

Oregon Business Guide

***Employer's
Guide for Doing
Business in***

Oregon



Business Information Center - Corporation Division - Secretary of State

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Dear Oregon Entrepreneur,

Welcome to the Oregon Business Guide, *Employer's Guide for Doing Business in Oregon*.

The Secretary of State's Corporation Division operates the Business Information Center, and published this guide. Many state agencies worked to provide 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 Business Information Center also publishes a separate guide to assist when starting a business. The Oregon Business Guide, *How to Start a Business in Oregon*, 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.

Both guides can be used independently or together depending on the specific needs of your business.

Please contact the Business Information Center for further information or for any questions at

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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 the Business Information Center at brc.sos@state.or.us.

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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
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5. State and Federal Withholding Tax

- Who must Withhold? Requirements

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- Who pays State Unemployment Tax? Requirements
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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

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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, and 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.

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 section [Obtain Workers' Compensation Insurance](#)).

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 either, 1) you are required by Oregon law to provide workers' compensation insurance coverage, or 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.

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, so 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 and must meet the following standards:

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 3 out of 5 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).

Establishing 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 their own hours within the time frame of who let the contract. Meeting time demands is an element of a contract.
- The independent contractor can use their 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 online at www.cbs.state.or.us/external/wcd/compliance/indcon.html.

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 are 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 refer to www.irs.gov for more information, or call 800-829-1040.

The 20-Factor Test:

- Do you provide instructions as to when, where and how work is performed?
- Did you train the worker in order to have the job performed correctly?
- Are the worker’s services a vital part of your company’s operation?
- Is the person prevented from delegating work to others?
- Is the worker prohibited from hiring, supervising and paying assistants?
- Does the worker perform services for you on a regular and continuous basis?
- Do you set the hours of service for the worker?
- Does the person work full time for your company?
- Does the worker perform duties on your company’s premises?
- Do you control the order and sequence of the work performed?
- Do you require workers to submit oral or written reports?
- Do you pay the worker by the hour, week or month?
- Do you pay for the worker’s business and travel expenses?
- Do you furnish tools or equipment for the worker?
- Does the worker lack a “significant investment” in tools, equipment and facilities?
- Is the worker insulated from suffering a loss as a result of the activities performed for your company?
- Does the worker perform services solely for your firm?
- Does the worker not make services available to the general public?
- Do you have the right to discharge the worker at will?
- 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	800-829-1040
Workers' Compensation Division (DCBS)	503-947-7815

Independent Contractor Website Information

Oregon has an independent contractor informational page on the web at www.OregonIndependentContractors.com. Here, 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

OBTAIN FEDERAL EMPLOYER IDENTIFICATION NUMBER

General Information

All businesses, except certain sole proprietors, are required to obtain a federal tax identification number, which is also referred to as an employer identification number (EIN). Sole proprietors and certain limited liability companies must have an EIN if they:

- Pay wages to one or more employees, or
- Must file any pension or excise tax returns including those for alcohol, tobacco, or firearms, or
- Have a state requirement to have an EIN to obtain a business license.

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

Internal Revenue Service
1220 SW Third Ave
Portland, OR 97204
1-800-829-1040
www.irs.gov

Application for Tax Identification Number

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. SS-4 forms are often at local banks. The application is also available on-line at www.irs.gov/pub/irs-pdf/fss4.pdf?portlet=3.

You may either apply on-line, 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.

Apply On-Line, Phone In, Fax or Mail Your SS-4 Application

- On-line:** <https://sa1.www4.irs.gov/modiein/individual/index.jsp>
A provisional number will be assigned immediately when the form is submitted. A confirmation letter will be mailed two to three weeks after the form is processed confirming your EIN number.
- Phone:** 800-829-4933
You will need a completed SS-4 in hand.
- Fax:** 215-516-3990
If you include your own fax number, you will be notified of your EIN number by fax within one week. Otherwise, you will be notified by mail and should allow two weeks for a response.
- Mail:** Philadelphia IRS Center
Attn: EIN Operation
Philadelphia, PA 19255
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 noncomplying employer, contact:

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

E-mail: wcd.employerinfo@state.or.us
Internet site: www.oregonwcd.org

Who is an Employer?

If you pay someone to work for you, and you are in charge of the way the job is done, having 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, 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 that period and must remain in effect as long as those employees work for you.

- **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% 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, the rules apply only 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 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.

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 plan is administered by the National Council on Compensation Insurance (NCCI). 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.

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 a Guaranty Contract with the Workers' Compensation Division. A Guaranty Contract is the insurer's promise to cover your workers if they are injured.

When the Guaranty Contract has been filed, the Workers' Compensation Division mails the employer a certificate called a Notice of Compliance. 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 issued a Guaranty Contract. If you have questions about the Guaranty Contract 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.

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 obligation. Business owners cannot avoid person liability by forming a corporation or limited liability company, because corporate officers and directors and 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 file 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 & 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 on the basis of

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 Reemployment Assistance Unit 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. The Job Match can be found at www.oregonwcd.org. 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*" below 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](#) 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 & Business Services
Fiscal and Business Services
PO Box 14480
Salem, OR 97309-0405
503-378-2372

E-mail: wbfassess.fabs@state.or.us
Internet site: www.oregon.gov/DCBS/FABS

Small Business Ombudsman

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 at: www.oregon.gov/DCBS/SBO.

