

Oregon Domestic Combined Payroll Tax Report

2015

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

2015 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, they 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

Contact Information

State withholding tax

Oregon Department of Revenue (DOR)

Salem: 503-945-8100 or 1-800-356-4222
TTY users: 503-945-8617 or 1-800-886-7204
Fax: 503-945-8772
Email: payroll.help.dor@oregon.gov
Mail: **Oregon Department of Revenue**
955 Center Street NE
Salem OR 97301-2555
Internet: **www.oregon.gov/dor/bus**

- Sign up for “Payroll Tax News”
- Payroll tax basics
- Withholding tables & formula

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

Payments for all tax programs

Order OTCs:

Salem: 503-945-8100 or 503-378-4988
Internet: **www.oregon.gov/employ/business/tax**

Oregon Combined 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.

Electronic funds transfer (EFT)

Help Line: 503-947-2017
Internet: **www.oregon.gov/dor/eserv**

Before starting EFT payments, you must file an authorization agreement with DOR.

Workers' Benefit Fund (WBF) assessment

Oregon Department of Consumer & Business Services (DCBS)

Assessment questions:

Salem: 503-378-2372
Fax: 503-378-3134
Email: wbfassess.fabs@oregon.gov
Mail: **WC Assessments Unit**
DCBS/CSD/Financial Services
PO Box 14480
Salem OR 97309-0405
Internet: **www.oregon.gov/dcbs/pages/wbf.aspx**

- What is the Workers' Benefit Fund?
- Determining WBF hours worked
- Calculating the WBF assessment

Subjectivity questions:

Salem: 503-947-7815 or 1-888-877-5670
Email: workcomp.questions@oregon.gov

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
Fax: 503-947-1700
Email: OED_taxinfo_user@oregon.gov
Mail: **Tax Section**
Employment Department
875 Union St NE
Salem OR 97311-0030
Internet: **www.oregon.gov/employ/businesses/tax**

- Electronic reporting
- Order or download forms
- Unemployment Insurance (UI) account information

Reporting forms:

Oregon Annual Tax Report (Form OA - Domestic)
UI Employee Detail Report (Form 132 - Domestic)
Business Change in Status Form
Business Contact Change Form
Order form (paper report forms)

Employer new hire reporting program

Oregon Department of Justice

Salem: 503-378-2868 or 1-866-907-2857
Fax: 503-378-2863 or 503-378-2864
1-877-877-7415 or 1-877-877-7416
Email: emplnewhire.help@doj.state.or.us
Mail: Department of Justice
Division of Child Support
Employer New Hire Reporting
Program
4600 25th Ave NE, Suite 180
Salem, OR 97301
Internet: www.oregonchildsupport.gov
Oregon Employer Services Portal:
employerportal.oregonchildsupport.gov

All Oregon employers must report new and rehired employees to the Oregon Department of Justice's Division of Child Support no later than 20 days from their hire date.

Online resources

www.cbs.state.or.us/wcd

- Do I need Workers' Compensation (WC) insurance?
- Employer incentives to hire an injured worker
- Insurers authorized to write Oregon WC policies

sos.oregon.gov/business

- *How to Start a Business in Oregon*
- *Employer's Guide for Doing Business in Oregon*
- Electronic Business Registration
- Electronic Business Contact Change Form

www.irs.gov/businesses/small

- Contracting payroll service
- Acquiring a Federal Employer Identification Number (FEIN)
- Federal payroll tax forms

www.oregon.gov/boli

- Technical assistance for employers

www.oregon.gov/boli/whd

- Minimum wage
- Overtime

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Filing Due Date for Annual Report is January 31, 2016

WHERE TO FILE AND PAY

Mail all reports and payments to:

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

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 free from an Oregon prefix) or the **Oregon Employment Department**, 503-947-1488.

Tips for Successful Reporting

When you report all required information correctly, you can avoid delays in the processing of your forms. Delays may result in penalties, interest charges, and other fees you may be required to pay if you don't report accurately and on time. If you use a payroll service, remember you are ultimately responsible for providing accurate and timely reporting and payments.

