensation through business organizations or associations. The Department of Consumer and Business Services has an Ombudsman for Small Business who will be glad to discuss different options with you. Call 503-378-4209 for assistance.

The Oregon Insurance Plan: The Oregon Insurance Plan is a mechanism to allow all Oregon employers the ability to obtain workers' compensation insurance. The National Council on Compensation Insurance (NCCI) administers the plan. If you are turned down by at least one insurer, you can apply for coverage through NCCI. NCCI will make an assignment of your account to one of the Oregon insurers. It is advisable to continue to "shop" for better rates. You can start the application process through NCCI by calling toll free 1-800-622-4123 and ask for the Oregon desk. You can also visit the website at www.ncci.com.

Self-insurance: You may be able to qualify as a self-insured employer. This option is usually only available to very large employers, because the employer must have the resources to pay for major claims.

You must have special bonding and be certified by the Workers' Compensation Division (WCD) to be self-insured. To find out about the requirements for being certified as a self-insured employer, contact the WCD Self-Insurance Certification Program at 503-947-7716 or 503-947-7699.

Notice of Compliance

Once you purchase workers' compensation insurance, is there anything else you need to do? Yes, Oregon law requires that the employer take a second step after buying the insurance. The employer must be sure the insurance company files proof of coverage with the Workers' Compensation Division.

When proof of coverage has been filed, the Workers' Compensation Division mails the employer a Notice of Compliance certificate. The employer must post this notice where employees will see it. If an employer does not properly post this notice, the employer can be fined.

When you receive your Notice of Compliance, you know you have valid workers' compensation insurance in force. If you pay for your insurance and do not receive a Notice of Compliance within 30 days, check to be sure your insurance company has filed your workers' compensation insurance proof of coverage. If you have questions about your proof-of-coverage filing or the Notice of Compliance, call 503-947-7814.

Worker Leasing

If you do not want to bother with obtaining workers' compensation insurance yourself, there is an alternative. You can hire your employees through a 'worker leasing company.' By contract, the leasing company will take over your payroll, workers' compensation insurance and most other paperwork. Worker leasing companies must be licensed with the Workers' Compensation Division to do business in Oregon. To ensure you are contracting with a licensed worker leasing company, call the Workers' Compensation Division, Employer Compliance Unit at 503-947-7815. There are potential liabilities under worker leasing arrangements when the worker leasing company is not licensed in Oregon for such activity. For a list of licensed worker leasing companies [visit our website](#).

Penalties for Noncompliance

When the Workers' Compensation Division discovers you do not have required workers' compensation coverage, you are subject to a fine. The penalty for a first offense is two times the amount of premium you should have paid for insurance, with a minimum of \$1,000. If you continue to employ without coverage, the penalty is \$250 per day with no limit on the total fine. The Workers' Compensation Division may seek a court injunction to force you to stay in compliance; if you disobey the injunction, you are subject to additional sanctions including jail time.

The expenses that result when a worker is injured can be even more costly than the penalties. By law, a noncomplying employer is financially responsible for the same benefits insured workers receive. The law requires that a certified claims agent process the claim and you pay the fee for this processing on top of the claim benefit costs. The total bill can be hundreds of thousands of dollars. Bankruptcy cannot protect you from certain noncomplying employer obligations. Business owners cannot avoid personal liability by forming a corporation or limited liability company, because corporate officers, directors, limited liability company members and managers are personally liable for penalties and claim expenses. In addition, lawsuit protection does not apply to a noncomplying employer; an injured worker can also file civil suit against a noncomplying employer and collect whatever amount the court awards.

Workers' Compensation Assessments

Employers pay an assessment on workers' compensation insurance premiums through their insurer to the Department of Consumer and Business Services. This premium assessment pays certain costs of the department's operations.

Another assessment, the Workers' Benefit Fund (WBF) assessment, is used to fund the Workers' Benefit Fund maintained by the department. The assessment rate is determined in the fall of each year and is preprinted on employers' Oregon Quarterly Tax Report (Form OQ) forms. The total WBF assessment is calculated based on the number of hours or part of an hour each employee works; half is withheld from the employee's wages and half is paid by the employer; the employer reports and pays the total amount with other state payroll taxes through Oregon's Combined Payroll Tax Reporting System.

The WBF assessment is allocated to programs that assist workers and the dependents of those workers. Part of this money is used to increase monthly payments to workers who are permanently and totally disabled and to surviving spouses and children of workers who have died as the result of an occupational injury or illness.

Part of the remainder is used to encourage the employment or reemployment of previously injured or disabled workers. The Workers' Compensation Division offers two programs through its Employment Services Team to encourage and support the reemployment and early return to work of injured workers. The Employer-at-Injury and Preferred Worker programs offer work site modification, wage subsidy, premium exemption relief, and subsidy of the cost of tools, equipment, and other related items required for employment. Employers interested in hiring employees who qualify for the Preferred Worker Program (PWP) can use the PWP Job Match to post current job openings. [Job Match can be viewed here](#). You may contact these programs at 503-947-7588 or 1-800-445-3948.

Reports Due Each Quarter

All employers who are required by law or elect to carry workers' compensation insurance are required to report and pay the Workers' Benefit Fund assessment. You report and pay this assessment using Oregon combined payroll tax forms (Form OQ and Form OTC) along with other State payroll taxes administered by the Oregon Department of Revenue and Employment Department.

If you must report and pay withholding, unemployment, or transit taxes, see the section "[File Combined Employer's Registration Form](#)" for information on registering for this combined filing. If you are not subject to these other payroll taxes, but carry workers' compensation insurance in Oregon, the Workers' Compensation Division will register you for a State business identification number (BIN) and send you Oregon combined payroll tax forms for reporting and paying the Workers' Benefit Fund assessment. Employers generally must file these reporting forms quarterly by the last day of the month following the end of each calendar quarter. Some agricultural and domestic (in home) employers are eligible to report their payroll taxes, including the WBF assessment, annually. See section, "[Workers' Benefit Fund \(WBF\) Assessment](#)", in this guide for more information.

The total amount due must be sent to the Department of Revenue with an Oregon Tax Coupon (OTC) by the quarterly reporting due date. Employers who file reports after the due date or who fail to pay their assessments on time may be subject to penalties, in addition to interest and assessment owed. For more information on reporting and paying the WBF assessment, write or call:

Department of Consumer and Business Services
CSD/WC Assessments Unit
PO Box 14480
Salem, OR 97309-0405
503-378-2372

Email: wbfassess.fabs@oregon.gov

Internet site: <http://www.oregon.gov/DCBS/Pages/wbf.aspx>

Business Assistance

The Small Business Ombudsman for Workers' Compensation serves as an independent advocate for small businesses by providing information and assistance regarding workers' compensation insurance and claims processing matters. Contact the ombudsman in Salem by calling 503-378-4209, or [on the internet](#).

The U.S. Small Business Administration National Ombudsman's mission is to assist small businesses when they experience excessive or unfair federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation or other unfair enforcement action by a federal agency. Contact the SBA Ombudsman by calling 888-734-3247 (888-REG-FAIR), or [on the internet](#).

REGISTERING FOR PAYROLL TAX REPORTING

File Combined Employer's Registration

Before issuing any Oregon paychecks, an employer is required to register with the State of Oregon by filing a Combined Employer's Registration form with the Oregon Department of Revenue to receive a Business Identification Number (BIN). The Combined Employers Registration Form (Form 150-211-055) can be found in [PDF format](#) or you can [complete the form electronically](#). If you do not have access to a computer, you can call the Department of Revenue at 503-945-8091 to request a copy of the form. Fax or mail the registration to the address at the bottom of the form (ORS 316.202 or OAR 150-316.202(1)).

Note: Employers must complete a new Combined Employer's Registration form (as well as a Business Change in Status Form) if the structure of the business changes, for example, from a sole proprietorship to corporation or partnership.

Within three weeks, the Department of Revenue will assign your business a Business Identification Number (BIN). The BIN is the employer's account number used for all payroll taxes that are a part of the Oregon Combined Payroll Tax Reporting System. The Employment Department will send you information on options to file your quarterly payroll reports.. The Oregon payroll taxes include withholding and transit taxes administered by the Department of Revenue, unemployment insurance taxes administered by the Employment Department, and the Workers' Benefit Fund assessment administered by the Department of Consumer and Business Services.

Read the separate sections in this guide on withholding (see [Oregon Withholding Tax](#)), unemployment insurance (see [Oregon Unemployment Insurance Tax](#)), and transit taxes (see [Transit District Taxes](#)) to determine if wages you are paying are subject to these taxes. There are differences among each taxing agency in who is considered an employer and an employee. Some wages may be subject to one tax, but not to another. A reference chart (see [Tax Liability Reference Chart](#)) compares the liability for withholding, unemployment insurance, and transit taxes for certain types of wages.

In addition, read the sections in this guide on workers' compensation insurance (see [Obtain Workers' Compensation Insurance](#)) and the Workers' Benefit Fund assessment (see [Workers' Benefit Fund \(WBF\) Assessment](#)) to determine whether you need workers' compensation insurance and are subject to the Workers' Benefit Fund assessment. Even though the law may not require you to carry workers' compensation insurance, if you choose to carry coverage or your workers are provided with coverage under House Bill 3618 (2010), you and your covered workers are subject to the Workers' Benefit Fund assessment.

For State Withholding, TriMet, or Lane Transit payroll tax information, contact:

By mail:

Oregon Department of Revenue
PO Box 14800
Salem, OR 97309-0920

In person:

955 Center Street NE, Room 135
Salem, OR 97301-2555
503-945-8091

On the internet:

www.oregon.gov/DOR

Email questions answered at:

payroll.help.dor@state.or.us

The **Payrolltax-News** email list provides employers with complete and up-to-date payroll tax information. Employers can [subscribe to this email list](#). Representatives in the Business Division will send information to employers through this list.

For Unemployment Insurance tax information, contact:

By mail:

Oregon Employment Department
875 Union Street NE
Salem, OR 97310
503-947-1488

On the internet:

www.oregon.gov/EMPLOY/TAX

For Workers' Benefit Fund assessment information, contact:

By mail:

Department of Consumer and Business Services
350 Winter St. NE
CSD/WC Assessments Unit
PO Box 14480
Salem, OR 97309-0405

In person:

Labor and Industries Building
Fourth Floor
Salem, OR 97310
503-378-2372

On the internet:

<http://www.oregon.gov/DCBS/Pages/wbf.aspx>

Note: Most corporations, whether a C corp. or S corp., are required to file the Combined Employer's Registration form for purposes of withholding and unemployment insurance taxes because corporate officers receiving any remuneration for their services to the corporation are considered employees of the corporation.

Oregon Business Identification Number (BIN)

Complete the Combined Employers Registration form to obtain a Business Identification Number (BIN).

The BIN is used when reporting, paying, or making inquiries about your withholding, unemployment insurance, transit taxes, and the Workers' Benefit Fund assessment. Many other Department of Revenue programs, including corporate excise and income taxes, also use the BIN.

It is important that you include your BIN on all correspondence, returns, and payments that you file with the Department of Revenue, Employment Department, and the Department of Consumer and Business Services.

If you do not know your BIN, contact the Department of Revenue at 503-945-8091 or toll free in Oregon at 1-800-356-4222.

Note: Your Oregon Business Identification Number (BIN) is not the same as your registry number issued by the Oregon Secretary of State, Corporation Division.

REPORTING AND PAYING COMBINED PAYROLL TAXES

Reporting Requirements

You must file and pay Oregon combined payroll taxes by the due date as long as you maintain an account as an employer with the Oregon Department of Revenue, Employment Department, or Department of Consumer and Business Services even if you had no payroll for the reporting period. Payroll reports must be filed if you had payroll, even though there may not have been any tax withheld (ORS 316.202 or OAR 150-316.202(1)).

How to determine which filing requirement applies to your situation:

- **Quarterly reporting due dates.** Due dates are the same for your Oregon report as for the federal quarterly return (federal Form 941):

Quarter	Period Ending	Return Due date
1 st Jan-Feb-Mar	March 31	April 30
2 nd Apr-May-Jun	June 30	July 31
3 rd Jul-Aug-Sep	Sept. 30	Oct. 31
4 th Oct-Nov-Dec	Dec. 31	Jan. 31

- **Quarterly filing requirement.** Most Oregon employers are required to file and pay their Oregon payroll taxes quarterly. However, certain smaller agricultural and domestic (in-home) employers are eligible to file annually. (See below.)
- **Filing requirements for agricultural employers.** Agricultural employers who file federal Form 943 (Employer's Annual Tax Return for Agricultural Employees) may file their Oregon withholding tax reports quarterly. To report withholding taxes annually, an agricultural employer may not have any employees who are not classified as agricultural. State withholding tax deposits are due the same time as federal deposits.

Even when an agricultural employer reports withholding taxes annually, whether that employer reports other payroll taxes annually or quarterly depends on the following:
 - If the employer is subject to transit taxes or the Unemployment Insurance tax, all state payroll taxes other than state withholding must be reported quarterly.
 - If the employer reports withholding taxes annually, is not subject to transit taxes or the Unemployment Insurance tax, but is subject to the WBF assessment, the WBF assessment may be reported annually.
- **Filing requirements for domestic (in-home) employers.** Many domestic employers are subject only to the Unemployment Insurance tax, and may file quarterly using Form OQ or annually using Form OA Domestic. If you wish to change your filing method from quarterly to annually (or vice versa), a written request is required. While Oregon income tax withholding is not required for household employees, this tax may be withheld if the household employee requests this of their employer and the employer agrees. In addition to domestic employers (e.g. sororities, fraternities, and in-home care providers) who are required by law or who choose to provide workers' compensation insurance for their workers, employers of all personal support workers who are eligible for workers' compensation insurance coverage under House Bill 3618 (2010) must report and pay the WBF assessment on whatever schedule is used for Unemployment Insurance taxes.
- **Annual reporting due date.** Form WA, Form OA Domestic, and Form OQ for agricultural annual filers of the WBF assessment are due January 31 after the tax year.