REGISTERING FOR PAYROLL TAX REPORTING

File Combined Employer's Registration Form

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. You can order this form (Form 150-211-055) from the Department of Revenue by calling 503-945-8091, or download it from www.oregon.gov/DOR. Fax or mail the registration to the address at the bottom of the form.

You may now register on-line using the Central Business Registry at www.filinginoregon.com/cbr.

Note: Employers must complete a new Combined Employer's Registration form (as well as a Change in Status form) if the structure of the business changes, e.g. 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 about downloading (OTTER) the Oregon Combined Payroll Tax reporting forms and instructions. The Combined Payroll Tax forms are used to report all the payroll taxes together. The form OTC is used as a combined payment coupon for all the payroll tax deposits. These 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 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.

Also, read the sections 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, 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
503-945-8091

on the internet:

www.oregon.gov/DOR

email questions answered at:

payroll.help.dor@state.or.us

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 &
Business Services
Fiscal and Business Services
PO Box 14480
Salem, OR 97309-0405

in person:

Labor & Industries Building
350 Winter St. NE
Third Floor
Salem, OR
503-378-2372

on the internet:

www.oregon.gov/DCBS/FABS

Note: Most corporations, whether a C Corp, or an 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)

The Business Identification Number (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 503-378-4988 or toll free in Oregon at 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's Corporation Division.

REPORTING AND PAYING COMBINED PAYROLL TAXES

Reporting Requirements

You must file Oregon combined payroll tax reports (Form OQ) 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. Returns must be filed if you had payroll, even though there may not have been any tax withheld.

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	September 30	October 31
4 th Oct-Nov-Dec	December 31	January 31

- Quarterly filing requirement.** Most Oregon employers are required to file an Oregon Quarterly Tax Report (Form OQ) each quarter to report their Oregon payroll taxes. The only exception to a quarterly schedule for filing is for certain smaller agricultural and domestic (in-home) employers who meet the annual requirements below:

Most Oregon employers are required to file quarterly, but some agricultural and domestic (in-home) employers may file annually.

- Annual filing requirements for agricultural.** Agricultural employers who file federal Form 943 (Employer’s Annual Tax Return for Agricultural Employees) may file their Oregon withholding returns annually or quarterly. For other than withholding tax an agricultural employer’s reporting schedule depends on the combination of payroll taxes to which they are subject. Use the chart below to determine when you must file the appropriate return:

Agricultural employers reporting withholding tax using Form WA:

Withholding tax	Annually on Form WA and if subject to:
Unemployment Insurance	Quarterly on Form OQ
Transit Taxes	Quarterly on Form OQ
Workers’ Benefit Fund	Quarterly on Form OQ

Agricultural employers reporting withholding tax annually on form WA, and not subject to Unemployment or transit but subject to WBF assessment, the employer reports the WBF assessment annually using form OQ and withholding using form WA. Withholding deposits are due the same time as federal for Agricultural employers.

- If an agricultural employer has any employees who are not classified as agricultural, withholding for all employees, including those classified as agricultural, must be reported quarterly.
- Domestic employers - 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. Most domestic (in-home) employers are not required by law to carry workers’ compensation insurance. However, if you choose to provide workers’ compensation insurance, you are required to report and pay the WBF assessment when you report and pay unemployment insurance taxes.

- Domestic (in-home) employers may file quarterly using Form OQ or annually using Form OA (Oregon Annual Tax Report for Domestic Employers). Withholding deposits can be made either quarterly or annually.
- Form WA, Form OA and Form OQ for annual filers of the WBF assessment are due January 31 after the tax year.

Reporting Options

Employers can file quarterly reports electronically. Electronic filing is far more efficient, accurate, and less time consuming than paper filing. It can be done using your own computer, the Internet, or the telephone. Computer based filing is done through secure upload, e-mail or diskette using the Oregon Tax Employer Reporting software (OTTER). The software is free, user friendly, and extremely popular with both large and small employers. Data can be imported from separate payroll programs directly in to the electronic reporting format or copied from one quarter to the next. The software can be ordered by calling 503-947-1488 or it can be downloaded from the internet at www.oregon.gov/EMPLOY/TAX. Employers already using the program will receive periodic updates. Web based reporting (Secure Employer Tax Reporting Online or SETRON) allows any employer with up to 50 employees to report over the Internet. Because it is Internet based, any employer can report electronically regardless of the computer used. SETRON reporting can be completed using the same web site listed above. Those employers who have no payroll to report for a particular quarter can file a “No Payroll” report by telephone, 24 hours a day, 7 days a week. The telephone number is 503-378-3981.

Quarterly Reporting Options

- **OTTER** - You can file by secure server, e-mail or diskette using the computer-based OTTER software program. The software is free; order by calling 503-947-1488 or by downloading from www.oregon.gov/EMPLOY/TAX.
- **SETRON** - Web-based Secure Employer Tax Reporting Online (SETRON) allows employers to report using the Internet. SETRON is on the Employment Department’s Web site 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 –OQ, Sch. B, form 132.

Forms

Every February, the instructions and a full year’s supply of reporting software or forms for Oregon combined payroll tax reporting are mailed to registered employers. Each form identifies an employer’s reporting period, business identification number, and return due date. If you use a payroll service, you may not receive forms. Lack of forms is not a good reason for failure to file a return or failure to pay the tax by the due date. If you need forms, call the Oregon Department of Revenue at 503-945-8091.

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.

