# Oregon Domestic Combined Payroll Tax Report

# 2010

**Oregon Department of Revenue**

**Oregon Employment Department**

**Oregon Department of Consumer & Business Services**

## Forms and Instructions For Oregon Domestic Employers

- **FORM OA DOMESTIC OREGON ANNUAL TAX REPORT**
- **FORM 132 DOMESTIC EMPLOYEE DETAIL REPORT**
- **CHANGE IN STATUS REPORT**
- **FORM WR OREGON ANNUAL WITHHOLDING TAX RECONCILIATION REPORT**

2010 Oregon Combined Payroll Tax Payment Coupons (Form OTC) are mailed separately.

### How to ensure that your report is processed on time

- Do you use a tax preparer? If so, the preparer may need this booklet to file your reports.
- Double-check your math.
- When sending a payment by check, you must include Form OTC.
- If you have no payroll or subject hours worked; enter a “0” in the boxes on lines 1, 5, 9 and 11 for each tax program to which you are subject.

Oregon Department of Revenue
955 Center Street NE
Salem OR 97301-2555

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Use the information below if you need assistance.

## State withholding taxes

OREGON DEPARTMENT OF REVENUE (DOR)

**Salem:** 503-945-8091 or 800-356-4222
TTY users: 503-945-8617 or 1-800-886-7204
Internet: **www.oregon.gov/dor/business**
E-mail: payroll.help.dor@state.or.us
Address: 955 Center Street NE
Salem, OR 97301-2555

*Reporting forms:*

*Oregon Annual Tax Report – Form OA - Domestic*
*Oregon Annual Withholding Tax Reconciliation Report–Form WR*
*Business Change in Status Form*
*Business Contact Change Form*

## Workers' Benefit Fund assessment

OREGON DEPARTMENT OF CONSUMER & BUSINESS SERVICES (DCBS)

*Assessment questions:*

**Salem:** 503-378-2372
Internet: **www.oregon.gov/dcbs/fabs/wbf.shtml**
E-mail: wbfassess.fabs@state.or.us
Mailing Address: PO Box 14480
Salem, OR 97309-0405

*Subjectivity questions:*

**Salem:** 503-947-7815 or 1-888-877-5670
E-mail: wcd.employerinfo@state.or.us

*Reporting forms:*

*Oregon Annual Tax Report – Form OA – Domestic*
*Business Change in Status Form*
*Business Contact Change Form*

## State unemployment insurance tax

OREGON EMPLOYMENT DEPARTMENT (OED)

**Salem:** 503-947-1488
TTY users: 711
Internet: **www.oregon.gov/employ/tax**
E-mail: taxinfo@emp.state.or.us
Address: 875 Union Street NE
Salem, OR 97311-0030

*Reporting forms:*

*Oregon Annual Tax Report – Form OA - Domestic*
*Employee Detail Report– Form 132 - Domestic*
*Business Change in Status Form*
*Business Contact Change Form*

## Payments for all tax programs

Oregon Combines Payroll Tax Payment Coupons (Form OTC) are mailed separately to employers. You must include one with each payment. You don't need to send Form OTC if you use EFT.

**To order Form OTC call**:
**Salem:** 503-945-8091 or 503-378-4988

**Electronic Funds Transfer (EFT)**
Help Line: 503-947-2017

## Online resources

To sign up for "*Payroll Tax News*" go to: **www.oregon.gov/dor/business**.

*How to Start a Business in Oregon* and *Employer's Guide for Doing Business in Oregon* are available at: **www.filinginoregon.com**.

Find Federal payroll tax forms at **www.irs.gov**.

In compliance with the Americans with Disabilities Act (ADA), this information is available in alternative formats by calling the **Oregon Department of Revenue**, 503-378-4988, or 1-800-356-4222 (toll fee from an Oregon prefix) or the **Oregon Employment Department**, 503-947-1488

# Filing Due Date for Annual Report is January 31, 2011

## WHERE TO FILE AND PAY

*Mail all reports and payments to:*

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

## Important Information

### Quarterly Filing Options

If you choose to file on a quarterly basis, the Employment Department has free software available. See page 5 or call 503-947-1488 for more information.