Reporting Options

- **OTTER** - You can file by secure server using the computer-based OTTER software program. Filing by OTTER will provide field validations and once the report is submitted, you will receive a filing confirmation email. The software is free; download from www.oregon.gov/EMPLOY/TAX. For assistance, call 503-947-1544.
- **SETRON** - Web-based Secure Employer Tax Reporting Online (SETRON) allows any employer with up to 50 employees to report using the Internet. SETRON is on the Employment Department's website at: www.oregon.gov/EMPLOY/TAX.
- **Telephone (IVR)** - If you have no payroll or subject hours to report for all payroll tax programs, you can file a "no payroll/no hours worked" report by telephone, 24 hours a day, 7-days-a-week. Call 503-378-3981. The system does not issue a confirmation number and only accepts your report after you complete the entire call.
- **Paper** - Oregon Combined Payroll Tax Reports – If you do not have access to a computer and need to request a paper Oregon Combined Payroll Tax Report packet, call the Oregon Employment Department at 503-947-1488, or go to <http://findit.emp.state.or.us/tax/forms.cfm>.

Forms

Every year, the Oregon Employment Department sends filing instructions for Oregon quarterly combined payroll tax reporting and annual domestic and agricultural reporting to registered employers. If you use a payroll service, you may not receive this information. Lack of receiving this information is not a good reason for failure to file a report or failure to pay the tax by the due date. If you need filing information, call the Oregon Employment Department at 503-947-1488 or go to <http://findit.emp.state.or.us/tax/forms.cfm>.

Payment Address

Every December, the following year's supply of Form OTC (Oregon Combined Tax Payment Coupon) is mailed to registered employers who are not paying electronically. Send all payments directly to the Oregon Department of Revenue, PO Box 14800, Salem, OR 97309-0920. Send a coupon with every payment, including payments you make with reports. Do not substitute Form OTC with Form OQ. To learn more about paying electronically, see the Electronic Funds Transfer (EFT) section below.

Electronic Funds Transfer (EFT)

You may make combined payroll tax payments by using the Department of Revenue's EFT program. You can initiate payments via a touch-tone telephone, a secure Internet site, or through your financial institution.

You must pay your Oregon combined payroll taxes electronically if you pay your federal tax liability electronically.

If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate voluntarily.

Before making EFT payments, a business must have an authorization agreement filed with the Department of Revenue. Information and authorization agreements are available at <http://www.oregon.gov/DOR/programs/businesses/Pages/default.aspx> or by calling the EFT help-message line at 503-947-2017.

Final Payroll

If you have stopped doing business or no longer have employees, you can close your Oregon combined payroll tax account. To close your account for withholding, unemployment insurance, and transit tax purposes, you must fill out the [Business Change in Status Form](#) and fax to 503-947-1700 or mail to Employment Department, 875 Union Street NE Room 107, Salem, OR 97311-0030. The form is available online at <http://www.oregon.gov/DOR/programs/businesses/Pages/default.aspx>

Filing the Business Change in Status Form alone will not close your combined payroll tax account for purposes of the WBF assessment, because you remain liable for reporting the WBF assessment so long as you have active workers' compensation insurance in Oregon. Not all businesses choose to cancel their workers' compensation insurance when they cease to have payroll (particularly if they envision it to be temporary). Therefore, the Department of Consumer and Business Services cannot rely on the Business Change in Status Form alone to close your WBF assessment account.

If you have closed your business or no longer have employees and wish to cancel your workers' compensation insurance policy, you must contact your workers' compensation insurance company. Your WBF assessment account will remain open as long as your workers' compensation insurance coverage is active and on file with Oregon. If you have cancelled your coverage or maintain coverage with no covered individuals "just in case" you may need it in the future, you can expedite termination of your WBF assessment reporting liability while you have no coverage or no covered workers by completing the "Corrections and Changes Notification for WBF Assessment" form. This form is available from DCBS by calling 503-378-2372 or [on the internet](#).

Keep Your Records

Workers' Benefit Fund assessment-related payroll records must be kept for the current and three previous years. All other payroll records (including withholding tax information) must be kept for at least six years after you file the reports.

OREGON WITHHOLDING TAX

The Oregon Department of Revenue is responsible for administering the state's withholding tax program. The department understands that the many withholding laws, regulations, and requirements can be confusing for employers. The following information is intended to answer employers' questions and concerns about withholding taxes. The department encourages you to call 503-945-8091 if you need additional information, or you may email questions to Payroll.help.dor@Oregon.gov.

Employers with employees who live or work in Oregon must:

- Withhold tax from employee wages at the time the wages are paid.
- Make payments using the same due dates for federal withholding tax and FICA tax deposits.
- File combined tax returns in addition to making the required payments.

If You Are an Employer

If you pay someone to work for you, are in charge of the way the job is done, have the right to direct and control the worker, the worker is probably your employee.

According to Oregon law for withholding tax purposes, an employer is defined as:

- A person or an organization for whom a worker performs a service as an employee, or
- A person who has the right to hire and fire an employee, or
- A person who provides the tools and a place to work, or
- A person who directs and controls the work of another person, or
- An officer or employee of a corporation who is responsible to comply with withholding tax provisions of the income tax law, or
- A member or employee of a partnership who is responsible to comply with withholding tax provisions of the income tax law.

An employer may be an individual, corporation, partnership, estate, trust, association, joint venture, or other unincorporated organization. Religious, educational, charitable, and social organizations can also be employers, even though such organizations may be exempt from paying tax. Government agencies—federal, state, or local—are required to withhold tax, file reports, and make payments the same as any other employer.

Oregon withholding tax law does not specifically exempt any type of employer, but it does exempt certain types of wage payments, (see Oregon Withholding Tax/Exempt Wages in this guide).

Oregon requires some employers to withhold state tax even though they do not have to withhold federal tax.

For example, a worker may be recognized by the federal government as an independent contractor. However, that same individual may be regarded by the state as an employee, and the worker's employer is required to withhold state income tax.

To determine payment dates for Oregon withholding tax, these employers need to figure their federal withholding tax as if they were required to withhold it. To avoid calculating federal tax, employers may elect to pay Oregon withholding tax after each payroll.

Oregon-Based Employers

You must withhold tax from all wages paid to Oregon resident employees, including wages earned outside of Oregon.

You must also withhold tax from all wages paid to non-resident employees for work performed in Oregon. No Oregon withholding is required when a non-resident employee performs work outside of Oregon.

Employers who pay wages to Oregon residents may be relieved of the duty to withhold where it can be shown to the satisfaction of the department that each employee will receive \$300.00 or less from that employer in a calendar year (ORS 316.167 or OAR 150-316.167(2)).

Out-of-State Employers

You must withhold tax from all wages paid to Oregon residents earned in the state of Oregon.

Employers must also withhold tax from all wages earned by non-resident employees for services performed in Oregon, unless the earnings for the year will be less than the standard deduction for their filing status. (Non-resident employees earning over their standard deduction are required to file an Oregon Tax return).

Non-resident employees may earn less than the standard deduction in wages but still request withholding because they have additional Oregon income from other sources.

The Oregon Department of Revenue cannot require withholding when the services are performed for an out of state employer who does not have employees working in Oregon. However, we ask employers to register and withhold tax from wages paid to Oregon residents as a courtesy (ORS 316.167 or OAR 150-316.167(1)(3)).

Taxable Wages

Employers must report all taxable wages on Oregon combined payroll tax reports. Wages subject to Oregon withholding tax include salaries, commissions, bonuses, wages, tips, fees, or any other item of value paid to an individual for services as an employee. Property or services you give to an employee may also be taxable. Taxable items include; merchandise, stocks, bonds, room, board, or other considerations given in payment for the employee's services.

The value of meals or lodging furnished for the convenience of the employer is not taxable. In addition, a dwelling furnished to a minister or a rental allowance, if the allowance is used to rent or to provide a home for the minister, is exempt from withholding tax.

Also, an employer must withhold tax:

- On wages paid when an employer-employee relationship exists between a married couple.
- On wages paid to minors for bona fide personal services rendered to their parents.
- On payments by a corporation, including S corporations and professional corporations, to a corporate officer for services, including guaranteed wage payments for services.

Reimbursable Expenses

Reimbursable expenses paid to an employee are not subject to withholding tax, but you must specifically identify such payments when wages and reimbursement of expenses are in a single payment. If an employee received a definite hourly, weekly, or monthly salary, you must withhold tax on the entire amount, even though the amount includes an estimate of expenses. Only reimbursement based on actual expenses is exempt from withholding tax.

Withholding on Distributions from IRAs, Annuities, and Compensation Plans

The withholding of taxes from commercial annuities, employers, deferred compensation plans, and individual retirement plans is mandatory. However, an individual may elect to have no withholding, unless the payments are wages (ORS 316.189).

The payee gives a completed Form W-4P showing Oregon withholding exemptions to the payer. The payer treats the payments as wages and figures Oregon withholding using the tax tables furnished by the Oregon Department of Revenue. The amount of withholding per payee must be \$10 or more. Withholding rate for lump sum distributions (this is a onetime only distribution) is 8 percent. The payer will issue 1099Rs to payees at the end of the year.

Payers of a plan must register to withhold by completing the "Registration Report, Withholding on IRAs, Annuities, and Compensation Plans" form (150-211-054). If you have a business identification number for employee payroll, you will need a separate BIN to report and pay withholding on your distributions. You can download the Registration Report from www.oregon.gov/DOR.

What about Farm Workers?

Employees, who plant, cultivate, or harvest seasonal agricultural crops, are subject to withholding once they earn \$300 in a calendar year from a single employer. When the amount exceeds \$300, the entire amount, including the first \$300, is subject to withholding tax. A seasonal agricultural crop requires an annual, or less-than-annual, season to mature. The crop is harvested at the end of its season.

Seasonal agricultural crops include:

- a. Field and forage crops;
- b. Seed of grasses, cereal grains, vegetable crops, and flowers;
- c. Bulbs and tubers of vegetable crops;
- d. Any vegetable or fruit used for food or feed; and
- e. Holly cuttings harvested annually for Christmas sale. NOTE: Christmas trees are not considered seasonal agricultural crops.

Employers must withhold tax on all wages of regular farm employees, even though part of their work may involve planting, cultivating, or harvesting. Employers must withhold tax on all wages paid for such seasonal activities as canning or other food processing, logging, and sheep shearing. Those activities are not connected with planting, cultivation, or harvesting seasonal agricultural crops.

Labor connected with the following is not considered seasonal agricultural crops:

- a. Forest products;
- b. Landscaping;
- c. Nursery stock as defined in ORS 571.005 unless planted, cultivated, and harvested within an annual period;
- d. Raising, shearing, feeding, caring for, training, or management of livestock, bees, poultry, fur bearing animals, or wildlife; and
- e. Christmas trees.

Exempt Wages

The withholding law exempts wages paid for certain kinds of services and labor. **However, the wages may be subject to Oregon income tax.** If you are not sure whether the wages you pay are exempt from withholding, call the Oregon Department of Revenue, 503-945-8091, option 2. The following is a list of the kinds of services and labor specifically exempted.

- a. Domestic services in a private home, college club, sorority, or fraternity. Write clearly “domestic” on the wage statement (Form W-2, copy 1). This exemption does not apply to wages paid to an employee who performs both domestic and business services for the same employer.
- b. Casual labor that is not in the regular course of the employer’s business. You are required to withhold tax for substantial labor that is not related to your business, such as the construction of a private home.
- c. Persons temporarily employed as emergency forest firefighters.
- d. Employee trusts exempt from tax under provisions of the federal Internal Revenue Code.
- e. Seamen who are exempt from garnishment and attachment under Title 46 of the United States Code.
- f. Active service in armed forces.
- g. Employees of air carriers who earn less than 50 percent of their compensation in Oregon, unless they are Oregon residents.
- h. Nonresident employees engaged in interstate commerce (e.g. railroad, trucking, or bus employees) having regularly assigned duties in more than one state.
- i. Services real estate salespeople provide to real estate brokers. Oregon follows federal law in permitting real estate brokers to treat salespeople as self-employed individuals. However, the broker and salesperson must have a contract that provides that the individual is not an employee for Oregon tax purposes. A real estate salesperson’s income from commissions on sales is not subject to withholding by the broker.
- j. Services provided by direct sellers of consumer products. See ORS 316.209.

- k. A seasonal farm laborer whose total annual income from a single employer is less than \$300. When the amount exceeds \$300, the entire amount, including the first \$300, is subject to withholding tax. The employer may elect to withhold 2 percent of the total wages without considering any withholding exemptions.
- l. Duly ordained, commissioned, or licensed ministers of a church, when performing the duties of the ministry, and members of a religious order when performing religious duties required by the order.
- m. To or on behalf of an employee, a beneficiary of an employee or an alternate payee under or to an eligible deferred compensation plan that, at the time of the payment, is a plan described in section 457(b) of the Internal Revenue Code and that is maintained by an eligible employer described in section 457(e)(1)(A) of the Internal Revenue Code.
- n. Nonresident individual working on one of the following hydroelectric dams: The Dalles, McNary, John Day, or Bonneville.
- o. Nonresident individual working on a vessel operating on the navigable waters of more than one state.
- p. Independent contractors as defined in ORS 670.600. See the section “Who Is An Independent Contractor?” for independent contractor standards. For additional information, [visit us online](#).

How to Compute Withholding Tax

The Oregon Department of Revenue reviews withholding tables annually. To figure the amount of tax to withhold from an employee’s wages:

- Use the Oregon Withholding Tax Tables. This information is available on the internet at www.oregon.gov/DOR. If you do not have internet access, you may call 503-945-8091 or 503-378-4988.
- For computer payroll systems, use the percentage formula in the Oregon Withholding Tax Tables, available on the internet at www.oregon.gov/DOR.

Allowances

When figuring withholding tax, use the number of allowances claimed by an employee on IRS Form W-4 or W-4P. Oregon does not have its own withholding allowance form. Use a copy of the IRS forms for Oregon purposes. If an employee did not file a Form W-4 or W-4P, use single -0- allowances.

Do not use the allowances on Form W-4 if the Oregon Department of Revenue or the IRS tells you not to use the allowances.