How to avoid common problems

- Use the correct Oregon Business Identification Number (BIN).
- Put the BIN and quarter/year on each report form in the appropriate box.
- Use the correct tax and assessment rates.
- If using non-prefilled forms, make sure to include name and address.

- Keep copies of Form OA, Form 132, and Form OTC for your records.
- Report whole hours on Form OA (WBF assessment) and on Form 132.
- Reduce calculation errors and other mistakes by filing your report electronically. Note: Electronic reporting is available only if you elect to report quarterly. See Filing Options on page 6.

Important Information

Oregon Department of Revenue (DOR), Oregon Employment Department (OED), and Department of Consumer and Business Services (DCBS) rules may be different from each other. Read all instructions carefully. If you have questions, contact the appropriate agency (see page 2).

Quarterly filing options

If you choose to file on a quarterly basis, OED has free software available (see page 6).

Unemployment Insurance (UI) tax rate

Your UI tax rate is based on the last 12 quarters experience through June 30, 2015. You received a *Notice of Estimated Tax Rate* in November of 2014 because the data is not available for the first two quarters of 2015 until we receive your annual report in 2015. Final tax rate notices will be mailed in May 2016 after the year 2015 annual reports are processed.

Closing your account

If you close your account mid year, all reports and payments are due within 20 days of the date that you terminate your employees, instead of January 31. Interest will begin to accrue if payment is not made by that date.

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. Contact OED for more information (see page 2).

Oregon identification numbers

Your Oregon 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, contact DOR** (see page 2).

The correct format for a BIN is NNNNNNNN-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 (see page 2).

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.

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.

Withholding tax tables and formulas

The Oregon withholding tax tables and formulas will be updated each year by December 1, with

an effective date of January 1. DOR will send information through Payroll Tax News. Contact DOR for more information (see page 2).

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's critical for successful reporting to use the correct format and color of ink.

To avoid problems:

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

Forms needed for reporting

- **Form OA** - File this form each year to document how you calculate the annual amounts for UI tax, withholding tax, and the WBF assessment you owe.
- **Form 132** - 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** - File with each payroll tax payment to show how the amount paid is to be distributed among UI tax, withholding tax, and the WBF assessment.

Amended forms

Use fillable amended report forms available at OED's website (see page 2):

- Form OQ/OA-AMENDED
- Form 132-AMENDED

OED and DCBS: You may make changes to the UI tax portion and WBF assessment portion of the

reports up to three years back from the current year.

DOR: You may make changes as far back as necessary to make corrections and report the proper amount of withholding. 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.

Note: Form OTCs are mailed separately, by December 31 of each year. If you need to order additional coupons, call the Oregon Department of Revenue at 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 systems won't pick up special instructions or notations you write on Form OA, Form 132, or Form OTC. Use the following forms, located in the back of this booklet, to make updates:

Business Change in Status Form - Use this form to update your information such as: changing a business name, closing the business, or no longer employing workers. If the structure of your business changes, you may need to complete a *Combined Employers Registration*.

Business Contact Change Form - Use this form to update your contact information, such as: physical, mailing, or email address; phone or fax number; and offsite payroll service, accountant, or bookkeeper.

Form WR - 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 W-2s 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 Combined Annual Tax Report

Who must file

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

- Are registered as an active employer with DOR or OED, or are either required by law or choose to have a WC 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 by January 31, 2016. If your account closes mid year, both reports and payment are due within 20 days of the closing.

Failure to file

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

Quarterly filing options

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

OED has free software for filing electronically. This software is a substitute for quarterly filings of paper Form OQs and Form 132s. The software is available at OEDs website (see page 2).

Payment Instructions

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. Don't include credits (see page 8).
- Don't staple or tape check to Form OTC.
- When reporting annually, enter a "4" in the quarter box regardless of the quarter in which payroll was paid to employees.
- 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
- Keep all payment records (see page 4).