### Unemployment Insurance (UI) Tax Rate

Your UI tax rate is based on the last 12 quarters experience through June 30, 2010. You received a *Notice of Estimated Tax Rate* in November 2009 because the data is not available for the first two quarters of 2010 until we receive your annual report in 2011. Final tax rate notices will be mailed in May 2011 after the year 2010 annual reports are processed.

**Oregon Department of Revenue, Employment Department, and Department of Consumer and Business Services rules differ.** ***Please read all instructions carefully. If you have questions, please contact the appropriate agency (see page 2).***

### Keep your records

You must keep WBF assessment-related payroll records for at least four years.

You must keep all other payroll records for at least six years after filing the required reports.

### Closing your account

All reports and payments are due within 20 days of the date that you terminate your employees, rather than January 31. Interest will begin to accrue if payment is not made by that date.

### Oregon Identification Numbers

Your Oregon business identification number (BIN) is not the same as your registry number issued by the Oregon Secretary of State's Corporation Division. **If you don't know your BIN, call DOR, 503-945-8091 or 503-378-4988.**

The correct format for a BIN is NNNNNNN-N (for example, 1234567-8.)

**You must include your BIN at the top of all correspondence, returns, and payments that you file with DOR, OED, and DCBS.**

**Important:** if the structure of your business has changed, contact DOR, 503-945-8091 or 503-378-4988.

### Filing Option

Employers with exclusively domestic (in home service) employment may choose to file the combined payroll tax reports quarterly or annually. The quarterly forms are sent out in February, and annual forms are sent out by November of each year. Call the Oregon Employment Department, 503-947-1488 for more information.

### Bankruptcy

If you file for bankruptcy, you need to notify **separately** each state agency that administers the payroll taxes and/or assessments to which you are subject.

### Withholding tax tables and formulas

The Oregon withholding tax tables and formulas were updated January 1, 2007. They are reviewed every year. If they are revised, DOR will send information through Payroll Tax News (see page 2). Information about Oregon income tax withholding is available at: **www.oregon.gov/dor/business**. If you don't have internet access, call 503-945-8091.

### Payroll questions answered via e-mail

You can now receive answers to your payroll questions via e-mail. Agency e-mail addresses are listed on page 2.

### Employer new hire reporting program

All Oregon employers are required to report new and rehired employees to the Oregon Department of Justice's Division of Child Support, within 20 days from their hire date. For information on the law and reporting procedures, contact:

Department of Justice
Division of Child Support
Employer New Hire Reporting Program
4600 25th Ave NE Suite 180
Salem OR 97301

Telephone: 503-378-2868
Fax 503-378-2863 or 877-877-7415
E-mail: emplnewhire.help@doj.state.or.us
Website: **www.oregon.gov/doj**

# Required Forms

If you file paper forms, using the forms in this booklet ensures faster and more accurate processing.

We process paper forms electronically. It is critical for successful reporting to use the correct format and color.

To avoid problems, please:

- Use only blue or black ink.
- Use only original forms. Don't photocopy or fax your reports.
- Use **CAPITAL LETTERS ONLY** when filling out your reports.

**If you use a tax preparer,** please check with them to see if they need this booklet to file your reports. Your forms can be sent directly to your tax preparer. Fill out the *Business Contact Change Form* to change your forms' mailing address to your tax preparer's address.

## Forms needed for reporting

- ***Form OA–Oregon Annual Tax Report.*** File this form each year to document how you calculate the annual amounts for state UI tax, state withholding tax, and the Workers' Benefit Fund (WBF) assessment you owe.
- ***Form 132–Domestic Employee Detail Report.*** For UI tax only. File these forms with Form OA to detail, by employee, the quarterly subject wages and hours each employee worked to calculate the amount of UI tax you owe.
- ***Form OTC–Oregon Combined Tax Payment Coupon.*** File with each payroll tax payment to show how the amount paid is to be distributed among UI tax, state withholding tax, and the WBF assessment.

NOTE: Form OTCs are mailed separately, by December 31 of each year. If you need to order additional coupons, write the Oregon Department of Revenue, PO Box 14800, Salem, OR 97309-0920, or call 503-945-8091 or 503-378-4988. When ordering, tell us how many coupons you need for the remainder of the year.