The law requires employers to send a copy of Form W-4 to the Oregon Department of Revenue, PO Box 14560, Salem, OR 97309, within 20 days after receiving it if the employee claims:

- More than 10 allowances for federal or state purposes, or
- Exemption from withholding, and the employee’s income is expected to exceed \$200 per week for both federal and state purposes, or
- Exemption from withholding for state purposes but not federal purposes.

Note: You must honor the W-4 filed by the employee until you receive a determination letter from the Department of Revenue or the IRS.

Voluntary Withholding for Civil Service Annuitants

Civil Service annuitants who prefer voluntary withholding of state income tax from their retirement pay may make the request in writing to: Office of Personnel Management, PO Box 961, Washington, DC 20044-0001.

Alternatively, civil service annuitants may call 1-800-409-6528 and use the Interactive Voice Response unit to execute the request. The amount of withholding per annuitant must be \$10 or more, per payment period.

Voluntary Withholding for Retired Members of the Armed Forces

Members of the armed services may elect to have state income taxes withheld from their retirement pay. State taxes will be withheld upon request to the appropriate retirement pay office of a service branch. The amount of withholding per retiree must be \$10 or more per payment period. For more information, call 503-945-8100. Refer to OAR 150-316.193.

Common Pay Agent

Oregon law does not allow combined payroll taxes to be reported by a Common Pay Agent as defined in IRC Section 3504.

Payment Due Dates

Due dates for paying Oregon withholding tax are the same as due dates for depositing your federal tax liability.

GUIDELINES FOR OREGON WITHHOLDING PAYMENT DUE DATES

If your total federal tax liability is:

Oregon withholding tax payments due:

- | | | |
|---|---|--|
| • Less than \$2,500 for the quarter | ➔ | within 30 days after the end of the quarter |
| • \$50,000 or less in the look back period* | ➔ | by the 15 th of the month following payroll |
| • More than \$50,000 in the look back period* | ➔ | Semiweekly Deposit Schedule |

If the day falls on a:.....Then pay taxes by:

Wednesday, Thursday,
and/or Fridaythe following Wednesday

Saturday, Sunday,
Monday, and/or Tuesdaythe following Friday

- | | | |
|-------------------------------------|---|------------------------|
| • \$100,000 in a single pay period* | ➔ | within one banking day |
|-------------------------------------|---|------------------------|

*The look back period is the 12-month period that ended the preceding June 30. The look back period for agricultural employers is the calendar year prior to the year just ended.

Alternate Payment Method

Multi-state employers who find federal withholding methods create a burden for them that other similar employers do not share, may request a different method of withholding tax payments in writing to Withholding Manager, Department of Revenue, 955 Center Street NE, Salem, OR 97301-2555. Include the following information: business name of employer, Oregon business identification number, nature of burden, remedy requested, and proposed effective date of modified withholding method. You cannot use the proposed alternative withholding method until the Department of Revenue approves the request in writing and designates a date of a change. Refer to ORS 316.191.

Annual Withholding Reconciliation Report

All Oregon employers must file an Oregon Annual Withholding Reconciliation Report (Form WR). This report is due by the last day of March after the tax year. If you stop doing business during the year, this report is due within 30 days from your final payroll.

W-2 Forms

Employers must prepare the annual wage and tax statement (Form W-2) on the combined six-part federal-state form or an approved substitute form. Employers must give each employee three copies of the W-2 Form no later than January 31 of the next year.

If an employee leaves the service of an employer before the close of the calendar year and the employee requests a copy of the wage statement, the employer must provide that wage statement to the employee within 30 days from the last payment of wages.

If you need to correct a W-2 Form after it has been distributed, you must distribute the corrected statement and all copies the same way you distributed the original. If a W-2 Form is destroyed or lost, give the employee a substitute copy and clearly write on the form “**Reissued by employer.**”

Reporting W-2 information

All business and payroll service providers are required to report W-2 information electronically. Refer to OAR 150-316.202(3).

The Oregon Department of Revenue will follow the same file specification for the W-2 information as the Social Security Administration. You can prepare and file W-2 forms or check names and social security numbers online with the [Social Security Administration](#).

The transmittal due date is March 31, of the current year. Form W-2 must be filed electronically only; paper W-2s or other forms of media are not accepted. The Oregon Department of Revenue will assess penalties against an employer if W-2 information isn't timely received by the department or if the Form W-2 is submitted with incorrect or incomplete information.

You can [view more information online](#).

Reporting 1099 Information

Businesses with more than 10 of any one type of information return (1099-MISC, 1099-G, 1099-R and W-2G) are required to be filed electronically (OAR 150-314.360).

The Oregon Department of Revenue will follow the same file specification for the 1099 information as the Internal Revenue Service. View information on [Filing Information Returns Electronically](#).

The transmittal due date is March 31st of the current year. The forms are filed electronically only; paper 1099's, W2G's or other forms of media are not accepted. The Oregon Department of Revenue will assess penalties against an employer if an information return isn't timely received by the department or if an information return is submitted with incorrect or incomplete information.

You can [view more information online](#).

Penalty and Interest

Employers act as trustees for their employees' withheld taxes. As a trustee, you are subject to the same penalty and interest for late payments or for failure to file personal income tax that applies to individuals. To avoid penalty and interest, make your withholding payments when they are due and file your Oregon combined tax reports by the due date.

Interest:

- You will be charged interest on any remaining tax not paid by the due date. Interest rates are subject to change annually.

Penalties:

- You will be charged a 5-percent late-payment penalty on any unpaid tax after the payments due date.
- You will be charged an additional 20-percent penalty on any tax due as of the due date and if FORM OQ is filed more than one month late.
- You will be charged a 100-percent penalty on any tax due if Forms OQ are not filed for three consecutive years, or 12 consecutive quarters depending on how you file.

Failure to File

Only numerical information entered in the state withholding tax column on the Oregon combined payroll tax report will be considered a filed return for that tax by the Oregon Department of Revenue. If you enter something other than a number in a state withholding tax column or leave that column blank, we will conclude you are communicating to us you are not subject to state withholding tax and you are not filing a return for purposes of state withholding tax.

If an employer is subject to, but does not file a return for, state withholding, the Oregon Department of Revenue will assess tax based on the best information available for the period. Penalty and interest will be charged on the amount assessed. The department may issue a warrant and garnishment to enforce collection. The amount then becomes a lien against any property you own or purchase.

Dishonored Checks or Electronic Payments

The Oregon Department of Revenue may assess a penalty of \$25 up to \$500 on dishonored checks or electronic payments. This is in addition to all other penalties. This penalty shall be imposed if the employer has submitted a prior dishonored check or electronic payment. Refer to ORS 305.228.

Bonding Requirements

An employer whose withholding tax payment is delinquent may be required for one year to post a bond in an amount equal to the amount of tax due. The Department of Revenue has the authority to revoke business licenses of companies or individuals who refuse to comply with filing and payment requirements. For more information on bonding requirements, refer to OAR 150-316.164.

Liability

Employers are liable for the tax required to be withheld from wages. Corporate officers, partners, or responsible employees may be personally liable for any withholding tax a corporation or partnership fails to pay.

A lender, surety, or other person supplying funds to an employer to pay employee wages also may be liable for the withholding tax under certain conditions.

Need More Information

If you have questions about Oregon withholding tax payments or returns, contact:

Oregon Department of Revenue
Business Division
PO Box 14800
Salem, OR 97309-0920

Internet: www.oregon.gov/DOR/programs/businesses/Pages/default.aspx

Email: payroll.help.dor@state.or.us

Phone: 503-945-8091

DEPARTMENT OF REVENUE OFFICES

<u>Office</u>	<u>Office Address</u>
Bend	951 SW Simpson Ste. 100
Coos Bay	1155 S 5 th St. Ste. A
Eugene	1600 Valley River Dr. Ste. 310
Gresham	1550 NW Eastman Pkwy. Ste. 220
Medford	3613 Aviation Way Ste. 102
Newport	119 NE 4 th St. Ste. 4
Pendleton	700 SE Emigrant Ave. #310
Portland	800 NE Oregon St. Ste. 505
Salem Field	955 Center Street NE

OREGON UNEMPLOYMENT INSURANCE TAX

Employers Who Must Pay Unemployment Insurance (UI) Tax

The entire cost of unemployment insurance is supported by employers. It is based on the tax levied on their subject payrolls. Certain nonprofit organizations and governmental units may reimburse instead of paying the tax. Funds collected by the Employment Department to finance unemployment insurance are designated by law as “taxes.” All taxes collected from Oregon employers are deposited in a trust fund exclusively to pay for benefits to unemployed workers. Special Payroll Tax Offsets may be authorized by the Oregon Legislature. These are not deposited as taxes in the Unemployment Insurance (UI) Trust Fund, but are collected as part of the UI Tax rate.

Subject employers must:

- Register with the Employment Department by completing and sending a [Combined Employer’s Registration Form](#) to the Oregon Department of Revenue.
- File quarterly reports. Employers who employ domestic (in home) workers may file annual reports.
- Pay taxes when due.
- Maintain adequate payroll records.
- Inform the Employment Department of any change in status.
- Inform the Employment Department of any change in address using the Business Contact Change Form.

Who is an Employee?

An employee is any person including aliens and minors employed for remuneration or under any contract of hire unless the services are specifically excluded from coverage under the law. The definition of “employee” for this tax comes from Oregon Revised Statute 657, which differs from common law and federal law.

Individuals who meet the statutory definition of an independent contractor are not employees and their compensation for services is not taxable wages. The definition of an independent contractor recognized by the Employment Department, Department of Revenue, Construction Contractors Board, and Landscape Contractors Board is in Oregon Revised Statute 670.600, which lists standards that must be met to be considered an independent contractor. Individuals who do not meet the standards are employees, and their compensation for services is taxable wages. See the section, “Who is an Independent Contractor?” in this guide for more information, or visit www.oregon.gov/IC.

If you are uncertain whether to report a worker, call the Employment Department at 503-947-1488.

Taxable Payroll

For current information, contact the Employment Department at 503-947-1488, or visit the website at www.oregon.gov/EMPLOY/TAX. Taxable payroll is determined by law and may change from year to year.

Tax Rates

Unemployment Tax Rates are assigned in accordance with Oregon Law. New employers are assigned a “base rate” until they have had sufficient “experience” to qualify for an “experience rate” based tax rate. This usually takes about three years.

Taxable payroll includes payroll for a maximum of 12 calendar quarters proceeding July 1 of each year. The first two quarters the employer is subject are not included in this computation.

Taxable payroll and the amount of unemployment benefits paid directly affect the tax rate. Each time a former employee collects unemployment insurance benefits, the employer account is charged, unless charges are “relieved.” Lower tax rates are assigned to employers whose unemployment charges are low in comparison to taxable payroll. Request a quarterly statement of charges from the Employment Department by calling 503-947-1488.

An employer's experience rate may include the charges and payroll of all or part of any business or trade that has been transferred, sold or acquired. Tax rates are transferred from a former business if the new owner obtains all or part of a trade or business including employees, such transactions must be reported to the Employment Department, Tax Section within 60 days of the date that the transaction became final.

Nonprofit Organizations

Nonprofit organizations are subject to Employment Department law. Each account is established as taxpaying. If the organization qualifies under Section 501(c)(3) of the Internal Revenue Code (IRC), it may choose to reimburse the trust fund for the amount of benefits paid instead of paying tax on its payroll.

A nonprofit organization, which qualifies and elects to reimburse must post a bond or deposit with the Employment Department in an amount determined by statute (ORS 657.505). Once a nonprofit employer has exercised either option, it must remain in effect for two full calendar years. After that time period, a nonprofit employer may change options by filing a written request by January 31 of the year in which they wish to change their option.

If you would like more information about differences between the two programs, you should contact the Employment Department at 503-947-1488.

Religious Organizations

Religious organizations including schools, churches, and religious orders that qualify as subject employers under Employment Department law must pay state unemployment tax on compensation paid to lay employees and clergy. As a nonprofit organization, religious organizations may elect to reimburse the fund instead of paying taxes if they qualify under section 501(c)(3) of the Internal Revenue Code.

Corporations

Corporations must pay unemployment insurance tax on all compensation for services, including compensation received by corporate officers and shareholders. S corporations and professional corporations (PCs) are like all other corporations for unemployment insurance purposes.

Family-owned corporations may elect not to pay unemployment insurance taxes on corporate officers who are directors, have a substantial ownership interest and are members of the same family. A single member corporate officer/director is eligible for the exclusion. To elect the exclusion, a Family Corporate Officer Exclusion (Form 2578) must be submitted to the Employment Department. If approved, the exclusion will be effective the first day of the calendar quarter in which the request is submitted.

Limited Liability Companies and Limited Liability Partnerships

Employment Department law excludes limited liability companies (LLCs) and limited liability partnerships (LLPs) from paying unemployment insurance tax on compensation paid to their members and partners regardless of their filing status with the IRS as a disregarded entity. LLC members may elect for UI coverage, but must do so by submitting a written [Election to Cover](#) form.

Government Units and Political Subdivisions

Governmental entities and political subdivisions generally reimburse the Employment Department for any benefits paid that are based on wages paid. There are other options they may elect. For additional information regarding these options, please call the Employment Department at 503-947-1488.

Reports Due Each Quarter

In addition to the Oregon Combined Payroll Tax report, employers subject to the Unemployment Insurance tax must report employee wage detail information. Reports are due by the last day of the month following the end of each calendar quarter.

Domestic (In Home) Employer Reports

Employers of domestic (in home) employees may file either annually or quarterly. Instructions on how to file payroll reports are sent to the employers by the Employment Department.

Domestic employers filing quarterly are encouraged to file electronically by secure server using the computer-based OTTER software program.

Delinquent Taxes and Late Reports

Employers who file reports after the due date, who file incorrectly formatted reports, or who fail to pay taxes in a timely manner may be subject to various penalties. These penalties are in addition to interest and taxes owed.

The reimbursement payments are due by the last day of the month following the month in which the statement is mailed. Those employers on the reimbursing basis are subject to the same penalties and interest as taxpaying employers.