Electronic Funds Transfer (EFT)

EFT is a convenient, safe, and accurate way to make your combined payroll tax payments. EFT allows you to make payments using a secure internet site, a touch-tone telephone, or through your financial institution. We encourage you to use the EFT program. Contact DOR for more information (see page 2).

State Unemployment	Form	OREGON COMBINED PAYROLL TAX	Date Received
	OTC	Payment Coupon	
State Withholding		150-211-053 (Rev. 9-06)	
			YEAR BUSINESS ID NO.
TriMet District Excise		Enter quarter payroll was paid to employees: (1, 2, 3, or 4) →	Make check payable to:
		TOTAL PAYMENT (add all the boxes at left)	Oregon Department of Revenue
Lane Transit District Excise			PO Box 14800
			Salem OR 97309-0920
Workers' Benefit Fund Assessment			

12345678900000000091920400111

Penalties

Unemployment Insurance (UI) tax

A late-filing penalty may be assessed if you file Form OA Domestic or Form 132 Domestic more than 10 calendar days after the due date and received a warning or had a penalty assessed within the past 3 years. Incomplete or incorrectly formatted forms may be returned to you. You must resubmit these forms by the 10th day after the due date to avoid a penalty.

The UI tax late-filing penalty is \$7 for each employee reported, with a \$100 minimum and \$1,800 maximum penalty. If no subject wages are reportable, but you file the report late, you may be assessed a penalty up to \$100.

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, or
 - Form 132, 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.

Under OED law, an employer may not engage in or advise another employer to engage in activity to transfer or acquire, or attempt to transfer or acquire, a trade or business or any part of a trade or business solely or primarily for the purpose of getting a lower UI tax rate.

If an employer knowingly engages in such activity, the highest UI tax rate (currently 5.4 percent) will be assigned to that trade or business for the tax year in which the activity occurred and for the next three years. However, if the employer is already subject to the highest tax rate for the year, or if the amount of increase in the tax rate is less than 2 percent, an additional penalty tax rate of 2 percent will be added to the calculated tax rate.

Also, if any person advises an employer to engage in this activity, the adviser may be charged a civil penalty of up to \$10,000. Criminal penalties for engaging in tax avoidance schemes also may be imposed.

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.

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. Interest is assessed if the payment is one day late. Interest is calculated on unpaid tax only. Previously assessed interest or penalties are not included in the calculation.

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, BIN, and 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. Coding is based on the information you gave OED. The code reflects the main activity for your company in Oregon. If you have questions about these codes, call 1-800-262-3912, ext. 7-1248 (toll-free from an Oregon prefix) or 503-947-1248.

Number of covered workers for Unemployment Insurance (UI)

Complete this section if you are subject to UI law. If you have questions on how to count workers, call 1-800-262-3912, ext. 7-1248 (toll-free from an Oregon prefix) 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 UI law during the payroll period which includes the 12th of the month. Some examples are:

- **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** (M1 + M2 + M3)) 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 equal to or less than zero, enter "0." If you have credits, see the Credits section on page 8.

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 excess wages (see box 2). Enter "0" if you had no UI subject payroll for the year.

Box 2. Excess wages. Excess wages are wages above the taxable wage base for the year *per employee*. Yearly taxable wage bases are:

2015 = \$35,700	2013 = \$34,100
2014 = \$35,000	2012 = \$33,000

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

Box 4. Tax rate. Use the estimated 2015 tax rate. If you are subject to UI tax and no rate is printed, contact OED (see page 2).

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 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, multiply the number of employees by:

2015 = \$7	2013 = \$7
2014 = \$7	2012 = \$7

The minimum and maximum penalties are:

<u>Minimum</u>	<u>Maximum</u>
2015 = \$100	\$1,800
2014 = \$100	\$1,800
2013 = \$85	\$1,700
2012 = \$85	\$1,700

If there were no employees, the penalty is up to \$100.

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. In addition to domestic employers (e.g. sororities, fraternities, and in-home care providers) who are required by law or who choose to provide WC insurance for their workers, employers of all personal support workers who are eligible for WC insurance coverage under HB 3618 (2010) must report and pay the WBF assessment.