## Other forms

Because we process reports and payments electronically, our computers may not see and process changes you write on Form OA or Form OTC. Please use the following forms, located in the back of this booklet, to make updates instead: These forms are also available on the Internet at: **www.oregon.gov/DOR**.

***Business Change in Status Form.*** Use this form to update your information such as: Changing a business name, closing the business or no longer having employees.

If the structure of your business changes, you may need to complete the *Combined Employers Registration*. Please call 503-945-8091 for more information.

***Business Contact Change Form.*** Use this form to update your contact information, such as: physical, mailing, or e-mail address; phone or fax

number; and offsite payroll service, accountant, or bookkeeper.

***Form WR–Oregon Annual Withholding Tax Reconciliation Report.*** Form WR is required by all employers who withhold state income tax from their employees. It is filed annually by employers to reconcile the Oregon state withholding taxes reported to DOR with all Oregon W2s and 1099s issued to your employees. If you stop doing business or no longer have employees, Form WR is due 30 days after your final payroll.

# Filing the Oregon Combined Annual Tax Report

## Who must file

If you choose an annual reporting schedule, you must file a Form OA Domestic each year:

- As long as you are registered as an active employer with DOR, OED, or are either required by law or choose to have a workers' compensation insurance policy in Oregon.

You must file Form 132 Domestic:

- If you are an employer subject to UI law.

## When to file

Your report and payment are due no later than January 31, 2011. If your account closes mid year, both reports and payment are due within 20 days of the closing.

## Amended reports or adjustments

To amend reports that were filed using paper forms or SETRON:

- Fillable amended report forms are available at **www.oregon.gov/employ/tax/taxdocs.shtml** Forms can also be ordered by calling 503-947-1488, option 3.
- Complete the *Form OQ/OA–AMENDED*, *Schedule B–AMENDED*, or *Form 132–AMENDED*.

To amend a report you filed using OTTER:

- Make the corrections in OTTER.
- Print a paper copy of the amended report.
- Write "Amended" in large letters at the top of the amended report.
- Circle the boxes that have been changed from the original report. **Don't use a highlighter.**
- Write a brief explanation on a separate sheet that tells why you are amending your report. Attach to the report form.

Mail the amended report(s) to:

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

Or **fax to 503-947-1700**.

If you send a check for payment due with your amended report, please include Form OTC with your payment.

**Don't send your corrected report electronically. Use only blue or black ink.**

## Time limits to file for changes

**DOR**: You may submit amended returns as far back as necessary to make corrections and report the proper amount of tax. However, if that correction results in a refund, you have three years from the due date of the return, or two years from the date the tax was paid, whichever is later, to request that refund.

**OED:** Employers may make changes to the UI tax portion of the report for the current quarter and the previous three years.

**DCBS** will only make and accept adjustments to the WBF assessment portion of the report for quarters during the current calendar year and the previous three years.

## Failure to file

If you don't file a correct, complete annual report, you may receive an assessment from each agency for taxes owed based on available information. Each agency may charge penalties and interest on the amount assessed (see page 6 and 7).

## Quarterly Filing Options

Electronic filing is far more efficient, accurate, and less time consuming than paper filing. You can file electronically by the internet, e-mail, or by telephone if you elect to report quarterly.

The Employment department has free software for filing electronically. This software is a substitute for quarterly filings of paper Form OQs, Schedule Bs, and Form 132s. If you have questions call 503-947-1488 or download the software from our Web site **www.oregon.gov/employ/tax**.

# Payment Instructions

### Oregon combined payment

To make sure your payment is correctly applied:

- Complete and send in Form OTC with every payment when due, including payments made with your Form OA.
- Show the amount paid to each tax program in the appropriate boxes on Form OTC. Enter **only** the amount shown on your check. Don't include credits (see page 7).
- Don't staple or tape check to Form OTC.
- Make checks payable to "Oregon Department of Revenue."
- Send Form OTC and your check to:
  **Oregon Department of Revenue**
  **PO Box 14800**
  **Salem, OR 97309-0920**