Electronic Funds Transfer (EFT)

You may make combined payroll tax payments by using the Department of Revenue's Electronic Funds Transfer (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 www.oregon.gov/DOR/BUS or by calling the EFT help 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 Change in Status Report included in your quarterly reporting booklet and mail to: **Employment Department, 875 Union Street NE, Salem, OR 97311-0030** or fax to 503-947-1700. The form is also available online at www.oregon.gov/DOR/BUS.

Filing the Change in Status Report 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 Change in Status Report 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 you can expedite closure of your WBF assessment account 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 at www.oregon.gov/DCBS/FABS/wbf.shtml.

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 five 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 e-mail questions to payroll.help.dor@state.or.us.

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, and you are in charge of the way the job is done, having 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](#)).

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.

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.

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, 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. Also, exempt from withholding tax is 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.

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.
- 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 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. Tips paid by the customer to the employee. All tips are subject to income tax.
- n. 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 payment, is 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.
- o. Nonresident individual working on one of the following hydroelectric dams: The Dalles, McNary, John Day, or Bonneville.
- p. Nonresident individual working on a vessel operating on the navigable waters of more than one state.
- q. Independent contractors as defined in ORS 670.600. See "[Who Is An Independent Contractor?](#)" for independent contractor standards. For additional information go to www.OregonIndependentContractors.com

How to Compute Withholding Tax

The Oregon Department of Revenue updates 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**

Or, civil service annuitants may call 1-800-409-6528 (toll-free) 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:

- Less than \$2,500 for the quarter
- \$50,000 or less in the look back period*
- More than \$50,000 in the look back period*

Oregon withholding tax payments due:

→ within 30 days after the end of the quarter

→ by the 15th of the month following payroll

→ **Semiweekly Deposit Schedule**

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

Wednesday, Thursday,
and/or Friday the following Wednesday

Saturday, Sunday,
Monday, and/or Tuesday the 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 February after the tax year. If you stop doing business during the year, this report is due within 30 days from your final payroll.

Note: You do not have to send W-2s and 1099Rs to the Department of Revenue. However, the Department of Revenue may request these forms from an employer to reconcile accounts.

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 1099 Information

Employers are no longer required to file 1099 information for Oregon. We receive 1099 information from the IRS.

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 payment’s 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 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

The Oregon Department of Revenue will assess a \$25 penalty on dishonored checks or, the department may charge a penalty three times the amount of the check, whichever is greater, but not to exceed \$500. This is in addition to all other penalties. This penalty shall be imposed on a dishonored check if the employer has submitted a prior dishonored check. 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, call or write:

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

Internet: www.oregon.gov/DOR/BUS
E-mail: payroll.help.dor@state.or.us
Phone: 503-945-8091

Department of Revenue Offices

Office	Office Address	Office	Office Address
Bend	951 SW Simpson Ste. 100	North Bend	3030 Broadway
Eugene	1600 Valley River Dr Ste. 310	Pendleton	700 SE Emigrant Ave #310
Gresham	1550 NW Eastman Pkwy Ste. 220	Portland	800 NE Oregon St Ste 505
Lake Oswego	6405 SW Rosewood St., A	Salem Main	955 Center St Room 135
Medford	3613 Aviation Way Ste. 102g	Salem Field	4275 Commercial St SE, Bldg 2 Ste. 180
Newport	119 NE 4 th St., Ste. 4		

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. The taxes are used exclusively for the payment of 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 Report 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.

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 section, [Who is an Independent Contractor?](#) for more information.

If you are uncertain whether to report a worker, call the Employment Department at 503-947-1488. Staff will answer questions about your individual case.

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 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, opt. 4.

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 not eligible for the exclusion. The election must be in writing. If accepted, 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. A single member limited liability company (SMLLC), if a subsidiary, reports its payroll through its parent organization. If it is a stand-alone entity, it reports payroll under its own name.

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 (Form OQ), employers subject to the Unemployment Insurance tax must report employee information on the Employee Wage Detail Report (Form 132). Reports are due by the last day of the month following the end of each calendar quarter.

Information required on reports includes: mid-month employment for each month of the quarter, gross and taxable payroll, and taxes due. Also required are each employee's Social Security number, name, number of hours in the quarter in which service was performed, and wages paid in that quarter. Reimbursing employers are not required to include the taxable payroll and tax-due items, but must still submit reports listing employees and total payroll. Payment of the total amount due on the combined report must be sent to the Department of Revenue with an Oregon Tax Coupon (OTC) by the due date of the report.

Domestic (In Home) Employer Reports

Employers of domestic (in home) employees may file either annually or quarterly. Forms necessary for reporting are mailed to the employers by the Employment Department. Domestic employers filing quarterly may file electronically using OTTER.

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 Change in Status Report at the end of the employer's report packet 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 Change of Status Report 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.

Seminar Available

A seminar, Fast Track Tax Facts, can be scheduled for groups of employers or tax preparers. The seminar is designed to increase knowledge of Unemployment Insurance Tax and combined payroll tax reporting with the Department of Revenue and the Department of Consumer and Businesses Services. For more information on scheduling this seminar for groups, 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 self-employed and an employer, 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.