Change in Organization or Sale

Employers must notify the Employment Department of any change in the ownership of a business. Changes included in this requirement are sale of a business, dissolution of a partnership, formation of a new partnership, discontinuance of a corporation, dissolving of a corporation, death of an owner or partner, closing of a business, or any other type of change. The [Business Change in Status Form](#) should be completed and mailed in when a change of this nature occurs.

Employer Ceases to be Subject to UI Tax

An employer who is subject to Unemployment Insurance (UI) tax and ceases to have sufficient employment or payroll to meet the requirements of ORS Chapter 657, may file a [Business Change of Status Form](#) to close the account and discontinue reporting and paying UI tax. The exemption will continue until the employer again qualifies as an employer as defined in ORS 657.

Outreach and Education

Outreach and Education Programs can be scheduled for groups of employers or tax preparers. These seminars are designed to increase knowledge of the tax programs administered by the Employment Department (Unemployment Insurance Tax), the Department of Revenue, and the Department of Consumer and Businesses Services. For more information on scheduling a seminar, call 503-947-1544.

Need More Information?

Visit the website at www.oregon.gov/EMPLOY/TAX, call us at 503-947-1488, TTY: 771, or fax 503-947-1487.

TRANSIT DISTRICT TAXES

General Information

Transit district tax programs are administered by the Oregon Department of Revenue for the Tri-County Metropolitan Transportation District (TriMet) and the Lane County Mass Transit District (LTD). They provide revenue for mass transit (ORS Chapter 267). Transit payroll (excise) tax is imposed on nearly every employer who pays wages for services performed in the TriMet or LTD districts. A self-employment tax is imposed on self-employment earnings within the TriMet and LTD districts. If you are an employer and self-employed you might be subject to both the transit tax on payroll and the transit self-employment tax on your self-employment earnings.

Service Areas

The TriMet district includes parts of three counties in the Portland area: Multnomah, Washington, and Clackamas. LTD serves the Eugene-Springfield metro area.

TriMet Transit District ZIP Code List

To help you determine if you have employees or business activity in the TriMet Transit District, use this ZIP code list. Some ZIP codes may not coincide with the district boundaries. For TriMet boundary questions, call TriMet at 503-962-6466 or visit www.trimet.org/taxinfo.

ZIP Codes Completely in TriMet Transit District

97003 97005 97006 97008 97024 97027 97030 97034 97035 97036 97068 97077
97201 97202 97203 97204 97205 97206 97209 97210 97211 97212 97213
97214 97215 97216 97217 97218 97219 97220 97221 97222 97223 97225
97227 97229 97230 97232 97233 97236 97239 97256 97258 97266 97267

ZIP Codes Partially in TriMet Transit District

97007 97009 97015 97019 97022 97023 97045 97060 97062 97070
97078 97080 97086 97089 97113 97116 97123 97124 97140 97224 97231

Lane Transit District ZIP Code List

This list is a guide to help determine if you have employees in the Lane Transit District. Some ZIP codes may not coincide with the district boundaries. For Lane Transit boundary questions call 541-682-6100 or visit www.ltd.org/.

City	Zip Code	City	Zip Code
Blue River	97413	Junction City	97448
Coburg	97408	Lancaster	97448
Cottage Grove	97424	Leaburg	97489
Creswell	97426	Lowell	97452
Dexter	97431	Maywood	97413
Elmira	97437	McKenzie Bridge	97413
Eugene	97401-97405	Pleasant Hill	97455
Eugene	97408	Springfield	97475, 97477-97478
Eugene	97440	Thurston	97482
Fall Creek	97438	Trent	97431
Finn Rock	97438	Veneta	97487
Goshen	97405	Vida	97488
Jasper	97438	Waltersville	97488

Who Must File and Pay a Transit Tax on Payroll?

All employers who are paying wages in the TriMet or LTD districts and who are not exempt (see “Exempt Payroll” below) must register and file with the Oregon Department of Revenue. City, county, and local government units are subject to TriMet payroll taxes, if located or performing services within the TriMet boundaries.

Payments to deferred compensation plans are subject to TriMet and Lane Transit District Taxes, ORS 267.380(4)(a). The specific types of payments that are subject include:

- Contributions to a Simplified Employee Pension (SEP) made at the election of the employee.
- Payments for the purchase of IRC section 403(b) annuities under salary reduction agreements.
- Contributions to 401(k) retirement plans made at the election of the employee, including employer-matched contributions.
- Pick-up payments to governmental retirement plans under salary reduction agreements.
- Amounts deferred under governmental deferred compensation plans.
- Any amount deferred under a nonqualified deferred compensation plan.
- Payments to an IRC 408 Individual Retirement Account under salary reduction agreements.

Exempt Payroll

The following are exempt from TriMet and LTD payroll excise taxes:

- Federal credit unions.
- Public school districts or Public Education districts (i.e. – Charter schools).
- Internal Revenue Code Section 501(c)(3) - nonprofit and tax exempt institutions, except hospitals.
- All foreign insurers are exempt. All insurance adjusters, agents, and agencies, as well as their office support staff, whether representing foreign or domestic companies are also exempt.
- Domestic service in a private home.
- Casual labor.
- Services performed outside the transit district.
- Seamen who are exempt from garnishment.
- Employee trusts that are exempt from taxation.
- Federal government units.
- Religious organizations, including churches.
- Wages paid to employees whose labor is solely connected to the planting, cultivating, or harvesting of seasonal agricultural crops.
- Wages paid to persons temporarily employed as emergency fire fighter.

The following are exempt from LTD, but are subject to TriMet payroll excise taxes:

- Public education districts.
- Public special service and utility districts.
- Port authorities.
- Fire districts.
- City, county and other local government units.

NOTE: For definitions of employer and wages, see “[Oregon Withholding Tax](#)” in this guide.

How to Register

If you are subject to transit payroll taxes, complete the transit payroll tax section of the Employer’s Combined Registration Report. This is the same form used to register as an employer for withholding and unemployment insurance tax purposes.

You may register online using the [Oregon Business Registry](#), or complete the paper form and mail it to **Oregon Department of Revenue, PO Box 14800, Salem, OR 97309-0920**. The Department of Revenue will assign you a TriMet or LTD account number. Your transit payroll tax account number will be the same business identification number you use for your Oregon Quarterly Tax Reports.

How to Figure the Transit Payroll Excise Tax

The transit payroll tax is employer-paid and based on the gross amount of payroll paid for services performed within the TriMet or Lane Transit districts. This includes traveling sales representatives and employees working from home. Transit payroll tax is not deducted from employee wages. Multiply the gross taxable payroll by the current tax rate. Current tax rates are shown on the TriMet/LTD portion of the Oregon Quarterly Tax Report.

When and How to File

Report and pay transit payroll taxes quarterly on the Oregon Quarterly Tax Report (Form OQ), column C, D, or both. Notify the Department of Revenue immediately of any change of address.

Penalty and Interest

Penalty and interest for delinquent transit tax are the same as the penalty and interest for delinquent withholding tax. You will be charged a 5 percent delinquency penalty, if you do not file by the due date. You will be charged an additional 20 percent penalty if your return is not filed within one month of the due date. You are also charged interest at the current rate on the unpaid tax, from the due date of the return. For more information about penalty and interest rates, see [“Oregon Withholding Tax/Penalty and Interest”](#) in this guide.

How to Close Your Transit Payroll Tax Account

If you have stopped doing business or no longer have employees working within the TriMet or Lane Transit districts, you can close your Oregon TriMet or LTD payroll tax account. Fill out the Business Change in Status Form included in your quarterly reporting booklet and mail it to **Oregon Department of Revenue, P.O. Box 14800, Salem OR 97309-0920**. This form also is [available online](#).

For More Transit Payroll Tax Information

For more information about the TriMet or LTD payroll excise tax, contact the Department of Revenue in Salem at 503-945-8091, by email at payroll.help.dor@state.or.us, or visit [our website](#).

Who Must File and Pay a Transit Self-Employment Tax?

Anyone who has self-employment earnings from business or service activities conducted in the TriMet or Lane transit district must pay this tax.

People who must pay the transit self-employment tax include:

- Anyone who does business or provides services in the district, regardless of where they live, and whose earnings are not subject to Oregon withholding.
- Compensation received for performing religious services independently.
- Real estate sales people. Federal laws generally treat real estate sales people as self-employed including those who provide services to real estate brokers under contract. This means that commissions on sales are subject to the transit tax.

A partnership as an entity is not subject to transit district self-employment tax. However, each partner is subject to the transit district self-employment tax, and the partnership may file and pay for all the individual partners.

For More Transit Self Employment Tax Information

For more information on Tri Met or LTD self-employment tax, call Tax Help at the Oregon Department of Revenue at 503-378-4988, 1-800-356-4222, or visit our [website](#). To order forms, write to:

Forms, Oregon Department of Revenue
PO Box 14999
Salem, OR 97309-0990

TAX LIABILITY REFERENCE CHART

These tax liability tables are provided as a quick reference for determining the tax liability for state unemployment tax, state withholding tax, and transit district tax for certain types of wages. This chart is not all-inclusive and should be used as a reference only. **Note:** Because it is based on hours worked, not wages, this table does not address liability for the Workers' Benefit Fund assessment. See the section on [Workers Benefit Fund \(WBF\)](#) Assessments for more information.

WAGES PAID FOR	STATE UNEMPLOYMENT INSURANCE TAX	STATE WITHHOLDING TAX	TRANSIT TAX FOR WAGES PAID IN DISTRICT
Agricultural Labor	<p>Subject if the employer paid cash wages of \$20,000 or more in any calendar quarter to workers doing agricultural labor, or</p> <p>Subject if the employer has 10 or more workers doing agricultural labor on 20 days during a calendar year, each day being a different week.</p> <p>See ORS 657.045 for the definition of agricultural labor.</p>	<p>A farm laborer whose total annual income from a single employer is less than \$300 is not subject. When the amount exceeds \$300, the entire amount, including the first \$300, is subject to withholding. ORS 316.162 OAR 150-316-162(2)-(B)</p> <p>The employer may elect to withhold 2 percent of the total wages without considering any withholding exemptions. ORS 316.167</p>	<p>Wages paid for such seasonal activities as canning or other food processing, logging, and sheep shearing which are performed within the transit districts are subject.</p> <p>Wages paid to employees, whose labor is solely connected to the planting, cultivating or harvesting of seasonal agricultural crops are exempt. ORS 267.380</p>
Cafeteria Plans	<p>Reported quarterly. Payment made through cafeteria plans are considered wages, unless specifically excluded under Oregon law. See other specific payment references made in this table.</p>	<p>Not subject ORS 316.162(2) (L)</p>	<p>Not subject ORS 267.380</p>
Corporation (compensation)	<p>Corporations must report and pay taxes on compensation for services including services performed by corporate officers and shareholders (see pages 18-19 for exceptions)</p> <p>S corporations and professional corporations are treated the same as other corporations.</p> <p>Dividends are reportable to the extent they are reasonable compensation for services.</p>	<p>Compensation for services is subject to withholding, including services performed by corporate officers and shareholders. ORS 316.162</p> <p>S corporations and professional corporations are treated the same as other corporations.</p> <p>Dividends are not subject to withholding.</p>	<p>Compensation for services is subject to transit taxes, including services performed by corporate officers and shareholders. ORS 267.380</p> <p>S corporations and professional corporations are treated the same as other corporations.</p> <p>Dividends are not subject to withholding.</p>
Dismissal/Severance Pay	<p>Subject</p>	<p>Subject ORS 316.162</p>	<p>Subject ORS 267.380</p>
Domestic Service in a Private Home, Fraternity or Sorority	<p>Subject if employer paid cash wages of \$1,000 or more in any calendar quarter to workers doing domestic service. Reported quarterly or annually. See ORS 657.050 for the domestic service definition.</p>	<p>Not subject. However, Oregon income tax can be withheld if the household employee asks you to withhold and you agree. ORS 316.162(2) (c) OAR 150-316.162(2) (B)</p>	<p>Not subject ORS 267.380</p>
Family Employee: son or daughter under 18 employed by parent; spouse employed by spouse; parent employed by son or daughter	<p>Not subject. ORS 657.060</p>	<p>Subject. ORS 316.162 OAR 150-316.162(2)-(A)</p>	<p>Subject</p>

WAGES PAID FOR	STATE UNEMPLOYMENT INSURANCE TAX	STATE WITHHOLDING TAX	TRANSIT TAX FOR WAGES PAID IN DISTRICT
Fishing (Commercial)	Exempt if crew is normally fewer than 10 <u>and</u> paid a share of the catch or share of the proceeds from the sale of the catch. ORS 657.053	Employees engaged in fishing as defined by Title 46 of the United States code, are exempt. ORS 316.162(2)	Employees engaged in fishing as defined by Title 46 of the United States code, are exempt. ORS 316.162(2)
Insurance Agents or Solicitors	Not subject to the extent that the person is compensated by commissions. ORS 657.085	Not subject if self-employed and paid solely by commissions. OAR 150-316.162(2)-(B)	Only domestic insurance companies (insurers actually underwriting policies), health care service clubs are subject. All foreign insurers are exempt. All insurance adjusters, agents and agencies, as well as their office support staff, whether representing foreign or domestic companies, are also exempt.
Interstate Common Carriers (for hire)	Transportation performed by motor vehicle for a for-hire carrier and who personally operates, furnishes, and maintains the equipment and provides the services, is exempt. In addition, the person who furnishes, and maintains the vehicle is deemed the employer of others who operate it. ORS 657.047	Nonresident employees engaged in interstate commerce, (e.g., railroad, trucking, or bus employees) having regularly assigned duties in more than one state are not subject to Oregon tax. ORS 316.162 OAR 150-316.162(2)-(B) Nonresident employees of interstate common air carriers having regularly assigned duties on aircraft are not subject to Oregon tax if scheduled flight time in Oregon is less than 50% of the total scheduled flight time.	Nonresident employees engaged in interstate commerce, (e.g., railroad, trucking, or bus employees) having regularly assigned duties in more than one state are not subject to Oregon tax. Nonresident employees of interstate common air carriers having regularly assigned duties on aircraft are not subject to Oregon tax if scheduled flight time in Oregon is less than 50% of the total scheduled flight time
Meals and Lodging	Subject except when paid for agricultural labor or domestic service, or for employee travel expenses excluded under OAR 471-31-0020	Meals – subject unless furnished for employer’s convenience and on the employer’s premises OAR 150-316.162(2)-(A) Lodging – subject unless furnished on employer’s premises, for the employer’s convenience and as condition of employment	Meals – subject unless furnished for employer’s convenience and on the employer’s premises Lodging – subject unless furnished on employer’s premises, for the employer’s convenience and as condition of employment
Newspaper Carrier Delivering to Customers	Not subject. ORS 657.080	Not subject. ORS 657.080	Not subject. ORS 657.080
Real Estate Broker, or Principal Real Estate Brokers	Not subject if paid solely by commissions. ORS 657.085	Oregon follows federal law in permitting real estate salespeople to be treated as self-employed individuals if they have a contract with a broker that provides that the individual will not be treated as an employee with respect to the services for Oregon tax purposes. Income from commissions on sales is not subject to withholding by the broker. OAR 150-316.162(2)-(B)	If not subject to state withholding, not subject to transit taxes.