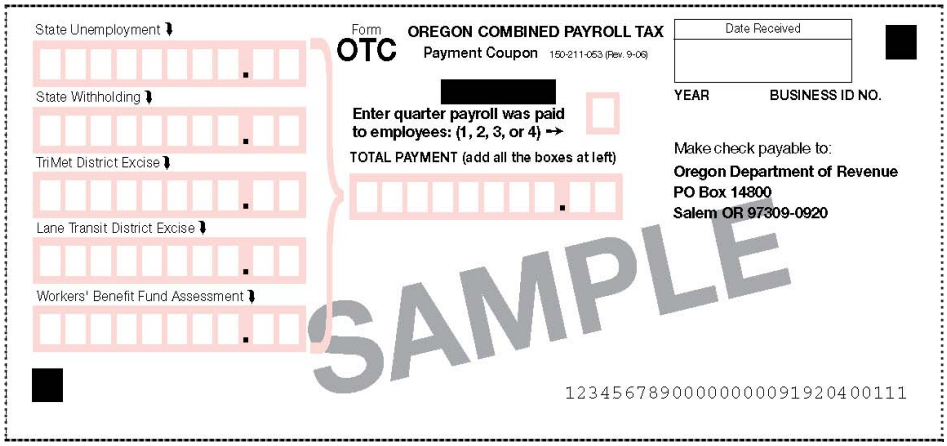
### Payment record

Keep all payment records (see page 3).

### Electronic funds transfer (EFT)

You can make payments for combined payroll taxes using DOR's EFT program. This program allows you to make payments using a touch-tone telephone, a secure internet site, or through your financial institution. We encourage you to use EFT even if you're not required, because of its accuracy and convenience.

Before starting EFT payments, you must file an authorization agreement with DOR, available at **www.oregon.gov/dor/eserv/eft.shtml**, or by calling 503-947-2017.




# Penalties

### Unemployment insurance (UI) tax

A failure-to-file or late-filing penalty may be assessed if you file Form OA Domestic or Form 132 Domestic (Employee Detail Report) more than 10 calendar days after the due date, and you received a warning. Forms may be returned to you if you haven't correctly formatted them or if they are incomplete. You must resubmit these reports by the 10th day after the due date to avoid this penalty.

The UI tax failure-to-file penalty is $6 for each employee reported, with an $80 minimum and $1,600 maximum penalty. If no subject wages are reportable, but you file the report late, you may be assessed a $5 penalty.

OED may assess a penalty if you fail to pay a tax assessment. The penalty will be 10 percent of the unpaid tax for that assessment.

OED may assess a 50 percent penalty of the unpaid tax balance if the agency finds out that an employer is intentionally avoiding paying UI tax. (ORS 657.515(5))

OED may charge an employer an additional 1 percent penalty if, as of September 1, the employer hasn't:

- Filed all UI tax reports:

  -*Form OA Domestic–Oregon Annual Tax Report*,

  **or**

  -*Form 132 Domestic–Domestic Employee Detail Report*,

  **or**

- Paid all UI taxes due.

The penalty is 1 percent of the employer's previous year's taxable payroll.

Note: These penalties are in addition to interest due.

### State withholding

- DOR charges a 5 percent late-payment penalty on any unpaid tax after the return's (Form OA) due date.
- DOR charges an additional 20 percent penalty on any tax due as of the due date if you file Form OA more than one month late.
- DOR may charge a 100 percent penalty on any tax due if you don't file Form OA Domestic for three years in a row.

### Workers' Benefit Fund (WBF) assessment

DCBS may charge a late-filing penalty if you make your payment or file your Form OA Domestic after the due date. DCBS may charge a civil penalty of up to $2,000 for each violation if the payment or Form OA Domestic is not filed on time. Penalties are charged at 10 percent of the outstanding balance, with a minimum of $50 for each violation.

Also, if your account is audited for failure to report or for inaccurate reporting, DCBS may charge up to $2,000 for failure to respond on time to notices and orders related to audit findings.

## Interest

### Unemployment insurance (UI) tax

OED assesses interest on unpaid or late UI tax. The rate is 1.5 percent per month or fraction of a month after the payment is due.

Payments are due by the last day of January each year if you file annually. Quarterly filers must also pay quarterly. Interest is assessed if the payment is one day late. Calculate interest on unpaid tax only. Don't calculate interest on previously assessed interest or penalties.

### State withholding

DOR charges interest on any remaining tax left unpaid after the due date. DOR will bill for this interest, so you don't need to calculate interest due.