ZIP Codes Completely in TriMet Transit District

97005 97006 97008 97024 97027 07030 97034 97035 97036 97068 97201 97202
97203 97204 97205 97206 97208 97209 97210 97211 97212 97213 97214 97215
97216 97217 97218 97219 97220 97221 97222 97225 97225 97227 97229 97230
97232 97233 97236 97239 97258 97266 97267 97268

ZIP Codes Partially in TriMet Transit District

97007 97009 97013 97015 97019 97022 97023 97045 97055 97060 97062 97070
97080 97086 97089 97113 97116 97123 97124 97140 97224 97231

Lane Transit District ZIP Code List

Use this list as a guideline 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 LTD at 541-682-6100.

City	Zip Code	City	Zip Code
Alvadore	97409	Junction City	97448
Blue River	97413	Lancaster	97448
Coburg	97401	Leaburg	97489
Cottage Grove	97424	Lowell	97452
Creswell	97426	Maywood	97413
Dexter	97431	McKenzie Bridge	97413
Elmira	97437	Pleasant Hill	97455
Eugene	97401-97408	Springfield	97477-97478
Fall Creek	97438	Thurston	97482
Finn Rock	97488	Veneta	97487
Goshen	97401	Vida	97488
Jasper	97438	Walterville	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
- 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
- Tips paid by a customer to an employee.
- 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](#)).

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 now register on-line using the Central Business Registry at www.filinginoregon.com/cbr, 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](#)).

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 Change in Status Report 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 at www.oregon.gov/DOR/BUS.

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 e-mail at payroll.help.dor@state.or.us, or visit our website at www.oregon.gov/DOR/BUS.

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, 800-356-4222, or visit our Website at www.oregon.gov/DOR/BUS. 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.

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.</p> <p>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.</p> <p>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.</p> <p>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</p> <p>OSR 316.162(2) (L)</p>	<p>Not subject</p> <p>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 25-26 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>ORS 316.162(2) (c) OAR 150-316.162(2) (B)</p>	<p>Not subject</p> <p>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</p> <p>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 and 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 if paid solely 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 471-31-020	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 Principle 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 34)
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 267.384
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	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 paid by the customer to the employee are not subject to withholding tax. ORS 316.162 Tips paid by the customer to the employer who then distributes the payment to the employees are subject to withholding. All tips are subject to income tax.	Not subject unless paid by the customer to the employer who then distributes the payment to employees
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 employers 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, which is 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](#)), and 2) all paid individuals (workers, owners, officers) that may otherwise be non-subject, but whom the employer covers under workers' compensation insurance through personal election.

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 during the pay period that is used to compute the employee's withholding 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 (in home) 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 at www.oregon.gov/DCBS/FABS/wbf.shtml 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 more than 10 calendar days 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 than for the 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 the "Change in Status Report" alone will not close the WBF Assessment account, because you remain liable for reporting the WBF assessment so long as you have active workers' compensation insurance in Oregon and 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 on the Internet at www.oregon.gov/DCBS/FABS/wbf.shtml or by calling 503-947-7589.

Need More Information?

For more information about the WBF assessment, contact the Department of Consumer and Business Services, Fiscal and Business Services, in Salem at 503-378-2372, by e-mail at wbfassess.fabs@state.or.us, or visit the website at www.oregon.gov/DCBS/FABS/wbf.shtml. 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 the employee. For a supply of forms, contact your local Internal Revenue Office or call toll-free: 1-800-829-3676, or go to www.irs.gov/formspubs/index.html.

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 3rd 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 at www.irs.gov.

Social Security and Medicare Taxes

The computation of Social Security tax was 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. For more information on wages that are subject to Social Security and Medicare taxes, please consult IRS Publication 15 - Employers Tax Guide at www.irs.gov.

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

In general, the tax liability must be deposited by mailing or delivering a check, money order, or cash to an authorized financial institution or Federal Reserve Bank. Or if preferred, the payment and coupon may be mailed to **Financial Agent, Federal Tax Deposit Processing, P.O. Box 970030, St. Louis, MO 63197**. Checks or money orders should be made payable to **Financial Agent**.

Federal Tax Deposit Coupons, Form 8109, are used to make the deposits. 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

Any Business taxpayer can use the Electronic Federal Tax Payment System. However, if your total deposits of social security, Medicare, railroad retirement, and withheld income taxes were more than \$200,000 during the calendar year, you must make electronic deposits for all depository tax liabilities. When determining whether you exceeded the deposit threshold, combine deposits of the following tax returns you filed: Forms 941, 941-PR, 941-SS, 943, 945, and CT-1. If you were required to deposit by electronic funds transfer in prior years, but are no longer required, you may still use EFTPS if you wish to do so. The **Electronic Federal Tax Payment System (EFTPS)** must be used to make electronic deposits. 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-on-line, 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 31, 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.

Earned Income Tax Credit

Would you like to help your employees increase their take-home pay at no cost to you?

You can do this by giving your eligible employees part of the Earned Income Tax Credit (EITC) with their pay, and by subtracting the payments you make from payroll taxes. This is possible through the Advance Earned Income Credit (AEITC) program.

Eligible employees were able to request advanced payment of the Earned Income Tax Credit (EITC) by submitting a Form W-5 to their employer. Certain employees who do not have a qualifying child may be able to claim the EITC on their tax return. However, these employees cannot get advance EITC payments. If an employee qualifies to receive advance EITC payments, the employer then pays the credit to the employee with each paycheck. These payments usually are from income tax withheld from wages, Social Security, and Medicare tax.

For more assistance, and to find out if employees qualify, please visit www.irs.gov/eitc, or contact the IRS at 1-800-829-3676.