Before reporting hours in Box 9, you may wish to verify with the WC Division (503-947-7815 or 1-888-877-5670) whether your workers are subject. If you have no subject workers, 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 WC law or covered by WC insurance.

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/pages/wbf.aspx or call 503-378-2372 for more information.

Box 10. Assessment rate. Employers contribute one-half of the hourly assessment amount and deduct one-half from workers' wages.

Yearly WBF assessment rates are:

2015 = .033	2013 = .032
2014 = .033	2012 = .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 8**

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) with your check.

Box 16. Special payroll tax

Multiply box 3A by the amount listed for the year you are filing for. Don't add or subtract this amount from boxes 5A or 14. Employers not required to pay Federal Unemployment Tax Assessment (FUTA) are not required to complete this section. See page 11 for more information on the special payroll tax.

Yearly offsets are:

4th quarter of 2015 = .0009

4th quarter of 2014 = .0009

4th quarter of 2013 = .0009

4th quarter of 2012 = .0009

Signature

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

Domestic Employee Detail Report (Form 132) Instructions

Complete only if you pay UI tax.

Line 1. Total subject quarterly wages. Enter the total subject wages paid to employees during the 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 each 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 employee,** 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.

Although you report wages in the quarter they are paid, report hours in the quarter they are worked.

Note: The number of hours you report for UI tax purposes on Form 132 won't necessarily equal the hours you report for the WBF assessment.

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

Column 5. Total subject 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.

Box 6. Page total. 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 Tax Information

Subject wages

Generally, wages reportable for FUTA purposes are reportable for UI tax. All wages, including draws, are reportable when paid to the employee. For example, wages paid January 2015 for work performed in December 2014 are reportable in 2015.

An employee is any person (including aliens and 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.

Examples of subject wages include:

- 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 WC law.

Unemployment Insurance (UI) tax payments

All payments must be sent with a Form OTC payment coupon. 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/business/tax. Click on “My Business Account Information,” read the instructions, then click on “Continue to Business Account Information.” Enter the information to register and create 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 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 FUTA Form 940.

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 on line 17 of Form OA. If the amounts paid was less than owed, report the amount **actually** paid. To download Form 940, visit the IRS website at www.irs.ustreas.gov, or call 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 657.415. 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.

Election of coverage

An employer who has employees not subject to UI tax may file a written election to cover such employees under ORS 657.425. To apply for the election, file a *Notice of Election to Cover Employees* form with the director of OED. You will need to receive written notification of approval to begin coverage. To download the form, visit OED's website (see page 2).

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

All Oregon employers must withhold tax from employee wages (including draws) at the time employees are paid. Taxes are withheld and reported in the quarter the employee is paid.

To figure the amount of tax to withhold from an employee's wages:

- Use the Oregon withholding tax tables (see DOR on page 2).
- For computer payroll systems, use the percentage formula in the Oregon withholding formula publication (see DOR on page 2).

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) tax.

Workers' Benefit Fund Assessment Information

Workers' Benefit Fund

The Workers' Benefit Fund (WBF) supports programs that benefit injured workers and the employers who help them return to the work force. Visit the DCBS website for more information about programs supported by the fund (see page 2).

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

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. You must include hours worked for individuals that are paid on a basis other than by the hour. For example, calculate reasonable hours worked for individuals paid by salary, as well as those paid by commission, by the piece, or by the mile.

Like wages, the hours are reportable when paid. For example, report in 2015 hours worked in December 2014 but not paid until January 1, 2015. The hourly assessment rate may change annually (see page 10).

How to update or close your WBF 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 WC insurer with the corrected information.

Workers subject to WBF assessment

Domestic workers subject to the WBF assessment are:

- Those for whom the employer is required by law to provide WC insurance coverage (e.g. those employed by sororities and fraternities); and
- Those for whom the employer elects to provide WC insurance coverage even though not required by law to do so; and
- All paid individuals performing personal support work who are eligible for WC insurance coverage under HB 3618 (2010).

For each calendar year that you have domestic workers covered by WC insurance, 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.



NOTES