### Workers' Benefit Fund (WBF) assessment

DCBS charges interest on unpaid WBF assessments. The rate of 9 percent per year may be charged on all overdue balances. If your account is assigned for collection, you will be responsible for paying the collection fee.

## Credits

### To apply a credit in the same tax program

You may use Form OA to apply an amount that you overpaid if you haven't already requested or been issued a refund. Add the credit to any prepaid amount in the correct box on Form OA (box 6A, 6B, or 12) to reduce the balance owing.

### To apply a credit to another tax program

Send a written request to the agency with the credit. Include your account name, BIN, tax program, year, and amount of the credit. Write the tax program and year to which you want the credit applied. Attach any notices or memos you received about the credit. Don't use Form OA to transfer credits between programs.

### To request a refund

Send a written request to the agency with the credit. Include your account name, BIN, the word "**Refund**," and the amount to refund. Attach any notices or memos you received about the credit. Don't use Form OA to request a refund.

# Oregon Annual Tax Report (Form OA)

## Instructions

### Employer information section

Before you complete Form OA Domestic, review your name, mailing address, Oregon business identification number **(BIN)**, and federal employer identification number **(FEIN)** to make sure they are correct. Make corrections on the *Business Change in Status Form* included at the end of this booklet.

The North American Industry Classification System (NAICS) code is assigned by OED. If you have questions regarding these codes, call 1-800-262-3912, ext. 7-1248 (toll-free within Oregon) or 503-947-1248.

### Number of covered workers for state unemployment insurance (UI)

If you have questions on how to count workers, call 1-800-262-3912, ext. 7-1248 (toll-free within Oregon) or 503-947-1248.

To report number of workers, use the totals for each month in the fourth quarter only (October, November, and December). Include all full-time and part-time workers who worked or received pay subject to unemployment insurance law during the payroll period which includes the 12th of the month. Some examples include:

- **Daily pay period**. Enter the number of workers on the daily payroll for the workday nearest the 12th of the month.
- **Weekly, bi-weekly, or semi-monthly pay period**. Enter the number of workers on the payroll for the period that includes the 12th of the month.
- **Monthly pay period**. Enter the number of workers on your monthly payroll.
- If there were no covered workers during any pay period, enter zero "0" in the appropriate boxes. Don't leave these boxes blank.

Add the numbers for the three months and place the sum in the **Total** (October + November + December) box.

### OA columns

In each column:

- Enter the total annual subject wages paid for each tax program. If you have questions, refer to the specific program information in this booklet; and

- Enter the total tax owed to each state program. If any of the amounts are less than or equal to zero, enter "0". If you have credits, see the Credits section on page 7.

### Column A. Unemployment Insurance (UI)

**Box 1. Subject wages.** This amount must equal the sum of all four quarters from line 1 (total subject wages) on Form(s) 132-Domestic. Include all wages even those exceeding the taxable wage base for UI reporting purposes. Enter "0" if you had no subject payroll for the year.

**Box 2. Excess wages.** Excess wages are wages above the taxable wage base for the year *per employee*. The taxable wage base **for 2010 is $32,100** per employee per year.

Prior years' taxable wage bases were:

| | |
|---|---|
| 2009 = $31,300 | 2006 = $28,000 |
| 2008 = $30,200 | 2005 = $27,000 |
| 2007 = $29,000 | 2004 = $27,000 |

**Box 3. Taxable wages.** Enter box 1A minus box 2A.

**Box 4. Tax rate.** Use the estimated 2010 tax rate. If you are subject to UI tax and no rate is printed, call OED, 503-947-1488.

**Box 5. Total tax.** Multiply box 3A by box 4A. Round down to the nearest cent and enter the tax amount. Enter "0" if you had no UI tax due.

**Box 6. Tax prepaid.** Enter the amount of UI tax prepaid or credits used. Include any UI credit amount that may have been overpaid where no refund was requested or issued.

**Box 7. UI penalty and interest owed.** Enter the amount of penalty and interest owed if the report is submitted more than 10 days after the due date. To calculate the penalty for 2010, multiply the number of employees by $6. The minimum penalty is $80. The maximum penalty is $1,600.