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, is available on the internet at www.uscis.gov/files/nativedocuments/m-274.pdf. 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)

CONTACT DIVISION OF CHILD SUPPORT

New Hire Reporting

All Oregon employers are required by Oregon law (ORS 25.790) to report new and rehired employees to the Oregon Department of Justice, Division of Child Support:

- within 20 days of hire, if submitting data by mailing or faxing the W-4.
- within 12 to 16 days of hire or rehire, if transmitting new hire or rehire data magnetically or electronically.

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

Reporting new hires helps children and families have increased opportunities for their future. Orders to withhold Income for Child Support and National Medical Support Notices can be issued in a timely manner. Employers are also helping to reduce the occurrence of fraud among other public service agencies.

Contact us at: 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 are required (OAR 137-055-5035) to send child support payments to the Department of Justice, Division of Child Support by EFT beginning April 2, 2007.

There are two methods to send payments electronically:

ACH Credit - Payment is sent by your payroll software, payroll provider or financial institution; or
ACH Debit (CSPay) - Businesses authorize the Division of Child Support to debit their bank account using a secure web based debit transaction process.

Contact us at: EFTHelp@doj.state.or.us

Division of Child Support Contact Numbers

For information on the law and the procedures for reporting, contact:

Department of Justice
Employer New Hire Reporting Program
1495 Edgewater Street NW
Salem, OR 97304

Phone: 503-378-2868 or 866-907-2857 (Tollfree)

Fax: 503-378-2863 or 877-877-7415

Email: employer.reports@doj.state.or.us

Website: www.dcs.state.or.us/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. For additional information about seminar schedule, locations, cost, and registration information, go to www.oregon.gov/BOLI/TA.

BOLI also provides information on using or setting up apprenticeship programs for your business through the Apprenticeship and Training Division, at 971-673-0761, or www.oregon.gov/BOLI/ATD.

Resource Materials

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

<i>Civil Rights Laws</i>	\$45
<i>Wage and Hour Laws</i>	\$35
<i>Family Leave Laws</i>	\$35
<i>Policy Writing Guidelines</i>	\$25
<i>Documentation, Discipline & Discharge</i>	\$25
<i>Legal Hiring Practices</i>	\$10
<i>Guide to Employee Leave Laws in Oregon (Poster)</i>	\$10
<i>Commonly Required Posters in Oregon (8-in-1 poster)</i>	\$10
<i>The White Collar Exemptions</i>	Contact BOLI

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 www.oregon.gov/BOLI/TA, or by calling 971-673-0824.

OREGON'S MINIMUM WAGE

Oregon's minimum wage is adjusted annually for inflation by the Bureau of Labor and Industries. For information on the current minimum wage, contact the Bureau of Labor and Industries (BOLI) at 971-673-0824 or visit the website at www.oregon.gov/BOLI.

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 seven 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 \(BOLI\)](#). 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 www.oregon.gov/BOLI/CRC/C_Postings.shtml. You may also pick up posters, information, and publications from the BOLI area offices in the following locations:

Eugene

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

Portland

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

Medford

119 N Oakdale Ave
Medford, OR 97501-2629
541-776-6270

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) at www.oregon.gov/BOLI, click on posters or call 971-673-0824 or 971-673-0825.

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 information, write or call:

Technical Assistance for Employers
Bureau of Labor and Industries
800 NE Oregon St Ste 32
Portland, OR 97232
971-673-0824 or 971-673-0825
www.oregon.gov/BOLI

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 or call:

Wage and Hour Division
U.S. Department of Labor
1515 SW Fifth Ave Ste 1040
971-673-0824 or 971-673-0825
www.oregon.gov/BOLI

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 printed in English and Spanish. A poster is available at no cost. For information, write or call:

Department of Consumer & Business Services
Oregon OSHA
350 Winter Street NE Room 430
Salem, OR 97301-3882
503-378-3272 (voice/TTY) or 1-800-922-2689
www.orosha.org

Worker's Compensation Notice of Compliance

This notice is issued by the Workers' Compensation Division upon receipt of a "Guaranty Contract" by an insurer and must be posted by every employer employing one or more subject workers. 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 Opt. 3
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 OR-OSHA

General Information

All Oregon business must comply with the state's occupational safety and health standards set and enforced by OR-OSHA.

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

Services Offered

One of the many services to employers provided by OR-OSHA is a free consulting program to help employers identify and correct occupational safety and health hazards either in an existing workplace or as the business is being established. The division also operates a full safety and health resource center and lending library of publications and videos to help you make your workplace safe and healthful.

OR-OSHA provides free workshops at numerous locations throughout the state, covering basic safety and health program management, safety committees, accident investigations, job safety analysis, and interactive on-line training. You will find this information and much more on the web at www.orosha.org.

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

Department of Consumer & Business Services
Oregon OSHA
350 Winter Street NE Room 430
Salem, OR 97301-3882
503-378-3272 (voice/TTY) or 1-800-922-2689 (in Oregon)
www.orosha.org

Field Office Numbers

Information is also available from the OR-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 employee's dependents.

Office of Private Health Partnerships (OPHP)

This office administers several programs to increase the number of Oregonians and businesses with health insurance. They include:

- **Family Health Insurance Assistance Program (FHIAP):** This program helps income-eligible Oregonians pay the monthly premium for private health insurance.
- **Small Employer Health Plans:** These low-cost health insurance plans are designed by OPHP for small business. Two plans are available to eligible small businesses. One is a low cost plan for adults; the other is a comprehensive plan for children only.
- **Agent Referral Program:** This program links small business owners with local health insurance agents who can help them find affordable health plans.
- **Training:** OPHP trains insurance producers and community partners on state programs available to help insure Oregonians.