WAGES PAID FOR	STATE UNEMPLOYMENT INSURANCE TAX	STATE WITHHOLDING TAX	TRANSIT TAX FOR WAGES PAID IN DISTRICT
Religious Organizations Including Churches	Pay for services (including fair market value of housing) to lay employee or clergy by a religious organization including a church or religious order is subject. OAR 471-31-090	Duly ordained, commissioned or licensed ministers of a church, when performing the duties of the ministry, and members of a religious order, when performing religious duties required by the order are exempt. OAR 150-316.162(2)-(B)	Not subject
Retirement and Pension Plans:			
Employer contributions to individual retirement account	Not subject	Not subject ORS 316.162	Not subject
Employer contributions to qualified cash or deferred compensation plan	Employer-paid contributions to 401(k) plans are excluded	Not subject ORS 316.162	Not subject unless employer is making a matching 401(k) contribution (see page 28)
Retirement and pension payments	Not subject if from qualified plan. ORS 657.115	Not subject if qualified plan ORS 316.189	Not subject
Contributions to deferred compensation plans at election of employee	Employee-paid contributions to 401(k) plans are subject	Not subject ORS 316.162	Subject ORS 267.3840(4)(a)
Securities Salesperson	Not subject if paid solely by commissions. ORS 657.085	Subject ORS 316.162	Subject
Sickness or injury payments:			
Worker's compensation	Not subject	Not subject ORS 316.162	Not subject
Employer payment of sick pay (voluntary or mandatory)	Subject	Subject OAR 150-316.162(2)-(c)	Subject
Third-party payment of sick pay	Subject	Not subject	Not subject
Tips	Subject, for all tips reported in writing to employer. ORS 657.117	Tips reported to the employer whether cash or credit card are subject to withholding. All tips are subject to income tax.	Subject
Wages	Wages are subject when paid and include all cash and non-cash remuneration for employment. Agricultural and domestic wages include only cash	Employers must withhold tax from employees' wages at the same time employees are paid. ORS 316.162 Draws/Advances on salary or employee wages are subject at the time they are paid.	Subject ORS 267.380

WORKERS' BENEFIT FUND (WBF) ASSESSMENT

One of the responsibilities of the Department of Consumer and Business Services (DCBS) is to administer Oregon's workers' compensation laws and system. As part of this role, DCBS is responsible for administering the Workers' Benefit Fund. This fund pays for programs that encourage the employment and re-employment of previously injured or handicapped workers, offers Oregon employer's monetary incentives to hire or rehire Oregon injured workers, and pays monthly cost-of-living increases to permanently and totally disabled workers and to the spouses and children of workers who have died as the result of an occupational injury or disease. The WBF assessment, paid jointly by workers and employers, funds the Workers' Benefit Fund. Employers contribute half of the WBF assessment and deduct half from their workers' wages.

Who Reports and Pays the WBF Assessment

Oregon law links who is subject to the WBF assessment to employers and workers who have (or, by law, *should* have) workers' compensation insurance coverage. Individuals subject to the WBF assessment are 1) all paid workers for whom the employer is required by Oregon law to provide workers' compensation insurance coverage (see section, "[Obtain Workers' Compensation Insurance](#)" in this guide); 2) all paid individuals (workers, owners, officers) that may otherwise be non-subject, but whom the employer chooses to cover under workers' compensation insurance; and 3) all paid individuals performing personal support work who are eligible for workers' compensation insurance coverage under House Bill 3618 (2010).

Employers are not required to report the hours worked or pay the WBF assessment for volunteer workers even when they are covered by workers' compensation insurance. Volunteers are workers who receive no money for the work they perform.

Note: Because of the link between workers' compensation insurance and the WBF assessment, some employers mistakenly believe that paying the WBF assessment provides them with workers' compensation insurance coverage. This is not true!

How to Calculate the WBF Assessment

The WBF assessment is based on the total number of hours and partial hours worked by all paid workers (whether paid by the hour or on a basis other than by the hour). These hours are multiplied by a "cents per hour" rate that is determined and set annually by the Department of Consumer and Business Services. Employers contribute at least half of the assessment and deduct no more than half from their workers' wages.

Reporting and Paying

Employers report and pay the WBF assessment with Oregon withholding tax, unemployment insurance tax, and/or TriMet or Lane Transit District (LTC) taxes using the Oregon Combined Payroll Tax report (Form OQ) and payment coupon (Form OTC) or their electronic equivalents. If you report and pay quarterly any of the other payroll taxes to which you are subject, you also report and pay the WBF assessment quarterly. If the only other payroll tax to which you are subject is reported and paid annually, you report and pay the WBF assessment annually.

Annual reporting of the WBF assessment generally applies only to agricultural employers who are not subject to unemployment insurance or transit taxes and report withholding taxes annually, and to domestic employers that report all their payroll taxes annually.

When an employer is not required by Oregon law, but chooses to cover himself or other non-subject individuals with workers' compensation insurance, this is called a "personal election." When an employer maintains workers' compensation insurance but has no Oregon workers or personal election, this is called a "just in case" policy. Employers with a "just in case" policy may be exempted from reporting the WBF assessment for as long as they continue to have no workers or personal election. To obtain a WBF assessment reporting exemption, complete a Corrections and Changes Notification Form. This [form is available online](#) or by calling 503-947-7589.

Late or Incorrect Payments and Reports

Employers are subject to a late filing penalty and interest on unpaid balances, if the WBF assessment report is filed or payment is received after the due date. In addition, DCBS audits accounts that appear to report incorrectly. DCBS has the authority to assess civil penalties, to estimate WBF assessments owed, and to enforce those estimations by order. If your account is referred to collections, you are responsible for the collection agency's fee.

How to Update or Close Your WBF Assessment Account

The process to update or close an employer's WBF Assessment account is different from other payroll tax accounts in the Combined Payroll Tax Reporting System. If you change ownership, discontinue business, or cease to employ workers, contact your workers' compensation insurance company with the corrected information. Filing a Business Change in Status Form will not close the WBF Assessment account. You remain liable for reporting the WBF assessment as long as you have active workers' compensation insurance in Oregon. Not all businesses choose to cancel their workers' compensation insurance when they cease to have payroll, particularly if they envision the situation to be temporary.

If you close your business or no longer have employees and wish to cancel your workers' compensation insurance, you must contact your workers' compensation insurance company. Your WBF Assessment account remains active as long as your workers' compensation insurance coverage is active and on file with Oregon.

If you have cancelled your coverage, you can expedite closure of your WBF Assessment account by completing the "Corrections and Changes Notification for WBF Assessment" form. This [form is available online](#) or by calling 503-947-7589.

Need More Information?

For more information about the WBF assessment, contact: Department of Consumer and Business Services, Central Services Division, WC Assessments Unit, in Salem at 503-378-2372, by email at wbfassess.fabs@oregon.gov, or [visit the website](#). The website includes information about programs funded by the Workers' Benefit Fund, how to update or close your WBF assessment account, and detailed answers to the most frequently asked questions about how to calculate, report, and pay the WBF assessment.

EMPLOYEE WITHHOLDING FORMS (W-4 FORM)

W-4 Form

Employers are required to have each employee complete a W-4 Form. The information on this form is necessary to determine the amount of withholding tax for an employee. For a supply of forms, contact your local Internal Revenue Office or call toll-free 1-800-829-3676, or [go online](#).

Internal Revenue Service

The federal tax information provided in this publication is by no means all-inclusive. For complete requirements and responsibilities, contact the Internal Revenue Service.

Internal Revenue Service
1220 SW Third Avenue
Portland, OR 97204
www.irs.gov

For tax assistance, call 1-800-829-1040.

To order forms or publications, call 1-800-829-3676.

Who Must Withhold Federal Taxes?

The criteria for defining an employer for federal purposes are similar to those used for state withholding tax purposes. For income tax withholding purposes, the term “employer” also applies to organizations that may be exempt from income tax, such as religious, educational, charitable, and government organizations. Certain nonprofit and tax-exempt organizations, previously exempt from Social Security withholding, are now required to withhold Social Security tax from employees for wages earned. Most employers must withhold and pay their share of Social Security tax. For more information, consult [IRS Publication 15 - Employers Tax Guide](#).

Social Security and Medicare Taxes

The computation of Social Security tax is separated into two parts. The old age, survivors, and disability insurance part is referred to as Social Security. The hospital insurance part is referred to as Medicare. You must report each of these items separately on Forms 941 and W-2.

The tax rate for Social Security is 6.2 percent each for employers and employees (12.4 percent total). The tax rate for Medicare is 1.45 percent each for employers and employees (2.9 percent total). All wages will be subject to the 2.9 percent total Medicare tax. Employers must also withhold a 0.9% Additional Medicare tax from wages paid to an employee in excess of \$200,000 in a calendar year. For more information on wages that are subject to Social Security and Medicare taxes, please consult [IRS Publication 15 - Employers Tax Guide](#).

Reporting Requirements

Agricultural employers must now withhold federal income tax on cash wages that are subject to FICA. Employers (other than agricultural and household) are required to report withholding taxes (federal income and Social Security) quarterly, using Form 941. Due dates for the form are April 30, July 31, October 31, and January 31. Payment of withheld taxes is determined by the amount of the tax liability incurred. Liability for payment (and reporting) is incurred on the date wages are paid, regardless of when they were earned.

Tax liability consists of the federal income tax withholding, 12.4 percent of Social Security wages (subject to wage base limitations) and 2.9 percent of Medicare wages for the calendar year.

Deposit Schedules & Electronic Federal Tax Payment System (EFTPS)

The paperless way to make your federal tax deposit is the **Electronic Federal Tax Payment System**.

EFTPS is an electronic service of the U.S. Dept. of the Treasury that allows online or by phone federal tax payments without the hassle and expense of the manual process that use paper coupons. [Visit us online.](#)

To enroll online, at least 15 to 20 days prior to your tax payment due date, you will need to go to the EFTPS website and select the enrollment tab. You will need to provide the following information:

- An employer identification number (EIN) for a business, or a Social Security number (SSN) for an individual.
- A STCU check or deposit slip for the account to debit your government tax payment from. Use the check or deposit slip to identify the STCU's Routing Transit Number (325182700) and your account number.

While your account is being set up, a temporary password is sent to you by mail that you will use (together with your EIN or SSN and the personal identification number (PIN) you selected) to login or call to make a payment.

To enroll by paper, at least 23-30 days prior to your tax payment due date, download, print, and mail the appropriate business or individual enrollment forms to: EFTPS, PO Box 173788, Denver, CO, 80217-3788.

The forms require your employer identification number (EIN) for business or Social Security number (SSN) for individuals. Refer to the STCU check or deposit slip for the account you wish to debit your government tax payment from. Use the check or deposit slip to identify STCU's Routing Transit Number (325182700) and your account number.

While your account is being set up, a temporary password is sent to you by mail that you will use together with your EIN or SSN and the personal identification number (PIN) you selected to login or call to make a payment.

How do I make a payment?

At least one day prior to your tax payment due date (before 8 a.m. Eastern time), visit the EFTPS website and select login or call 1-800-555-3453 for a business payment or 1-800-315-4829 for an individual's tax payment. You'll be prompted for your EIN or SSN, your PIN, and your password. You'll then provide the information necessary to complete the transaction.

Where can I get more information online?

The EFTPS website has a FAQ section located in the left-hand menu, which provides a variety of topics. In addition, you can download the EFTPS instruction booklet.

Who can I call for more information?

EFTPS Customer Service by phone for businesses: 1-800-555-4477

EFTPS Customer Service by phone for individuals: 1-800-316-6541

Am I protected?

Yes. Visit the EFTPS website and select the Help & Information tab for security and disclosure/privacy statement information.

Payment is required as follows:

There are two deposit schedules—monthly or semiweekly—for determining when you deposit Federal employment and withholding taxes (other than FUTA taxes). The deposit schedule for a calendar year is determined from the total taxes reported on Form 941 in a four-quarter look back period (July 1 of the second preceding calendar year through June 30 of last year).

- If \$50,000 or less of employment taxes has been reported for the look back period, you are a monthly depositor;
- If more than \$50,000 was reported, you are a semiweekly depositor.

There are two exception rules, the \$2,500 rule and the \$100,000 one-day rule (see below):

New employers during the first calendar year of business have a look back period of zero. Therefore, new employers are monthly depositors for the first year of business (however, see the \$100,000 one-day rule exception).

Under the **monthly rule**, employment taxes withheld on payments made during the calendar month must be deposited by the 15th day of the following month. Monthly depositors should not file Form 941 on a monthly basis; it remains quarterly.

Under the **semiweekly rule**, employment taxes withheld on payments made on Wednesday, Thursday, and/or Friday must be deposited by the following Wednesday. Amounts accumulated on payments made on Saturday, Sunday, Monday and/or Tuesday must be deposited by the following Friday.

PAYMENT DAYS/DEPOSIT PERIOD	DEPOSIT BY
Wednesday, Thursday and/or Friday	following Wednesday
Saturday, Sunday, Monday and/or Tuesday	following Friday

\$2,500 Rule

If an employer accumulates less than a \$2,500 tax liability during a quarter, no deposits are required and this liability may be paid with the tax return for the quarter.

\$100,000 One-Day Rule

If the total accumulated tax reaches \$100,000 or more on any day during a deposit period, it must be deposited by the next banking day, whether an employer is a monthly or semiweekly depositor.

If a monthly depositor accumulates a \$100,000 employment tax liability on any day, the employer becomes a semiweekly depositor on the next day and remains so for at least the remainder of that calendar year and for the following calendar year.

Agricultural Employers

Agricultural employers are required to report withholding taxes (federal income, Social Security, and Medicare) annually, using Form 943. For more information on special rules for agricultural employers and deposit requirements, consult IRS Publication 51.

Non-Payroll Items

Non-payroll items (including withholding for pension, annuities, IRAs, and gambling winnings) will be reported on Form 945, Annual Return of Withheld Federal Income Tax. Form 945 is an annual tax return and the return is due on or before January 31 of the following year.

Electronic Deposit of Taxes

The IRS has issued regulations that significantly increase the number of electronic transactions between taxpayers and the federal government. The regulations (REG 153340-09) eliminate the rules for making federal tax deposits by paper coupon. The proposed regulations generally maintain existing rules for depositing federal taxes through the Electronic Federal Tax Payment System (EFTPS). Using EFTPS to make federal tax deposits provides substantial benefits to both taxpayers and the government. EFTPS users can make tax payments 24 hours a day, seven days a week from home or office. Deposits can be made online with a computer or by telephone. EFTPS also significantly reduces payment-related errors that could result in a penalty. The system helps taxpayers schedule dates to make payments even when they are out of town or on vacation when a payment is due. EFTPS business users can schedule payments up to 120 days in advance of the desired payment date. Information on EFTPS, including how to enroll, [is found online](#), or by calling Customer Service at 1-800-555-4477.

Some businesses paying a minimal amount of tax may make their payments with the related tax return, instead of using EFTPS. More details regarding taxes required to be deposited using EFTPS, dollar thresholds, and other specific requirements are in the proposed regulations.

Additional Information:

- Publication 4132 explains the process of enrolling and paying via Internet.
- Publication 966, The Secure Way to Pay Your Federal Taxes for Businesses and Individuals.
- Publication 4169, Tax Professional Guide to Electronic Federal Tax Payment System.
- Publication 4320, EFTPS Toolkit, contains PDF(s) and descriptions of EFTPS educational materials and their intended target audience, and is for use by tax professionals and financial institutions to assist in educating their clients on the benefits of EFTPS.
- Publication 4275, Express Enrollment for New Businesses.
- Electronic Payment Options Home Page.

If you are required to make deposits by electronic funds transfer and fail to do so, you may be subject to a 10% penalty. Use EFTPS to deposit taxes reported on any of the following tax forms: 720, 940 or 940-EZ, 941, 943, 945, 990-C, 990-PF, 990-T, 1041, 1042, 1120 or 1120-A, and CT-1.

Employers who are not required to make electronic deposits may voluntarily participate in EFTPS. For information on EFTPS, call 1-800-945-8400 or 1-800-555-4477. These numbers are for EFTPS information only. To enroll and use EFTPS-online, go to www.eftps.gov.

Annual and Final Reporting

File Forms W-2 and W-3, Transmittal of Income and Tax Statements, with the Social Security Administration. The IRS does not require annual reporting. An employer who is terminating business or who will have no employees in the future should check the final return box and enter the date the final wages were paid on Form 941.

Penalties and Interest

Interest is charged on all taxes not paid by the due dates of Form 941. The interest rate varies. Penalties are assessed for failure to report, failure to file, and failure to pay. Employers who incur a liability in excess of \$2,500 per quarter are required to make federal tax deposits. For more information, consult IRS Publication 15.

Who Pays Federal Unemployment Tax?

Generally, any employer who in the current or preceding year paid wages of \$1,500 or more in any calendar quarter, or at any time had one or more employees in any of 20 calendar weeks must pay federal unemployment tax. The federal unemployment tax rate is 6.2 percent of the first \$7,000 of each employee's wages. The employer is allowed a 5.4 percent tax credit, regardless of the applicable experience rate, for timely payment of state unemployment tax.

Reporting

Federal Unemployment Tax Returns are due on or before January 31st of the following year. Employers whose federal unemployment tax liability equals or exceeds \$100 per quarter must make federal tax deposits. The amount to be deposited is computed by multiplying .008 by the first \$7,000 of each employee's wages paid during the quarter.

How to get Forms

To get forms, publications, or answers to questions, contact your local IRS office. Once an employer begins to file Form 941 and make federal tax payments, the forms will be mailed automatically. Forms can also be obtained by calling 1-800-829-3676, or go to www.irs.gov.

IMMIGRATION & NATURALIZATION I-9 FORMS

General Information

Employers are required to have each employee complete an employment eligibility verification form (I-9 Form) supplied by the U.S. Citizenship and Immigration Services. Unlike tax forms, for example, I-9 forms are not filed with the U.S. government. The requirement is for employers to maintain I-9 records in its own files for 3 years after the date of hire or 1 year after the date of the employee's employment is terminated, whichever is later. This means that Form I-9 needs to be retained for all current employees, as well as terminated employees whose records remain within the retention period. Form I-9 records may be stored at the worksite to which they relate or at a company headquarters (or other) location, but the storage choice must make it possible for the documents to be transmitted to the worksite within 3 days of an official request for production of the documents for inspection.

When filling out an I-9 Form, employees must show their employer proof that they are a United States citizen or that they have permission to work in the United States. *A Handbook for Employers: Instructions for Completing Form I-9* provides complete instructions for the verification process and completing the forms, and is available [on the internet](#).

You may request both the forms and the handbook explaining the rules and regulations regarding I-9 Forms by leaving a request on the forms line listed below. If you have other questions, call the general information number.

US Citizenship & Immigration Services
511 NW Broadway, Room 17
Portland, OR 97209

1-800-375-5283 (general information)

1-800-870-3676 (to request blank forms)

OREGON CHILD SUPPORT PROGRAM

New Hire Reporting

Oregon law (ORS 25.790) requires all Oregon employers to report new and rehired employees to the Oregon Department of Justice, Division of Child Support:

- within 20 days of hire, if submitting (the W-4 or new hire form) data by mail, fax or online;
- within 12 to 16 days of hire or rehire, if transmitting the data by magnetic or electronic means;
- including the first work date.

“Rehire” means to re-employ any individual who was laid off, separated, furloughed, granted a leave without pay, or terminated from employment for more than 60 days.

This information is used nationwide to match employment for non-custodial parents with a child support case. It is also a tool to detect fraud in public assistance cases, workers’ compensation cases, and unemployment benefits.

Reporting new hires helps in collection of child support by allowing timely issuance of Automatic Orders to Withhold Income (AOW) for child support and National Medical Support Notices (NMSN). New Hire reporting can now be completed through the secure, online Oregon Employer Services Portal.

For questions about new hire reporting, contact emplnewhire.help@doj.state.or.us.

Electronic Funds Transfer (EFT)

Employers doing business in Oregon and employers with registered agents in Oregon who have received an Order/Notice to Withhold Income for Child Support must send child support payments to the Department of Justice, Division of Child Support by EFT (OAR 137-055-5035).

There are two methods to send payments electronically:

- ACH Credit - An employer authorizes a bank-to-bank transaction between themselves and the Oregon Child Support Program. Financial institutions may charge a fee when using the ACH option.
- ACH Debit (Oregon Employer Services Portal) – The business authorizes the Division of Child Support to debit its bank account using a secure web-based debit transaction process.

For questions about electronic funds transfer, contact EFTHelp@doj.state.or.us.

For additional information on the laws pertaining to employers and their obligations, contact:

Employer Services
Oregon Department of Justice, Division of Child Support
4600 25th Avenue NE, Suite 180
Salem, OR 97301-0026

Phone: toll-free 866-907-2857 or from the Salem area 503-378-2868

Fax: toll-free 877-877-7415 or from the Salem area 503-378-2863

Email: ead.staff@doj.state.or.us

Web: oregonchildsupport.gov/employers

CONTACT BUREAU OF LABOR AND INDUSTRIES (BOLI)

Services Offered

The Bureau of Labor and Industries (BOLI), Technical Assistance for Employers Program provides information on wage and hour laws, employment of minors, family leave, and civil rights laws, including the state disability law. For questions in these areas or for information on the services or publications listed below, contact:

Bureau of Labor and Industries
Technical Assistance for Employers Program
800 NE Oregon, Suite 1045
Portland, OR 97232
971-673-0824

BOLI's web address is www.oregon.gov/BOLI. Employers can find answers to their questions and download forms and applications. The Technical Assistance section includes information about BOLI seminars, publications, laws and regulations, and answers the most frequently asked questions.

BOLI offers employers management training through its Technical Assistance for Employers Program. They maintain a regular seminar scheduled in various topics. Employers can contract with BOLI Technical Assistance for customized management training at their work sites. Topics include Effective Supervision; Wage and Hour Laws; Oregon and Federal Leave Laws; Workplace Harassment; Record keeping Requirements; Payroll Issues; Legal Hiring Practices; Policy Writing; and Documentation, Discipline and Discharge. There are fees for the seminars and consulting services. [View additional information online](#) about seminar schedule, location, cost, and registration information.

BOLI also provides [information online](#) on using or setting up apprenticeship programs for your business through the Apprenticeship and Training Division, or you can call 971-673-0760.

Resource Materials

BOLI publishes several employer handbooks that are excellent resources for a business:

<i>Civil Rights Laws</i>	\$40
<i>Wage and Hour Laws</i>	\$40
<i>Employee Classification and Wage & Hour Exemptions</i>	\$30
<i>Family Leave Laws</i>	\$40
<i>Policy Writing Guidelines</i>	\$25
<i>Documentation, Discipline & Discharge</i>	\$25
<i>Guide to Employee Leave Laws in Oregon (Poster)</i>	\$15
<i>Commonly Required Posters in Oregon (8-in-1 poster)</i>	\$10
<i>Commonly Required Posters in Oregon (6-in-1 poster for employers with less than 25 employees)</i>	\$10
<i>Postings for Agricultural Employers (11-in-1 poster)</i>	\$15

The availability and cost of these materials is subject to change. Employers can get information about the latest version, cost, and how to purchase [on the website](#), or by calling 971-673-0824.

OREGON MINIMUM WAGE

The Bureau of Labor and Industries adjust Oregon's minimum wage annually for inflation. For information on current minimum wage, contact the Bureau of Labor and Industries (BOLI) at 971-673-0824 or [visit online](#).

POSTERS REQUIRED FOR EMPLOYERS

Background

Employers in Oregon are required to display certain informational posters for their employees. **Required employment posters are available for free, if you contact the appropriate agency.** For your convenience, BOLI has combined eight commonly required postings into one 2' by 3' wall chart which can be purchased for \$10 plus \$7.50 postage and handling. For more information, see the section "Contact Bureau of Labor and Industries (BOLI)" in this guide. Please note that certain employers may have additional posting requirements.

Bureau of Labor and Industries Required Posters

Employers may [download and print posters](#) from BOLI's website. You may also purchase posters and publications from BOLI area offices in the following locations:

Eugene

1400 Executive Pkwy Ste 200
Eugene, OR 97401
541-686-7623

Portland

800 NE Oregon St Ste 1045
Portland, OR 97232
971-673-0761

Salem

3854 Wolverine St NE Bldg E-1
Salem, OR 97305-1268
503-378-3292

State Minimum Wage Poster

All employers in Oregon, with the exception of the federal government, need the state minimum wage poster. For more information, contact the Bureau of Labor and Industries (BOLI) and click on the Minimum Wage poster to [download the poster](#).

Family Leave Posters

Employers with 25 or more employees in Oregon are subject to Oregon's family leave law and must display the family leave poster. For more information, contact the Bureau of Labor and Industries (BOLI) and click on the Oregon Family Leave Act poster to [download the poster](#).

Fair Labor Standards Act

Employers subject to the Fair Labor Standard Act must display the [federal minimum wage poster](#) and the [Polygraph Protection Act poster](#). For information, write:

Wage and Hour Division
U.S. Department of Labor
1515 SW Fifth Ave Ste 1040
Portland, OR 97201

Equal Employment Opportunity Commission Poster

Employers with 15 or more employees, employment agencies, and labor organizations must display this poster, which is available in English or Spanish. The notice for the new Americans with Disabilities Act (ADA) is included. For information, write or call:

Equal Employment Opportunity Commission (EEOC)
Federal Office Building
909 First Ave Ste 400
Portland, OR 97201
503-326-3057

Safety and Health Poster

All employers with one or more employees must display this poster, which is available at no cost in English and Spanish. For information write, call, or download from the Web:

Department of Consumer & Business Services
Oregon OSHA
350 Winter Street NE Room 430
PO Box 14480
Salem, OR 97309-0405
503-378-3272 or 1-800-922-2689
www.orosha.org

Workers' Compensation Notice of Compliance

This notice is issued by the Workers' Compensation Division (WCD) upon receipt of a proof of coverage filing from the employer's insurer. Every employer with one or more subject workers must obtain insurance and post the notice in a place where the workers can see the notice. You should automatically receive this notice after purchasing worker's compensation insurance. If you do not receive this notice or need a duplicate, write or call:

Department of Consumer & Business Services
Workers' Compensation Division
PO Box 14480
Salem, OR 97309-0405
503-947-7814
www.wcd.oregon.gov

Employment Insurance Notice (Form 11)

Employers subject to the Employment Department must post this notice. The Employment Department will automatically send you this notice when processing your registration. If needed, you can obtain a duplicate or Spanish version. Have your state business identification number ready when you call to obtain this notice. For information, write or call:

Employment Department
Tax Section Room 107
875 Union Street NE
Salem, OR 97311
503-947-1488
www.oregon.gov/EMPLOY/TAX

COMPLY WITH AMERICANS WITH DISABILITIES ACT

Background

The American with Disabilities Act (ADA) is a federal law that prohibits discrimination against disabled persons in the areas of employment, public accommodation, and public services.