Prior year penalties were:

| | |
|---|---|
| 2009 = $6 | 2006 = $6 |
| 2008 = $6 | 2005 = $5 |
| 2007 = $6 | 2004 = $5 |

The minimum and maximum penalties are:

| Minimum | Maximum |
|---|---|
| 2009 = $80 | $1,600 |
| 2008 = $75 | $1,500 |
| 2007 = $75 | $1,500 |
| 2006 = $70 | $1,400 |
| 2005 = $70 | $1,400 |
| 2004 = $70 | $1,400 |

If there were no employees, the penalty is $5.

To calculate interest owed, multiply the unpaid tax owed by 0.015 for each month or fraction of a month after the date the payment is due. Interest is assessed even if the payment is one day late.

When calculating interest, use only the amount of unpaid tax. Don't calculate interest on previously assessed interest or penalties.

**Box 8. Total due.** Enter box 5A **minus** box 6A **plus** box 7A. If the amount is less than zero, enter "0".

## Column B. State withholding

**Box 1. Subject wages.** Enter total wages subject to income tax (salaries, commissions, and bonuses), paid to Oregon employees.

- This amount need not match box 1A.
- Enter "0" if you had no subject payroll for the year.

**Box 5. Total tax**. Enter total Oregon income tax withheld this year. Enter "0" on the wage and tax line if you had no withholding tax this year. Only numerical information entered in the state withholding tax column will be considered a filed return for that program.

**Box 6. Tax prepaid.** Enter the amount of withholding tax prepaid. Include any withholding credits used.

**Box 8. Total due.** Enter box 5B minus box 6B. If the amount is less than zero, enter "0".

## Workers' Benefit Fund (WBF) assessment

**Box 9.** The majority of domestic (in home care) employers and their workers are not subject to the WBF assessment. **Before reporting hours in Box 9**, you may wish to verify with Workers' Compensation Division (503-947-7815 or 888-877-5670) whether your workers are subject. If not, please leave boxes 9-13 blank. If your workers are subject, total all full and partial hours worked by all paid individuals who are subject to Oregon's Worker's Compensation law or covered by workers' compensation insurance through personal election.

Enter the total hours rounded down to the nearest whole (no fractions or decimals). If you have no workers' hours to report, enter "0".

Note: The hours you report for the WBF assessment won't necessarily equal the hours you report for UI tax purposes on Form 132. In part, this is because there may be differences in who is subject to which tax.

Visit **www.oregon.gov/dcbs/fabs/wbf.shtml** or call 503-378-2372, for more information.

**Box 10. Assessment rate.** The 2010 WBF assessment rate is 0.028. Employers contribute one-half of the hourly assessment amount and deduct one-half from workers' wages.

Prior yearly rates were:

2009 = .028 2008 = .028 2007 = .028

**Box 11.** Multiply box 9 times box 10. Round down to the nearest cent. This is the total WBF assessment due. If no assessment is due, enter "0".

**Box 12.** Enter the amount of prepaid WBF assessment or WBF assessment credits used.

**Box 13.** Subtract box 12 from box 11. This is the net WBF assessment amount due. This amount should match the amount you enter in the "Workers' Benefit Fund Assessment" box on Form OTC. If the amount is less than zero, enter "0".

**Box 14. Total payment due.**

- Enter total payment due.
- Add boxes 8A, 8B, and 13.
- If you have credits, see page 7.

Make your payment to DOR using EFT, or make your check payable to "Oregon Department of Revenue." If you pay by check, include a payment coupon (Form OTC).

**Box 16. Special payroll tax**

Multiply box 3A by 0.0009 for 2010. Do not add or subtract this amount from boxes 5A or 14. Employers not required to pay FUTA are not required to complete this section. See page 11 for more information on the special payroll tax.

Prior year offsets were:

4th quarter of 2009 = .0009
4th quarter of 2008 = .0009
4th quarter of 2007 = .0009

**Signature**

The tax preparer needs to sign Form OA Domestic on the signature line and include a telephone number and the date the form was prepared. A signature is required even if you file a "0" report.

# Domestic Employee Detail Report (Form 132)

Complete only if you pay unemployment insurance tax.

**Line 1. Total subject quarterly wages.** Enter the total subject wages for all employees for each quarter. If you use more than one page of Form 132, enter the total amount on page 1 only. This figure (total for all pages and all quarters) must equal the amount in box 1A on Form OA Domestic.