The agency was created by the Legislature in 1987, originally as the Insurance Pool Governing Board. It became the Office of Private Health Partnerships in January 2006. For information, contact OPHP at:

Office of Private Health Partnerships
250 Church St SE Ste 200
Salem, OR 97301-3921
1-800-542-3104 or 503-373-1692 (in Salem)
www.ophp.oregon.gov

Small Employer Health Insurance (SEHI)

The Small Employer Health Insurance (SEHI) program offers accessible health insurance for businesses with 2 to 50 eligible employees. An eligible employee is one who works on a regularly scheduled basis of 17.5 or more hours per week. More information about the SEHI program is available at www.cbs.state.or.us/external/ins/sehi/sehi.html or from:

Department of Consumer & Business Services
Insurance Division
350 Winter St NE Room 440
Salem, OR 97301
503-947-7983

WORKSOURCE OREGON EMPLOYMENT DEPARTMENT

We understand that employers face unique workforce needs. As an active partner in the development of the state's workforce, we are interested in identifying your workforce goals and issues. That's the driving force behind the Employment Department's mission to support business and promote employment. We want to provide customized workforce solutions that help employers reach their goals and resolve workforce issues.

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. 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. The Employment Department's Child Care Division promotes and regulates child care. The department offers a number of services. It serves employers through timely recruitment of a qualified workforce, customizing state and local labor market information for use as a business planning tool, and by offering job-matching services based on the need of each employer.

These services can reduce your recruitment costs, save you valuable time and money, stabilize local economies during times of economic slowdown, and provide quality information for informed 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 an award-winning online recruiting tool, recruiting assistance, Web advertising for your openings, use of facilities for recruitment, and financial incentives that help your bottom line.

iMatchSkills® – award winning online matching tool.

- Assistance in matching your job skill requirements to qualified applicants
- Several recruiting options; you choose how applicants make contact
- Local, statewide, national or international exposure
- Internet exposure on our Web site
- Access to Oregon's largest single source applicants, including veterans
- Fast answers to your questions about services and employment issues
- Pre-paid services

Join thousands of other Oregon businesses that reduce their costs and save time by listing with the WorkSource Oregon Employment Department. Visit us online at www.WorkingInOregon.org or we are listed in the government pages of your local telephone directory.

Work Opportunity Tax Credit (WOTC) & Welfare to Work

The purpose of these programs is to encourage you to hire certain target group members by offering a federal tax credit. At the end of the tax year, the employer claims a credit of up to \$2,400 for most WOTC certified new hires. This is based on 40 percent of up to \$6,000 of qualified first-year wages paid to those employed 400 hours or more. For certified employees that worked at least 120 hours but less than 400 hours, the tax credit is 25 percent of wages paid up to a maximum of \$6,000.

A maximum of \$4,800 in tax credit may be claimed on each WOTC certified disabled veteran, which is based on 40 percent of up to \$12,000 of qualified first-year wages paid on those employed 400 hours or more.

An employer may claim up to \$9,000 in tax credit for every WOTC certified long-term family assistance recipient. This is based on 40 percent of up to \$10,000 of qualified wages paid during the first year and 50 percent of \$10,000 paid in the second year for certified long-term family assistant recipients employed at least 180 days or 400 hours in both years.

For more information, visit www.OregonTaxCredit.org.

What are the target groups?

1. Temporary Assistance for Needy Families (TANF) recipients
2. Veterans (recent food stamp recipients and qualified disabled veterans)
3. Recently convicted or released ex-felons
4. Vocational Rehabilitation referrals/Ticket-to-Work holders
5. Food Stamp (FS) recipients 18 through 39 years of age
6. Supplemental Security Income (SSI) recipients
7. Long-term family assistance recipients

How can you participate?

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

- Have the potential new hire complete page one of the Pre-Screening Notice (IRS Form 8850) **by the day of job offer**.
- If the new employee indicates potential WOTC eligibility on page one of Form 8850, complete page two of this form.
- Request certification by completing the ETA-9061 form and mailing it with a completed 8850 to the Oregon Employment Department WOTC Unit **no later than the 28th calendar day** after the employee begins working for you.

Mail these forms **within 28 calendar days** after the employee start work date to:

Oregon Employment Department
WOTC Unit, Room 201
875 Union Street NE
Salem, OR 97311

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.

Contact the Oregon Employment Department at 1-800-237-3710 ext 7-1672, or your nearest Employment Department office to obtain copies of the IRS Form 8850 and the Department of Labor Form ETA-9061.

You can also download the form 8850 from www.irs.gov/pub/irs-pdf/f8850.pdf, and form ETA-9061 from www.doleta.gov/business/Incentives/opptax/PDF/ETA_Form_9061_ICF_6_F7-07.pdf.

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 and permanent 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 our Web page at www.workinginoregon.org/aliencert 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 veterans' representatives work with employers who want to hire the best-trained workforce in the country. 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 or contact your local veterans' representative.

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

To contact your nearest WorkSource Oregon Employment Department office, visit www.WorkingInOregon.org and click on "Office Locations" or look in the government section of your phone directory. Ask to speak to a veterans' representative.