Title III of the ADA requires that public accommodations make facilities and services accessible to the disabled. Many private businesses are considered public accommodations under this law. The ADA specifies twelve types of entities that, regardless of size, are public accommodations: places of lodging, exhibition or entertainment, public gathering, public display or collection, recreation and exercise; private educational institutions; establishments serving food or drink; sales or rental establishments; service establishments; stations used for specific public transportation; and social service center establishments.

Title I of the ADA deals with private employment and prohibits discrimination against “any qualified individual with a disability” in all aspects of employment. Title I applies to employers who have 15 or more employees.

General information on the ADA is available from:

Northwest ADA & Information Technology Center
CDRC/OHSU
PO Box 574
Portland, OR 97207
1-800-949-4232 (Voice and TDD)

For additional information on Title III of the ADA (public accommodation issues), contact:

Office on ADA, Civil Rights Division
U.S. Department of Justice
950 Pennsylvania Ave NW
Disability Rights Section – NYAV
Washington DC 20530
1-800-514-0301 (Voice) or 1-800-514-0383 (TDD)
www.ada.gov

For additional information on Title I of the ADA (private employment issues), contact:

Equal Employment Opportunity Commission
909 First Avenue Suite 400
Seattle, WA 98104-1061
1-800-669-4000 (Voice) or 206-220-6882 (TDD)

Employers with six or more employees are subject to the state disability law and should contact the Bureau of Labor and Industries for information at 971-673-0824.

CONTACT OREGON OSHA

General Information

All Oregon businesses with employees must comply with the state's occupational safety and health standards set and enforced by Oregon OSHA.

Please note that all employers are required to have safety committees or safety meetings. Tools are available from Oregon OSHA for developing your program.

Services Offered

The Oregon OSHA Resource Center has a lending library offering hundreds of videos and an extensive collection of books and journals covering all aspects of workplace safety and health. The Resource Center, in the basement of the Labor and Industries Building in Salem, is open to the public, 8:00-12:00 p.m. and 1:00- 5:00 p.m. Monday through Friday. Printed publications can be ordered online at any time.

Oregon OSHA offers free online and in person training on a number of safety and health topics, including some in Spanish. General classes cover basic safety and health management, safety committee activities, recordkeeping and accident investigation. Technical classes include topics such as ergonomics, hazard communication, fall protection, and lockout/tagout. To register for classes or learn more [view our website](#).

Employers may take advantage of Oregon OASHA's consultation program to have a free worksite evaluation to help identify hazards and keep employees safe. The assistance is confidential and no cost to employers in Oregon. Call 503-378-3272 or 1-800- 922-2689 or email consult.web@oregon.gov to make a consultation request. Experienced consultants will offer suggestions and options for eliminating hazards.

To get information on the regulations that apply to your business and to learn more about Oregon OSHA services, contact:

Department of Consumer and Business Services
Oregon OSHA
350 Winter Street NE Room 430
PO Box 14480
Salem, OR 97309-0405
503-378-3272 (voice/TTY) or 1-800-922-2689 (in Oregon)
www.orosha.org

Field Office Numbers

Information is also available from the Oregon OSHA field offices in the following locations:

Office	Information	Consultations
Bend	541-388-6066	541-388-6068
Eugene.....	541-686-7562	541-686-7913
Medford.....	541-776-6030	541-776-6016
Pendleton.....	541-276-9175	541-276-2353
Portland	503-229-5910	503-229-6193
Salem.....	503-378-3274	503-373-7819

EMPLOYEE HEALTH INSURANCE ASSISTANCE

Through special benefits and reforms, the State of Oregon is making health insurance more available and affordable for employers, their employees, and employees' dependents.

Oregon Health Insurance Marketplace

Oregonians can shop for health insurance and access financial help to pay for coverage at HealthCare.gov. The health insurance plans offered on HealthCare.gov are certified by the Oregon Health Insurance Marketplace and managed by the Oregon Department of Consumer and Business Services (DCBS).

Employers with 49 or fewer full-time employees can choose whether to offer employee health insurance without facing a penalty. Employers with 50 or more full-time employees **are required** to offer insurance coverage.

Insurance plans certified by the Oregon Health Insurance Marketplace can be purchased directly from participating insurance carriers or through HealthCare.gov. Employers can work with an insurance agent or the insurer to get the right group coverage for their employees. Certain small businesses may qualify for a tax credit to help pay for coverage if they purchase a certified plan.

If employees are not offered group insurance from their employer, they can get individual coverage through HealthCare.gov, where they may qualify for financial help to help pay the costs of coverage.

To learn more, visit Oregonhealthcare.gov or call 1-855-268-3767 for a local agent who can provide no-cost assistance.

If Employees Decline the Employer-offered Insurance Plan

If the insurance plan an employer offers meets certain standards of affordability and coverage, but an employee decides not to sign up, the employee can sign up for a plan directly at HealthCare.gov. However, they will not be eligible for financial help. If they do not get insurance, they may also have to pay a penalty.

The penalty for not having insurance in 2016 is the higher of these two numbers:

- 2.5 percent of their yearly household income.
- \$695 for every adult in their household, plus \$347.50 for every child under 18.

Get Tax Credits To Pay For Health Insurance

Businesses with fewer than 25 full-time equivalent employees (not including family members of owners/partners or seasonal workers who work fewer than 120 days during the taxable tax year) may be eligible for tax credits to help pay for employees' coverage if health insurance is purchased through HealthCare.gov. The tax credit covers up to 50 percent of premium costs for taxable organizations and up to 35 percent for tax-exempt organizations.

To qualify, you must:

- Provide a certified health insurance plan to your employees.
- Pay at least 50 percent of employee-only health insurance premiums.
- Pay average annual wages of less than \$50,000 a year.

Visit www.irs.gov for more information or consult your tax adviser.

If Employees have questions about Medicare or related insurance

The Senior Health Insurance Benefits Assistance (SHIBA) program is a joint federal and state program that provides free statewide personalized counseling assistance to people with Medicare and their caregivers.

Call toll free 800-722-4134 or visit oregonshiba.org

The Division of Financial Regulation's Consumer Advocacy unit has advocates that answer other health insurance questions and complaints such as claim payments. Call toll free 888-877-4894 or visit Insurance.Oregon.gov.

Small Business Guide to Insurance and Worksite Safety

The Department of Consumer and Business Services regulates areas ranging from insurance to worksite safety that are important to small employers. As a business owner, understanding the types of insurance that can protect your investment and what you can do to promote worksite safety is key to your success. The [Oregon Small Business Guide to Insurance and Worksite Safety](#) provides an overview of these topics, along with contact information so you can easily obtain more detailed information.

WORKSOURCE OREGON EMPLOYMENT DEPARTMENT

The Employment Department, through its Business & Employment Services Division, manages a statewide system of 38 field offices and one-stop partnerships to provide services to employers and job seekers. We serve job seekers by providing them with resources and job referrals that result in employment. Services are delivered in partnership with Workforce Investment Act (WIA) agencies and other community-based organizations under the WorkSource Oregon Brand. Some of our partners include regional and local training providers (Workforce Investment Act Title 1B), the Oregon Workforce Investment Board, local Workforce Investment Boards, the Department of Community Colleges and Workforce Development, the Department of Human Services, local economic development organizations, the seventeen Oregon community colleges, and others. The Employment Department is an active partner in WorkSource Oregon, a network of public and private partners working together for businesses and workers. WorkSource Oregon partners connect businesses with the local resources they need to grow their businesses and train their workforce. Our job listings service generates and maintains the largest pool of job openings and job seekers in Oregon.

Business and Employment services (B&ES) connects Oregon Employers and job seekers through [iMatchSkills®](#) (an online job matching tool where employers get access to Oregon's workforce by using it to automatically match job requirements to qualified candidates, and Job Seekers match their skills and experience to available jobs), and other programs that represent almost one third of all job listing in the state. The WorkSource Oregon Employment Department serves employers by providing qualified applicants for employers, supplying statewide and local labor market information, and providing unemployment insurance benefits to workers temporarily unemployed through no fault of their own.

These services can reduce recruitment costs, save valuable time and money, stabilize local economies during times of economic slowdown, and provide quality labor market information to inform decisions. The department recognizes and appreciates the contributions employers make to the development of Oregon's workforce. The services outlined in this section are mostly funded and supported by employer payroll taxes.

Recruitment Services at No Additional Charge

You can reduce your personnel recruitment costs and get great exposure for your job listings by using our Business & Employment Services. Our business resources include:

- Three recruiting options:
 - Self-Service: Advertise the job without screening applicants. Everyone is welcome to apply, either directly or online.
 - Facilitated Self-Service: Only those applicants who self-attest to meeting the basic job requirements may apply for the listings.
 - Exclusive Recruitment: Refer only well qualified applicants to meet employer's needs by using highly skilled staff who specialize in screening and matching.
- Assistance in matching your job skill requirements to qualified applicants.
- Our online recruitment tool [iMatchSkills®](#).
- Assist the long-term unemployed in returning to work more quickly.
- Implement targeted strategies to find highly qualified applicants for business who list job openings with us.
- Use of our facilities for recruitment.
- Internet exposure on our website.
- Access to Oregon's largest single source applicants, including veterans.
- Fast answers to your questions about services and employment issues.
- Financial incentives that help your bottom line.

Join thousands of other Oregon businesses that reduce their costs and save time by listing jobs with the WorkSource Oregon Employment Department. [Visit us online](#) or find us on the government pages of your local telephone directory.

Work Opportunity Tax Credit (WOTC)

The WOTC program provides businesses with a federal tax credit when they hire certain target group members. For most WOTC certified new hires, an employer claims a credit of up to \$2,400; however, this may go up to \$9,600 for some service-connected disabled veterans.

How can you participate?

To qualify for the tax credit, an employer must apply for and receive an employer certification.

1. Have the potential new hire complete page one of the Pre-Screening Notice (IRS Form 8850) **by the day of job offer**.
2. If the new employee indicates potential WOTC eligibility on page one of Form 8850, complete page two of this form.
3. Complete the ETA-9061 form.
4. Mail the completed forms 8850 and 9061 and any supporting documents to:
Oregon Employment Department
WOTC Unit, Room 201
875 Union Street NE
Salem, OR 97311

Important! These forms **must be mailed within 28 calendar days** of the employee start date.

The timeliness of the request is determined by postmark date. If the request is timely and the applicant is eligible, an Employer Certification will be returned to the business authorizing the tax credit. At the end of the tax year, claim the credit on your WOTC certified employee(s) by completing IRS Form 5884.

The general information below is broken into two areas, Veterans and Non-Veterans.

New hires from one of these **Veteran** groups may qualify you for the WOTC. The maximum tax credit for these target groups ranges from \$2,400 up to \$9,600.

- Veterans receiving Supplemental Nutrition Assistance Program (SNAP).
- Veterans unemployed for any 4 weeks in the year prior to hire.
- Veterans with a service-connected disability.

New hires from one of these **Non-Veteran** groups may qualify you for the WOTC. The maximum tax credit for these target groups ranges from \$1,200 up to \$9,000.

- Member of family receiving Temporary Assistance for Needy Families (TANF).
- Member of family receiving Supplemental Nutrition Assistance Program (SNAP).
- Summer Youth from 16 to 17 years old living in an enterprise zone.
- Vocational Rehabilitation referrals.
- Ex-felons recently convicted or released.
- Supplemental Security Income (SSI) recipients.

For more information and required forms, please contact the Oregon Employment Department at 1-800-237-3710 and ask for the Work Opportunity Tax Credit Coordinator.

You may also [visit us online](#) to access detailed information and required forms.

Foreign Labor Certification Program

Employers who cannot find sufficient able, willing, and qualified U.S. workers to fill their labor needs can contact the Oregon Employment Department Labor Certification Unit for assistance. This program is operated in conjunction with the U.S. Department of Labor to certify workers for temporary agriculture and non-agriculture labor needs. The process assures that adequate recruitment has been done to find qualified U.S. workers and that the hiring of foreign-national workers will not adversely affect wages and working conditions of U.S. workers. Please [visit US Department of Labor](#) for program details and forms. For staff assistance, call 1-800-237-3710 and ask for the Foreign Labor Certification Unit.

Veteran Services for Employers

What does the Veteran's Program offer?

As veterans leave the armed forces, thousands of highly trained and qualified workers are coming back into the civilian labor pool. The WorkSource Oregon Employment Department's Local Veteran's Employment Representatives (LVERs) work with employers who want to hire the best-trained workforce in the country. Additionally, each of the Oregon WorkSource offices have staff who assist employers recruit veterans for their positions. Veterans seeking work apply for services with the Employment Department and their information is placed into **iMatchSkills®**, our award winning online match system. The program matches the veteran's skills with job requirements of listed openings. Veterans are given priority service by law. They are the first considered for openings and the best-qualified veteran applicants are referred to employers. Veteran representatives help veterans find employers who have openings. They may also contact employers to talk about veterans gaining skills through an on-the-job training program.

Veteran's Administration Vocational Rehabilitation Programs

Your business may be eligible for Veteran's Administration Vocational Rehabilitation approved on-the-job training or apprenticeship programs. The on-the-job training program reimburses you for wages paid to qualified veterans who are in training. We also offer recruiting assistance to federal contractors to meet veteran-related affirmative action plans. For more information, visit www.vba.va.gov.

Who can I contact to hire a veteran or list a job opening?

To contact your nearest WorkSource Oregon Employment Department office, [visit us online](#). Check out our [Recruiting Resources](#) for Veteran Employment Services and other Job Accommodation Resources or look in the government section of your phone directory.

Special Requirements for Federal Contractors

Federal contractors (for procurement of personal property or non-personal services including construction) who have a federal contract of at least \$100,000 with the federal government must take affirmative action to hire and promote qualified special disabled veterans and any other veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized. This requirement is covered under Title 38 chapter 42 of the US Code. We call this the Federal Contractor Job Listing (FCJL) requirement.

Child Care Services for Employers

The Office of Child Care encourages and assists employers to meet the child care needs of their employees, and promotes the use of the state Employer Dependent Care Assistance tax credit program. Call 1-800-556-6616 or 503-947-3121 for information and materials about dependent-care options.

Employers can find cost effective solutions to the child care needs of their workforce through their local child care resource and referral agency. Communities throughout the state are served through the child care resource and referral system which receives financial support from the Office of Child Care. For information about your local agency, view [Central Coordination of Child Care Resource and Referral](#) online or call 503-839-8096.

Work Share Program

The Work Share program offers an alternative to laying off employees. Under the program, instead of being laid off, employees work reduced hours and receive reduced unemployment insurance benefits. You may request to participate if you reduce your employees' workweek between 20% and 40%. Work Share can affect your tax rates. For more information, call 1-800-436-6191; or in Salem, 503-947-1800. For more information, visit us [online](#).

UNDERSTAND UNEMPLOYMENT INSURANCE BENEFITS

Unemployment Insurance benefits replace part of the income lost when a person becomes unemployed. This softens the impact job losses have on communities. Workers maintain purchasing power to support businesses in the area where they live.

Qualifying

A claim is based on a one-year period known as the base year. The base year is the first four of the last five calendar quarters completed at the time the initial claim is filed. Claimants who do not qualify using the above base year, may use a base year consisting of the last four completed quarters.

There are two ways to qualify:

First: claimants qualify if they have employment and wages of at least \$1,000 in employment subject to unemployment insurance law AND total base year wages equal to at least one and one-half times the wages in the highest quarter of the base year. **OR**

Second: if an individual does not qualify the first way, a person may qualify for benefits if he or she has wages and worked at least 500 hours of employment subject to unemployment insurance law during the base year.

Benefit amounts are set by law as a percentage of the wages received during the base year. The weekly benefit amount is 1.25% of the total base year wages but with a fixed lower limit of 15% and an upper limit of 64% of the state average weekly wage in covered employment.

A claim lasts for 52 weeks that make up the benefit year. This is the 12-month period beginning with the week they first file for benefits to set up a claim.

Claimants may receive up to 26 weeks of benefits within the benefit year. Minimum claims may have fewer than 26 weeks available. Extended benefits may be paid beyond the 26 weeks during periods of high unemployment.

Disqualifications and Penalties

Receipt of unemployment insurance is based on eligibility, not need. A worker who worked enough during the base year may receive benefits if out of work through no fault of their own. The person must be able, available and actively seeking work.

Some reasons for disqualification, denial, or reduction of benefits are:

1. Voluntarily leaving work without good cause, discharge or suspension for misconduct connected with work, or failing to accept a job offer or referral to a job without good cause. If disqualified, claimants must work and earn at least four times their weekly benefit amount before they may receive benefits. In addition, the total benefits a person can receive are reduced. As a general rule, the total reduction is eight times the person's weekly benefit amount for each disqualification.
2. Discharge because of a felony or theft connected with work. If disqualified, all benefit rights based on the wages earned before the date of discharge are canceled.
3. Being involved in a labor dispute. The claimant may be disqualified as long as the labor dispute continues.
4. Not being able to work, not being available for work, and/or not actively seeking work. This is a week-to-week denial. The disqualification ends when the claimant is able, available, and actively seeking work.
5. Receipt of retirement pay from a base year employer. Retirement is deducted dollar for dollar from the weekly benefit payment.
6. School employees between terms and school years. Generally, school employees do not receive benefits based on school wages if they have reasonable assurance of returning to work when school re-opens.
7. Not having authorization to work in the United States. Benefits will not be paid unless a person has authorization to work in this country.
8. Fraudulently receiving benefits. Misrepresentation in order to receive benefits may result in a disqualification of up to 26 weeks and criminal prosecution.

Working and Receiving Benefits

Under unemployment insurance law, workers are “unemployed” when working less than full-time and earning less than their weekly benefit amount. A person may earn up to 10 times Oregon’s minimum wage or one-third of the weekly benefit amount (whichever is greater) before benefits are deducted dollar for dollar from the weekly benefit amount. When working full time or earning more than the weekly benefit amount, the individual is not “unemployed” and not eligible for benefits.

Notice of Claim Filed (Form 220)

When a person files or restarts a claim, the most recent employer receives a Notice of Claim Filed, Form 220. If a claimant did not work and earn four times the weekly benefit amount from his or her last employer, we will also mail a Form 220 to the next-to-last employer. Mail or fax Form 220 to the Employment Department within ten days after the date we mailed the form to protect your appeal right.

Employment Department adjudicators investigate separation and eligibility issues. We rely on you, the employer, for much of our information about a claimant’s eligibility. Your timely response to the Notice of Claim Filed Form 220 entitles you to a decision you can appeal if an issue exists that may affect the person’s eligibility for benefits. If a claimant stopped working for you for any reason other than lack of work, provide details of the separation in the space provided on the form and use the back, if necessary. Please be sure your information is correct and true.

Willful false statements can result in additional charges against your account. It is important that you respond to requests for separation information on former employees. The facts surrounding an employee’s separation can directly affect your tax rate because we decide to pay or deny claimants based, in part, on this information. If you do not provide any information, the Employment Department will make a decision based on available information. Decisions to allow benefits affect all base year employers as their accounts may be subject to charges for benefits paid as a result of the person’s most recent separation.

Inquiries from Other States

All states, the District of Columbia, Puerto Rico, the Virgin Islands, and Canada have unemployment insurance programs. People who work in one state often file for unemployment in another state. If you receive forms from another state or agency about a former employee, it is to your advantage to reply. UI payments can affect charges to your account no matter where the claimant lives or files his or her claim.

Reporting a Job Refusal

A worker who refuses suitable work without good cause will be disqualified. The Employment Department has no way of discovering these issues unless you or the worker tells us. If you offer a job to someone who is claiming benefits, please let your local UI Center know at once if that person fails to accept the job or behaves in a way that causes you to withhold a job offer. [View the link](#) for telephone numbers for all three UI Centers.

Fraud

We compare quarterly wage reports to records of unemployment benefit payments to find those people who work without reporting their earnings on their claims. This is called the cross-match system. We also look into issues brought to our attention from any other source. We publicize our cross-match system, the penalties for fraud, and individual court convictions. This public information is an effort to discourage fraud. We credit the accounts of tax-paying employers for any benefits paid because of fraud. We credit reimbursing employers when the Employment Department recovers the benefits paid because of fraud. When claimants are denied for fraud, they are disqualified for up to 26 weeks (per occurrence) and are required to repay the money. If prosecuted and found guilty, the individual could be fined, jailed, or both.

HEARINGS

Purpose and Process

Every year the Employment Department issues thousands of administrative decisions. The decisions may concern unemployment taxes or the payment of unemployment insurance benefits to current or former employees. If you receive a decision and you believe it to be contrary to law and rule, you may request a hearing. Hearing requests must be filed within the 20-day time limit or within ten days if you are appealing a claim determination. We will mail to you notice of the date, time, and place of the hearing along with a pamphlet titled *“How to Prepare and Present Your Case.”* Hearings are held by telephone conference call. Administrative law judges with the Office of Administrative Hearings (OAH) conduct the hearings.

The hearing process is simple. Individuals can represent themselves. During a hearing, both sides have a chance to present their cases and ask questions of any witnesses that appear. All testimony is taken under oath or affirmation. The decision of the administrative law judge is based solely on the facts presented at the hearing, so it is important you participate in the hearing to make certain your side of the story is told. If you cannot participate in the scheduled hearing to tell your side of the story, contact the Office of Administrative Hearings immediately. If you ask for a hearing but then fail to participate, your appeal will be dismissed. You will receive the administrative law judge’s written decision approximately 14 days after the hearing.

You may also appeal the administrative law judge’s decision. Unemployment benefit cases are appealed to the Employment Appeals Board, a three-person panel appointed by the governor. Tax cases are appealed to the Oregon Court of Appeals. These appeals are a review of the administrative law judge’s decision based on the evidence presented at the first hearing. This is another reason it is so important to attend a hearing to represent your case. If you have questions regarding a hearing, contact the OAH at 503-947-1515 or 1-800-311-3394 or 1-888-577-2422 (IVR) or email OAH@emp.state.or.us.

LABOR MARKET INFORMATION

The Oregon Employment Department's Workforce & Economic Research Division has a team of Workforce Analysts who collect and analyze labor market information for individual businesses, who can then apply that information to their everyday business decisions. The Workforce Analysts are available to provide concise, up-to-date information about the local, state, and national economies; on the population trends for those areas; and their effects on Oregon's workforce. Their focus is to provide information, as requested by Oregon businesses, related to the labor market in general, and can provide specific occupational supply and demand data, or do an analysis of a business's wage levels relative to the labor market. Workforce Analysts are also available to create customized reports for specific businesses when the data is available. The research division also publishes and distributes information that has been gathered through surveys sent to employers. Businesses can then use this labor market information to identify challenges and opportunities. Economic development planners, educators and training providers, job applicants, legislators, and the news media also regularly rely on this information to learn about workforce issues that affect Oregonians.

Information on the Internet

The Oregon Employment Department maintains a nationally recognized website where employers can find local, regional, and statewide information about employment, unemployment rates, the Consumer Price Index, workplace skills, wage levels, industry and occupational projections of employment, and much more. Research staff are on hand to show businesses how to retrieve such data – and how to apply it directly to their venture. [Visit us online.](#)

Labor Market Information Publications

Oregon Employment Department staff prepare and distribute thousands of publications to schools, businesses, planners, and the public. A complete list of [labor market information publications](#) is available online.

UNCLAIMED PROPERTY

Complying with Oregon's Unclaimed Property Law

Unclaimed property is any amount of money owed to another person or entity that cannot be found. Oregon law requires businesses and organizations to report all unclaimed assets each year to the [Oregon Department of State Lands](#).

Common types of unclaimed property include:

- Uncashed payroll checks.
- Refunds and other deposits.
- Accounts receivable – credit balances.
- Stocks and securities.

Free training seminars on how to remit unclaimed property are offered annually, in the spring and summer. Additional information on how to report is in the Department's [step-by-step guide](#) on unclaimed property reporting.

OREGON IDENTITY THEFT PROTECTION ACT

Oregon law requires individuals, businesses, and organizations that collect and maintain personal identifying information to follow requirements to help protect consumers from identity theft.

Personal identifying information is a consumer's name in combination with a Social Security number, Oregon driver's license or Oregon identification card number issued by the Department of Motor Vehicles-Oregon Department of Transportation, or a financial account or credit or debit card number along with security or access codes or password that would allow someone to access a consumer's financial account.

Those who maintain Social Security numbers are prohibited from printing them on any documents that are mailed to but not requested by the consumer. If the consumer requests mailed documents that contain a SSN, the number must be redacted or obscured. Further, you cannot print a SSN on a card used by the customer that is required to access products or services, nor can you publicly display or post an SSN (such as on a website) unless redacted or obscured. In addition, the law requires anyone who owns personal identifying information to notify affected consumers of any security breach if computer files containing that personal information have been subject to a security breach.

Oregon businesses and organizations also must safely protect the personal information they maintain by developing, implementing and maintaining reasonable safeguards, including the proper disposal of information that is no longer needed.

Owners of a small business (200 employees or less in a manufacturing business, or 50 employees or less in other types of business) comply with the safeguard requirements if its information security and disposal program contains the administrative, technical and physical safeguards and disposal measures appropriate to the business's size and complexity as well as the nature and scope of its activities, and the sensitivity of the personal information it collects.

Those who are subject to and comply with the notification and data safeguard requirements or guidance adopted under the federal Gramm-Leach-Bliley Act already meet Oregon's requirements for notification and data safeguarding for customers' personal information. In addition, those who are subject to and comply with the data safeguard requirements or guidance adopted under the Health Insurance Portability and Accountability Act (HIPAA) for data safeguarding of patient information do not need to develop further processes. However, if a breach involves personal information of your employees, or you are developing safeguards to protect employees' personal information, you must follow Oregon's notification and data safeguard requirements.

For further information contact:

Department of Consumer and Business Services

Division of Financial Regulation

350 Winter St. NE, Room 410

Salem OR 97301-3881

503-378-4140

1-866-814-9710 (toll free in Oregon)

Visit [Division of Financial Regulation](#) online.

OFFICE OF SMALL BUSINESS ASSISTANCE

Fostering Collaboration for Better Business

Oregon's Office of Small Business Assistance serves as an independent voice for small businesses within state government.

Small businesses account for 98% of Oregon firms, employ more than half the state's workforce and play a vital role in our economy. The Small Business Advocate brings together businesses and government to improve Oregon's business climate.

When problems arise, the advocate works collaboratively with small businesses and state agencies to help resolve issues.

Get Help

The Small Business Advocate's core mission is to assist entrepreneurs who believe they've been subjected to unreasonable or unfair state regulatory actions, such as investigations, excessive fines, penalties, threats or other enforcement by a state agency. The Advocate investigates complaints and works toward a mutually acceptable resolution.

If you feel your business has been aggrieved by an Oregon agency and you've tried to resolve the issue without success, [request assistance online](#) or phone the Office of Small Business Assistance at 503-986-2193 or toll free at 1-844-469-5512.

About the Small Business Advocate

Created by the Oregon Legislature in 2013, the Office of Small Business Assistance is housed in the Secretary of State's Corporation Division. As an appointee of Oregon's Secretary of State, the Small Business Advocate operates outside of both the executive branch and the legislative branch to provide an objective voice for entrepreneurs within the halls of government.

[*Meet the Advocate*](#)

Corporation Division
Office of the Secretary of State

Public Service Building, Suite 151

255 Capitol Street NE

Salem, OR 97310-1327

(503) 986-2200

corporation.division@state.or.us

FilingInOregon.com

Oregon Employer's Guide
Publication No. BICGUI1103

June, 2016

2016 ed.