**Column 2. Social Security number.** Enter the Social Security number for each employee reported.

**Column 3. Employee name.** Enter the first initial and last name of each employee reported.

**Column 4. Hours worked during each quarter.** Enter the number of hours the employee worked in each quarter. If you don't track hours for a full-time employee, use 520 hours for the quarter. **For fractions or portions of an hour worked by an individual,** round up any portion of an hour to the nearest whole hour.

Report the actual number of hours worked. This is straight time and overtime. Don't report hours paid for sick leave, vacation leave or any other hours paid where no work was performed. Even though these hours are not reported in column 4, wages paid are still reported as subject wages in column 5.

Report hours in the quarter worked and wages in the quarter paid.

**Note**: The number of hours worked subject to unemployment insurance doesn't need to equal the number of hours reported for Workers' Benefit Fund assessment.

Enter "0" for an employee who didn't work during the quarter, but received wages **(don't leave blank)**.

If you need to adjust hours worked in a previous year, file an amended Form 132 Domestic (see page 5).

**Column 5. Wages for each quarter.** Wages are reported in the quarter paid to the employee, regardless of when earned. Enter the total subject wages paid to each employee during the quarter regardless of whether the employee's wages were more than the taxable wage base.

Don't use this report to correct wages for another year. File an amended Form 132 Domestic (see page 5).

**Box 6. Column totals.** Enter the total subject wages for all employees reported in each quarter. Don't include the totals from other pages on this form.

# Unemployment Insurance (UI) Tax Information

## Subject wages

Generally, wages reportable for Federal Unemployment Tax Act (FUTA) purposes are reportable for Oregon UI tax. All wages, including draws, are reportable when paid to the employee. For example, wages paid January 2010 for work performed in December 2009 are reportable in 2010.

An employee is any person (including aliens or minors) employed for pay by any employer subject to OED law (ORS 657.015). This includes contract, casual, or temporary labor.

"Wages" means all compensation for service, unless specifically excluded by law.

The following are examples of subject wages:

- Wages paid in cash.
- Taxes paid on behalf of an employee. This includes withholding and the employee's half of Social Security and Medicare.
- Other cash payments made on behalf of an employee such as tuition, auto repair bills, credit card payments, and student loans.
- Special payment for services, such as commissions, fees, gifts, bonuses, prizes, separation allowances, guaranteed wage payments, vacation, sick pay and holiday pay.

## Excluded wages

Examples of payments that aren't subject to UI tax under UI law are:

- Payments to a proprietor or the proprietor's child under 18, spouse, or parent.
- Noncash payments
- Sick pay under workers' compensation law.

## Unemployment insurance (UI) tax payments

All payments must be sent with a payment coupon (Form OTC). Enter the amount paid in the "State Unemployment Insurance Tax" box. When there is more owed than taxes, payments are applied first to legal fees, penalties, and interest. The remainder is applied to tax owed.

## Employer Account Access

You can review your UI tax account information at **www.oregon.gov/employ/tax**. Click on "Your Account Information Center," read the instructions then click on "Continue to Employer Account Access." Enter the information to register your personal identification number (PIN).

## Special payroll tax

The UI tax program is authorized to collect a special payroll tax that is calculated every quarter. This isn't an additional tax. Employers subject to federal unemployment insurance tax (FUTA) must deduct the special payroll tax from the total state unemployment tax to determine the amount reported as "contributions paid to the state unemployment fund" on *Federal Unemployment (FUTA) Form 940* worksheet, line 10.

The special payroll tax funds the Wage Security Fund (BOLI) and the Supplemental Employment Department Administration Fund (SEDAF). The BOLI fund pays final wages when a business closes and doesn't have enough money to make final payroll. The SEDAF fund provides OED services.

**Example 1:** An employer has a tax rate of 3 percent (0.03). In the second quarter, the experience rate will be 2.91 percent (0.0291), which is the tax rate less the 0.09 percent (0.0009) special payroll tax offset.

**Example 2:** Employers with the highest state unemployment tax rate, 5.4 percent (0.054), should not calculate the amount of the special payroll tax offset. The employer should use the unadjusted amount of taxes paid to the state as "contributions paid to your state unemployment fund."