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 Employment Department 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 503-947-1400 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 Child Care Division. For information about your local agency, call the Oregon Child Care Resource and Referral Network at 1-800-342-6712 or visit their website at www.oregonchildcare.org.

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 work week up to 40%. Work Share can affect your tax rates. For more information, call 1-800-237-3710 ext. 7-1649; or in Salem, 503-947-1649.

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.

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 the 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. The link to telephone numbers for all three UI Centers is <http://findit.emp.state.or.us/ocs/ui-center-lookup>.

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 disagree with it, you may request a hearing. To have a hearing, file a request 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, Workforce & Economic Research Division's team of economists, workforce analysts, and researchers collect and analyze statewide and regional labor market information and help businesses apply it. Through contact with business representatives, analysts provide concise, up-to-date information about the local and state economies and their effects on the workforce. Research staff study labor force and related topics, supply data and analysis to new and expanding firms, and analyze occupational supply and demand. Besides offering general information, staff is available to produce special reports on request. The research division also publishes and distributes such information, which is gathered through surveys sent to employers that spend valuable business time to provide the Oregon Employment Department with timely and accurate data. Businesses, in turn, 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 Web site where employers can find local, regional, and statewide information about employment, unemployment rates, the Consumer Price Index, workplace skills, wages, industry and occupational projections of employment, and much more. Research staff is on hand to show businesses how to retrieve such data – and how to apply it directly to their venture. Visit the Oregon Labor Market Information System (OLMIS) site at www.QualityInfo.org.

Labor Market Information Publications

Oregon Employment Department staff prepares and distribute thousands of publications to schools, businesses, planners, and the public. A complete list of labor market information publications is available at www.QualityInfo.org.

OREGON IDENTITY THEFT PROTECTION ACT

As part of a new Oregon law, individuals, businesses and organizations that collect and maintain personal identifying information will need 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.

Effective Oct. 1, 2007, 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 Web site) unless redacted or obscured. In addition, the new 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. These safeguards are required to be in place by Jan. 1, 2008.

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' 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.

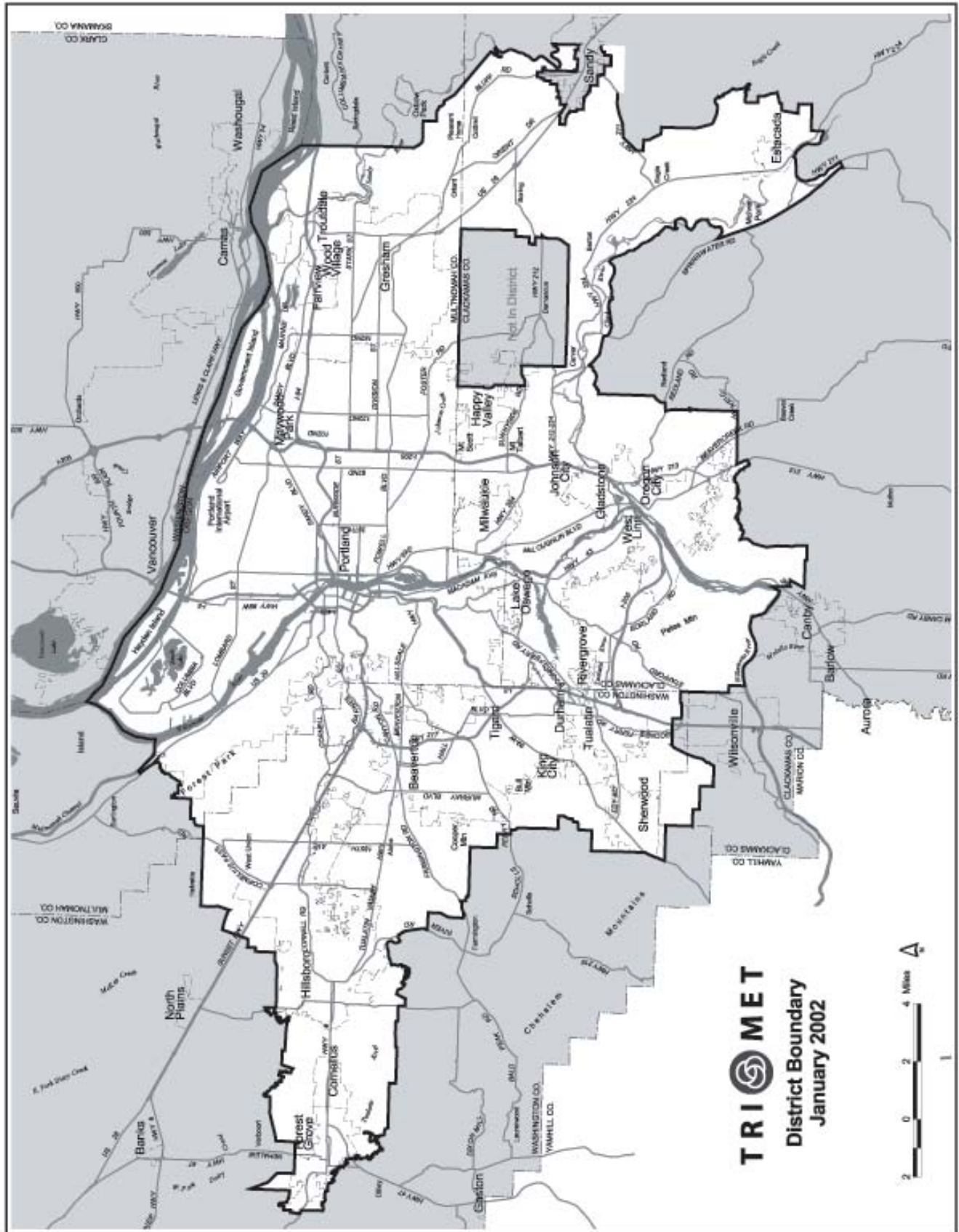
For further information contact:

Department of Consumer and Business Services
Division of Finance and Corporate Securities
350 Winter St. NE, Room 410
Salem OR 97301-3881

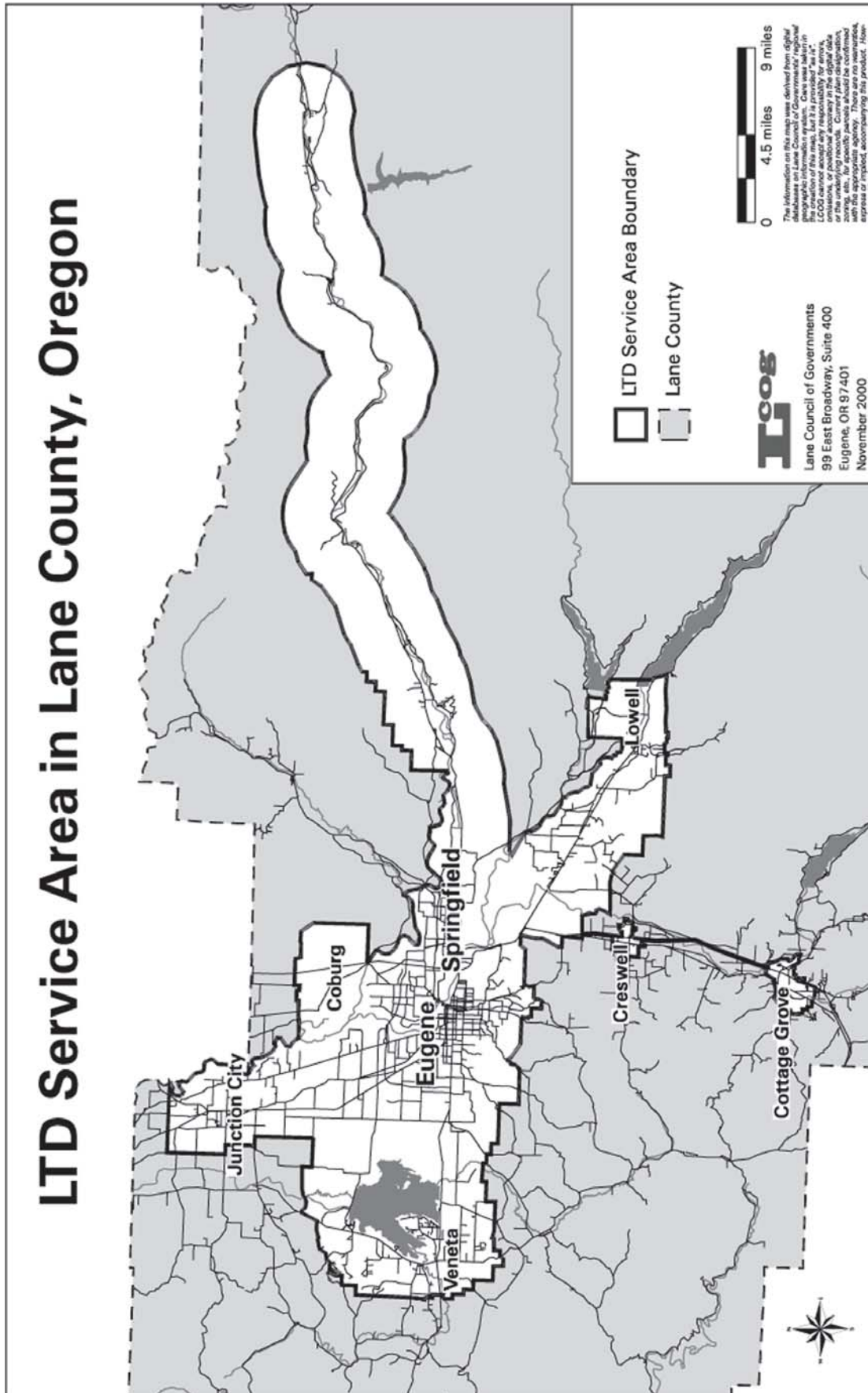
503-378-4140 1-866-814-9710 (toll free in Oregon)

www.dfcs.oregon.gov/id_theft.html

TRIMET TRANSIT DISTRICT MAP



LTD SERVICE AREA IN LANE COUNTY



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

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

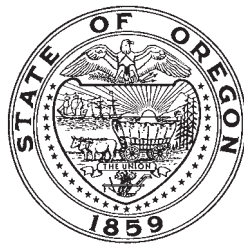
8. Report New Hires to Department of Justice, Division of Child Support

9. Contact BOLI for Employer Information

- Required Employer Compliance Posters

10. Determine If You Comply With ADA

11. Contact OR-OSHA About Safety & Health Regulations



**Corporation Division
Office of the Secretary of State**

Business Information Center

Public Service Building, Suite 151

255 Capitol Street NE

Salem, OR 97310-1327

(503) 986-2200

Employer's Guide for Doing Business in Oregon

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