"Contributions actually paid to the state" should equal the amount found on line 17 of Form OA. If the amounts paid were less than owed, report the amount actually paid. Download Form 940 from www.irs.ustreas.gov, or get it by calling the IRS, 1-800-829-3676.

## Exemption from UI tax

An employer who doesn't have enough employment or payroll may qualify for exemption from UI tax per ORS 657.425. To apply for the exemption, file a written request with the director of OED. If approved, the exemption will continue until the employer again qualifies as an employer as defined in ORS 657.

# Withholding Tax Information

### Who is a household employee?

This information applies only if you pay someone for household work and that worker is your employee. Household work is work done in or around your home by babysitters, nannies, health aides, private nurses, maids, caretakers, yard workers, and similar domestic workers.

A household worker is your employee if you can control not only what work is done, but also how it is done.

If only the worker can control how the work is done, the worker is not your employee but is self-employed. A self-employed worker usually provides his or her own tools and offers services to the general public in an independent business. If an agency provides the worker and controls what work is done and how it is done, the worker is not your employee.

### Should Oregon income tax be withheld from a household employee's pay?

Oregon income tax withholding is not required for household employees. However, Oregon income tax can be withheld if the household employee **asks** you to withhold and you **agree**. In order to determine withholding, the employee must complete federal *Form W-4, Employee's Withholding Allowance Certificate*.

### Figuring withholding tax

To find out how much state income tax to withhold from an employee's pay, use the withholding tables found in the Oregon Withholding Tax Tables located on the internet at: **www.oregon.gov/dor**. If you don't have internet access, call 503-945-8091 or 503-378-4988.

### Transit district tax information

Domestic service in a private home is exempt from the Tri-County Metropolitan Transportation District (TriMet) and the Lane Transit District (LTD).

### Payroll questions answered by e-mail

If you have payroll questions, e-mail: payroll.help.dor@state.or.us

# Workers' Benefit Fund Assessment Information

### The Workers' Benefit Fund (WBF)

The Workers' Benefit Fund supports programs that benefit injured workers and the employers who help them return to the work force. More information about programs supported by the fund is at **www.oregon.gov/dcbs/fabs/wbf.shtml**.

**Note:** The WBF assessment is separate from your workers' compensation insurance premium and doesn't provide insurance coverage.

### Workers subject to WBF assessment

There are few domestic workers in Oregon that are subject to the WBF assessment. The only domestic workers subject to the WBF assessment are:

- Those for whom the employer is required by law to provide workers' compensation insurance coverage (e.g. those employed by sororities and fraternities); and
- Those for whom the employer elects to provide workers' compensation insurance coverage even though not required by law to do so.

If you aren't required by law to have workers' compensation insurance for your workers, and you don't choose to cover yourself or anyone else with workers' compensation insurance, you aren't subject to the WBF assessment.

For each calendar year that you do have subject workers or covered nonsubject workers, you must file a Form OA Domestic to report hours worked. In addition, for each calendar year you have coverage, but no workers, you must file a Form OA Domestic to report "0" hours worked and "0" assessment due. If you don't file a Form OA Domestic during the time you have subject workers or personal elections, you may be assessed a penalty.

Before you report and pay the WBF assessment, if you have questions about whether your domestic workers are subject, call 503-947-7815

or 888-877-5670, write: Compliance Unit, DCBS/WCD, P O Box 14480 Salem, OR 97309-0405 or e-mail workcomp.questions@state.or.us.

For all other questions regarding the WBF assessment, call the WBF hotline at 503-378-2372, e-mail wbfassess.fabs@state.or.us, or check out the Information Sheet at **www.oregon.gov/dcbs/fabs/wbf.shtml**.

## Hourly assessment

This assessment is based on the total number of full and partial hours worked by all paid individuals who are subject to the assessment. Like wages, the hours are reportable when paid. For example, hours worked in December 2009 but not paid until January 1 are reportable in 2010. The hourly assessment rate may change annually (see page 9).

## How to update or close your Workers' Benefit Fund assessment account

If your business changes ownership, discontinue business, or no longer employs workers, complete a *Business Change in Status Form*. In addition, contact your workers' compensation insurer with the corrected information.

NOTES: