

2003

EMPLOYER HANDBOOK

Multnomah County Personal Income Tax

Forms and instructions for employers who elect to withhold Multnomah County Personal Income Tax from the wages of their employees including:

FORM MC PC

(Multnomah County Employer Payment Coupon and Employer Report/Registration)

FORM MC WR

(Multnomah County Annual Withholding Tax Reconciliation Report)

How to ensure your reports are processed correctly:

- If you are sending a payment, include *Form MC PC* with your payment.
- If you use a tax preparer, they may need this booklet to file your reports.

File electronically (see page 7).



**MULTNOMAH
COUNTY**

P.O. Box 279
Portland, OR 97207 - 0279
(503) 988-ITAX (503) 988-4829

www.co.multnomah.or.us/tax



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SUMMARY OF EMPLOYER RESPONSIBILITIES

Employers are not required to withhold Multnomah County Personal Income Tax from the wages of their employees. Also, an employer should only withhold the tax if authorized by the employee.

However, all employers who withhold any Multnomah County Personal Income Tax from the wages of their employees during a quarter must remit a payment of the taxes withheld for that quarter per the schedule below (FOR PAYMENT OF WITHHELD TAXES USE FORM MC PC).

For all payments that are remitted by mail, a completed Form MC PC (*Multnomah County Employer Payment Coupon and Employer Report/Registration*) must be enclosed along with the payment.

In addition to the remittance of withheld taxes, the employer must file an annual report (FORM MC WR) with Multnomah County to summarize the taxes withheld during the previous calendar year. This report must be filed on or before March 31st of each year.

SUMMARY OF DUE DATES

FOR PAYMENT OF WITHHELD TAXES - FORM MC PC:

Quarter	Quarter Ending Date	Payment/Form Due Date
1 st – Jan-Feb-March	March 31, 2003	N/A
2 nd – Apr-May-June	June 30, 2003	N/A
3 rd – Jul-Aug-Sep	September 30, 2003	October 31, 2003
4 th – Oct-Nov-Dec	December 31, 2003	January 31, 2004

FOR FILING OF ANNUAL REPORT - FORM MC WR:

Year Ending Date	Form Due Date
December 31, 2003	March 31, 2004

If the due date is on a weekend or holiday, the payment/form is due the next working day.

IMPORTANT INFORMATION

What is the Multnomah County Personal Income Tax?

On May 20, 2003, Multnomah County residents passed Measure 26-48, which established a three year personal income tax on County residents. The tax was effective January 1, 2003. The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer). The County has authorized employers to withhold the County income tax from the wages of County resident employees.

Where to File and Pay

Multnomah County ITAX
P.O. Box 279
Portland, OR 97207- 0279
www.co.multnomah.or.us/tax

Contact Information

If you have questions, need assistance or otherwise need to contact someone regarding the Multnomah County Personal Income Tax, please call (503) 988-ITAX, or go to our Website at www.co.multnomah.or.us/tax.

Due Dates

If the due date is on a weekend or holiday, the report is due the next working day. Also, the filing of remittances and reports will be considered timely if they are *postmarked* on the due date.

Form MC PC (*Multnomah County Employer Payment Coupon and Employer Report/Registration*) and the remittance of any amounts withheld is due on the last day of the month following the end of a calendar quarter during which any Multnomah County Personal Income Tax amounts were withheld from employees' wages.

FORM MC WR (*Multnomah County Annual Withholding Tax Reconciliation Report*) is due on the last day of the third month (March 31st) following the end of the calendar year during which any amounts were withheld.

Ordering Forms

Using the forms in this booklet ensures faster and more accurate processing.

If you need copies of our forms (MC PC or MC WR), please call 503-988-ITAX (4829), or go to our Website at www.co.multnomah.or.us/tax.

Tax Tables

The tax tables were updated effective January 2003. The withholding tables compute Multnomah County withholding on wages at the 1.25% rate less the applicable Oregon standard deduction for joint and single filers along with a

deduction for the exemption amount. To request a copy, please call (503) 988-ITAX (4829). The tables are also available on the County Website at: www.co.multnomah.or.us/tax.

2003 Underwithholding

Employees should be aware that for 2003 the amounts withheld from wages will probably be insufficient to cover their 2003 Resident Income Tax liability because withholding will not have occurred for the entire year. The Multnomah County web site has a tax calculator, which will allow an employee to estimate any shortfall in withholding. The employee may then request additional withholding per pay period from their employer.

Use of Paid Preparer or Service Bureau

If you use a paid tax preparer or service bureau, please check to see if the preparer needs this booklet to file your reports. Your forms can be sent directly to your tax preparer or service bureau by changing the mailing address on the Form MC PC to your tax preparer's address.

Easy, Free Electronic Filing

You may be able to file and pay your quarterly Multnomah County Employer Payment Coupon and Employer Report/Registration (Form MC PC) electronically. You may also submit the data required on Form MC WR electronically. Please refer to ELECTRONIC DATA EXCHANGE on page 7 and ELECTRONIC PAYMENT OPTION on page 14.

Record Keeping

All payroll records must be kept at least five years after filing the required reports.

INSTRUCTIONS FOR FORM MC PC (*Multnomah County Employer Payment Coupon and Employer Report/Registration*)

Use this form to report and pay the taxes that were withheld from your employees' wages for the quarter. This form will automatically register an employer with the Multnomah County Personal Income Tax Department with the first payment received. *There is no need to file a separate employer registration form.* Also, use this form to report changes in your business including address changes.

Who Must File

You must file a Form MC PC each quarter only if you had employee withholdings during the quarter.

Due Dates

MC PC and related payments are due on the last day of the month following the end of a calendar quarter during which any Multnomah County Personal Income Tax amounts were withheld from employees. **Please refer to the SUMMARY OF DUE DATES on page 2.**

Making Your MC PC Payments

To make sure your payments are correctly applied:

- Complete and send in a Form MC PC with every payment, when due.
- Enter the quarter (1, 2, 3, or 4) in the box to indicate when the payroll was paid to employees.
- When making a payment for two or more quarters, submit a separate coupon for each quarter.

Send payments with Form MC PC coupons to:

Multnomah County ITAX
P.O. Box 279
Portland, OR 97207- 0279

Make your check payable to “**Multnomah County ITAX**”
Please do not staple or tape your payment to Form MC PC.

Payment Record

Retain records of payments made for each quarter for use when you file your Form MC WR (Multnomah County Annual Withholding Tax Reconciliation Report).

Failure to File

If you don't file a quarterly report, you may receive an assessment(s) based on available information. Penalty and interest will be charged on the amount assessed.

Penalties

- You will be charged a 5 percent late payment penalty on any unpaid tax after the due date of the payment.
- You will be charged an additional 20 percent penalty on any tax due as of the due date if the tax remains unpaid for more than three months after the due date of the payment.
- You will be charged a 100 percent penalty on any tax due if Form MC PCs are not filed for three years in a row and the tax remains unpaid.

You will be billed for penalties due on unpaid balances. Please do not calculate and remit penalties with the Form MC PC.

Interest

You will be charged interest on any remaining tax left unpaid after the due date. Employers should not calculate interest due. You will be billed for interest due on unpaid balances. Please do not calculate and remit interest with the Form MC PC.

Amended Reports or Adjustments

To amend data on Form MC PC, copy the original report, make the necessary changes on the copy, clearly write "Amended" at the top of the form, write a brief explanation of why you are amending your report, and mail to: Multnomah County ITAX at PO Box 279, Portland, OR 97207-0279.

PROVIDING EMPLOYEES WITH FORM W-2

An employer should provide a Form W-2 to each employee who was subject to Multnomah County income tax withholding. The Form W-2 should be in the federal required format and include the total local tax withheld for the year in box 19. Line 20 should show "Multnomah County" or an acceptable abbreviation such as "MULT CO" or "MULT." Inputting information into Box 18 Local wages is optional.

The W-2 should be provided to the employee by January 31, 2004. Multnomah County will accept any federal extension of time to provide Form W-2.

INSTRUCTIONS FOR FORM MC WR (*Multnomah County Annual Withholding Tax Reconciliation Report*)

Use this form to report withholding information for individual employees for the calendar year and to reconcile your Multnomah County Personal Income Tax withholding account. Form MC WR is due March 31st of each year.

Who Must File

You must file a Form MC WR if you have withheld Multnomah County Personal Income Tax for an employee at any point during a calendar year.

Due Dates

MC WR is due by March 31st following the end of a calendar year during which any Multnomah County Personal Income Tax amounts were withheld from employees.

Please refer to the SUMMARY OF DUE DATES on page 2.

Filling Out the Form MC WR

For **each** employee who had Multnomah County Personal Income Tax withheld during the calendar year:

- Report the first and last name of the employee, their social security number, and the amount that was withheld from their wages.
- Report the total Multnomah County Personal Income Tax withheld for the year by totaling the individual amounts withheld for each employee.
 - Report the amounts remitted each quarter with Form MC PC and then report the total remitted for the entire year.

If the Form MC PC amounts remitted do not agree to the total amount withheld per the individual employee detail schedule, please provide an explanation.

Signature

Sign and date Form MC WR on the signature line.

Penalties

Failure to file Form MC WR will subject the employer to a \$100 penalty. You will be billed for penalties due. Please do not calculate and remit penalties with the Form MC WR.

ELECTRONIC DATA EXCHANGE

You may submit the data required on the Form MC WR in a standard electronic format as follows:

PART A – WHERE TO FILE

The electronic data file and accompanying coversheet should not be sent to the regular post office box. The electronic file should be mailed or sent by courier to:

Multnomah County – ITAX
Attn: Personal Income Tax Supervisor
111 SW Columbia, Suite 600
Portland, OR 97201

PART B – COVERSHEET

The data file should be accompanied by a coversheet which indicates the following information:

- Business Name
- Federal EIN
- Contact Person
- Business Street Address
- City
- State
- Postal Code
- Telephone number

Note: If you are a payroll service filing on behalf of more than one Multnomah County employer, only a single paper coversheet is required which identifies the transmitter and contact information (contact person, address and phone number).

PART C – DATA FILE INSTRUCTIONS

An electronically based file must be transmitted on one of two media: 3.5 inch 1.44 HD diskette (IBM/MS-DOS formatted) or CD-ROM (IBM/MS-DOS formatted). In the event that there are errors in reading the submitted file, the file will be rejected and returned to the transmitter for correction.

MMREF-1 (Preferred)

Most employers and payroll service companies use the MMREF-1 standard (SSA standard) to transmit their W-2 information. This will be the preferred method to receive W-2 Reconciliation for the Multnomah County ITAX.

NOTE: Some employers have experienced difficulty using the LOCALITY field in the MMREF-1 file due to constraints in the software configuration for 2003. Please confirm that the LOCALITY field is populating correctly prior to sending the MMREF-1.

DAT FILE (Alternative)

This alternate standard will allow employers and payroll service companies to submit their W-2 data electronically independent of the MMREF-1. This standard has been derived from an IRS standard. Please follow the format below to submit W-2 data in this alternative format.

Data must be recorded in standard ASCII code.

Records must be a fixed length of 780 bytes per record.

Delimiter character commas must not be used.

Positions 779 and 780 of each record are reserved for use as carriage return/line feed (cr/lf).

File name must be MCWR.txt.

Diskette/CD-ROM will not contain multiple files.

A file will have only one Transmitter "T" record.

Media will be scanned by transmitter for viruses before submission.

Transmitter “T” Record

This record identifies the entity preparing and transmitting the file. The transmitter and the employer may be the same, but they need not be.

The first record of a file must be a Transmitter “T” record.

Transmitter “T” record is fixed length of 780 positions.

All alpha characters entered in the “T” record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter “T”
2-5	Tax Year	4	Required. Year for which income and withholding are being reported
6-14	Transmitter's Taxpayer ID number	9	Required. May be a SSN, ITIN, or EIN. No blanks, hyphens, or alpha characters are allowed
15-114	Transmitter Name	100	Required. Name of transmitter of file. Left justify and blank fill.
115-214	Transmitter Address	100	Required. Full mailing address of the transmitter. Left justify and blank fill
215 - 234	Transmitter City	20	Required. City of the transmitter. Left justify and blank fill
235-236	Transmitter State/Province	2	Required. Two alpha state/province code.
237-246	Transmitter Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.
247-250	Transmitter Postal Code Plus 4	4	Optional. Blank fill positions if not used
251-350	Transmitter Contact Name	100	Required. Person to contact if questions arise. Left justify and blank fill.
351-360	Transmitter Contact Phone Number	10	Required. Left justify
361-364	Test Indicator	4	Required if this is a test file. Enter the word “TEST”. Otherwise blanks.

365-778	Reserved	414	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Withholding Employer “W” Record

The “W” record identifies the withholding employer.

Enter a “W” record after the initial “T” record on the file followed by the Recipient “Q” records, and a reconciliation “C” record.

Several “W” records for different withholding employers may appear on the same transmitter’s file.

Withholding “W” record is fixed length of 780 positions.

All alpha characters entered in the “W” record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter “W”
2	Return Type Indicator	1	Required. Values are: 0 (Zero) – Original 1 – Void 2 - Corrected
3-11	Employer’s EIN	9	Required. EIN. No blanks, hyphens, or alpha characters are allowed
12-111	Employer’s Name	100	Required. Name of employer. Left justify and blank fill.
112-211	Employer’s Street Address 1	100	Optional. Attention line or care of line. Left justify and blank fill.
212-311	Employer’s Street Address 2	100	Required. Mailing address of Employer. Left justify and blank fill.
312-331	Employer’s City	20	Required. City of the transmitter. Left justify and blank fill
332-333	Employer’s State/Province	2	Required. Two alpha state/province code.
334-343	Employer’s Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.

344-347	Employer's Postal Code Plus 4	4	Optional. Blank fill positions if not used
348-447	Employer's Contact Name	100	Required. Person to contact if questions arise. Left justify and blank fill.
448-457	Employer's Contact Phone Number	10	Required. Left justify
458-461	Tax Year	4	Required. Four digit year of calendar year for which withholdings are being reported.
462-778	Reserved	317	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Recipient "Q" Record

The "Q" record contains the name and address information for the recipient of income and all data concerning the income paid and tax withheld.

All "Q" records for a "W" record must be written after the corresponding "W" record, followed by a reconciliation "C" record, and before the "W" record for another employer begins.

Recipient "Q" record is fixed length of 780 positions.

All alpha characters entered in the "Q" record must be upper case.

Report tax withheld including cents.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "Q"
2	Return Type Indicator	1	Required. Values are: 0 (Zero) – Original 1 – Void 2 - Corrected
3-11	Recipient's TIN	9	Required. SSN or TIN. No blanks, hyphens, or alpha characters are allowed
12-111	Recipient's First Name	100	Optional. First name of recipient of file. Left justify and blank fill.

112	Recipient's Middle Initial	1	Optional. Middle initial of recipient of file. Blank fill.
113-212	Recipient's Last Name	100	Required. Last name of recipient of file. Left justify and blank fill.
213-312	Recipient's Street Address 1	100	Optional. Attention line or care of line. Left justify and blank fill.
313-412	Recipient's Street Address 2	100	Required. Mailing address of recipient. Left justify and blank fill.
413-432	Recipient's City	20	Required. City of the recipient. Left justify and blank fill
433-434	Recipient's State/Province	2	Required. Two alpha state/province code.
435-444	Recipient's Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.
445-448	Recipient's Postal Code Plus 4	4	Optional. Blank fill positions if not used
449-460	County Withholding Amount	12	Required. The county tax amount withheld, include cents. Right justify and zero fill. e.g. 200.00 = 000000020000 e.g. 200.50 = 000000020050
461-778	Reserved	318	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Reconciliation "C" Record

The "C" record is a summary of the number of "Q" records for each employer and total county tax withheld.

The "C" record must be written after the last "Q" record for an employer. For each "W" record and group of "Q" records on the file, there must be a corresponding "C" record.

Reconciliation "C" record is fixed length of 780 positions.

All alpha characters entered in the "C" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "C"

2-9	Total Q records	8	Required. Total number of "Q" records for this employer. Right justify and zero fill.
10-15	Blank	6	Blank fill
16-30	Total County tax withheld	15	Required. The county tax amount withheld, include cents. Right justify and zero fill.
31-45	Total 1 st QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 1 st quarter. Right justify and zero fill.
46-60	Total 2 nd QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 2nd quarter. Right justify and zero fill.
61-75	Total 3 rd QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 3rd quarter. Right justify and zero fill.
76-90	Total 4 th QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 4th quarter. Right justify and zero fill.
91-778	Reserved	688	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

End of Transmission "F" Record

The "F" record is a summary of the number of "W" records in the file.

The "F" record must be written after the last "C" record. End the file with a "F" record.

End of Transmission "F" record is fixed length of 780 positions.

All alpha characters entered in the "F" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "F"
2-4	Total Employer "W" Records	3	Required. Total number of "W" records in the file. Right justify and zero fill.
5-778	Reserved	774	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

ELECTRONIC PAYMENT OPTION

Electronic Payments

Important: The electronic payment program will be available for remitting payroll withholding amounts electronically for the 1st quarter of 2004 which is due on April 30, 2004. Any withholding payments due for quarters in tax year 2003 should be made by check and accompanied by a Multnomah County Employer Payment Coupon (Form MC PC).

Provided that the required information on Form MC PC is contained in the ACH registration, Form MC PC will not be required if you pay through the electronic payment program.

Information on electronic payments will be available by March 15, 2004 and will be posted at: www.co.multnomah.or.us/tax.



**Multnomah County Employer Payment Coupon
and Employer Report/Registration**

**MC PC
2003**

Business name	Federal EIN	Business telephone number	ext.
Person at business authorized to discuss your payroll account with us		ext.	Business FAX number
Business street address			
City	State	Zip Code	
Business mailing address (if different than street address)			
City	State	Zip Code	

If payroll taxes for Multnomah County have been withheld, the tax must be remitted according to the following schedule (please check appropriate box):

1. ☐ Taxes withheld from January 1 to March 31 – N/A
2. ☐ Taxes withheld from April 1 to June 30 – N/A
3. ☐ Taxes withheld from July 1 to September 30 – Due date is October 31*.
4. ☐ Taxes withheld from October 1 to December 31 – Due date is January 31*.

If the due date is on a weekend or holiday, the remittance is due the next working day. Remittances will be considered timely if postmarked on the due date. Please be aware that penalty and interest may be assessed for payments made after the due date.

Enter amount withheld:

\$

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***If a payment is not forwarded by the due dates indicated above, or is for a period other than the periods indicated above, please forward a statement of explanation, and indicate the period that is represented by your payment.**

You may complete this form, using your computer. After you have printed it, Please send this entire form with your payment to:

**Multnomah County - ITAX
PO Box 279
Portland, OR
97207-0279**

You may also print this form and fill it in by hand.



Multnomah County Annual Withholding Tax Reconciliation Report

**MC WR
2003**

This form not required if you file this information electronically or if you use a third-party payroll service that forwards withholding information electronically.

Business name	Federal EIN	Business telephone number ()	
Person at business authorized to discuss your payroll account with us		Business FAX number ()	
Business street address			
City	State	Zip Code	
Business mailing address (if different than street address)			
City	State	Zip Code	

⇒ This form due not later than March 31, 2004 if you withheld Multnomah County Personal Income Tax from your employees and have not provided this information electronically or through a third-party payroll service.

Complete this form and "Employee Withholding Schedule" (see page 2), using your computer. After you have printed it, please send this form and completed personnel forms to:

**Multnomah County – ITAX
PO Box 279
Portland, OR
97207-0279**

You may also print this form and fill it in by hand.

Withholding By Quarter

Please enter amounts remitted (with Form MC PC 2003 or paid electronically) for each quarter as listed below

Quarter Ending 3/31/2003	N/A	N/A
Quarter Ending 6/30/2003	N/A	N/A
Quarter Ending 9/30/2003		
Quarter Ending 12/31/2003		
TOTAL REMITTED	\$0.00	

TOTAL SUM WITHHELD	\$0.00	(As reported on Employee Withholding Schedule -- page 2)
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If total sum withheld is different than total remitted, please attach explanation.

Signature	Date	Title/Position
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Employee Withholding Schedule

MC WR
2003

Please enter the following information for each employee for whom Multnomah County Personal Income Taxes were withheld. Use additional forms if necessary. Tax withheld should agree with line 19 of employee Form W-2.

1				
2				
3				
4				
5				
6				
7				
8				
9				
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21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
Total Sum Withheld (sum of column)				\$0.00

Multnomah County Resident Withholding Tax Tables

Effective January 1, 2003

To: Employers

Your copy of Multnomah County Resident Income Tax Withholding Tax Tables includes:

- Things you need to know.
- The standard tax tables for all payroll periods.
- The computer formula for automated payroll data systems.
- Employee Withholding Authorization and instructions.
- Multnomah County Tax Calculator and instructions.

If you need more information, call

**Multnomah County, Oregon
ITAX Hotline**

(503) 988-ITAX (503) 988-4829



**MULTNOMAH
COUNTY**

**P.O. Box 279
Portland, OR 97207-0279**

Things You Need to Know

New Multnomah County Resident Income Tax

Multnomah County residents passed Measure 26-48 which established a personal income tax on County residents. The tax was effective January 1, 2003. The County has authorized Multnomah County employers to withhold the County income tax from the wages of County resident employees.

The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer.) The enclosed withholding tables compute Multnomah County withholding on wages at the 1.25% rate less the applicable Oregon standard deduction for joint and single filers along with a deduction for the exemption amount.

Withholding of the Multnomah County Resident Income Tax from employees wages is not mandatory and an employer should only withhold the tax if authorized by the employee.

2003 Under Withholding

Employees should be aware that for 2003 the amounts withheld from wages will probably be insufficient to cover their 2003 Resident Income Tax liability because withholding will not have occurred for the entire year. The Multnomah County Website, www.co.multnomah.or.us/tax, has a tax calculator which will allow an employee to determine any shortfall in withholding. The employee may then request additional withholding per pay period from their employer.

Interested in Electronic Funds Transfer (EFT)?

Payments for combined payroll taxes can be made electronically using the Multnomah County Electronic Funds Transfer (EFT) program. A business must register with the County and indicate the Automated Clearing House payment type (ACH Debit or ACH Credit) that they plan to use before initiating payments.

Important: The EFT program will be available for remitting payroll withholding for the 1st quarter of 2004 which is due on April 30, 2004. Payments due on October 31, 2003 or January 31, 2004 for any payroll withholding in the 3rd or 4th quarter should be made using Form MC PC (Multnomah County Employer Payment Coupon and Employer Report/Registration). This form is available at the Multnomah County Website, www.co.multnomah.or.us/tax, and is part of the EMPLOYERS HANDBOOK.

Questions? If you need more information, call

Multnomah County, Oregon
ITAX Hotline
(503) 988-ITAX

Things You Need to Know (Continued)

Do I use rounding of withholding amounts?

The income tax withholding amounts in the wage bracket tables have been rounded to whole dollar amounts. When employers use the percentage method, the tax for the pay period may be rounded to the nearest dollar.

When is my withholding due?

Due dates for paying the Multnomah County withholding tax is the last day of the month following the end of the quarter. Payment should be made with a quarterly payment coupon (unless payment is made through electronic funds transfer).

When and where do I file my withholding?

Employers who withhold must file a quarterly tax report. The quarterly report is due on the last day of the month following the end of the quarter. Information contained on the quarterly payment coupon will be considered sufficient for the quarterly report. No separate filing is required. The combined payment coupon and employer report should be sent to: Multnomah County – ITAX, P.O. Box 279, Portland, OR 97207-0279.

Important: Form MC PC (Multnomah County Employer Payment Coupon and Employer Report/Registration) is available at the Multnomah County Website, www.co.multnomah.or.us/tax, and is part of the EMPLOYERS HANDBOOK.

FOR PAYMENT AND REPORTING OF WITHHELD TAXES

Quarter	Quarter Ending Date	Payment/Form Due Date
1 st – Jan-Feb-March	March 31, 2003	April 30, 2003
2 nd – Apr-May-June	June 30, 2003	July 31, 2003
3 rd – Jul-Aug-Sep	September 30, 2003	October 31, 2003
4 th – Oct-Nov-Dec	December 31, 2003	January 31, 2004

If the 30th or 31st day falls on a holiday or weekend: Payment is due the next business banking day.

Annual Report

Form MC WR Multnomah County Annual Withholding Tax Reconciliation Report is due on March 31st of each year. Use this form to reconcile your County withholding account.

Important: Form MC WR (Multnomah County Annual Withholding Tax Reconciliation Report) is available at the Multnomah County Website, www.co.multnomah.or.us/tax, and is part of the EMPLOYERS HANDBOOK.

Frequently Asked Questions About the Withholding for the Multnomah County Resident Income Tax

1. What standard deduction amount and exemption amount should be entered for the Multnomah County formula?

The standard deduction amount is the same as allowed under Oregon tax law (Joint \$3,280 and Single \$1,640). In addition, Multnomah County allows an exemption amount of (Joint \$5,000 and Single \$2,500).

2. Is there a straight percentage method or fixed amount per pay period that can be used instead of the formula?

You should use the formula based on your payroll frequency. However, if authorized by the employee you may withhold at the rate of 1.25% or withhold a fixed dollar amount per pay period.

3. Why is the formula withholding amount different from that shown on the tables?

The difference should be very small and only due to rounding, if there is any difference at all. If there is a substantial difference, check your calculations.

4. If the withholding amount is negative, what do I use?

Zero; however, you should check your calculations to make sure your entries are correct.

5. Does my computer program need to allow for subtracting federal withholding from gross wages?

No, although federal taxes are a deduction for determining Oregon taxable income, up to \$3,500 per year, for 2003 given that withholding will only be made for a partial year no adjustment for federal taxes should be made.

6. If an employee has a spouse who works outside the county or has significant non-wage income, will withholding be sufficient to cover the Multnomah County Resident tax?

Probably not. The employee should consider additional withholding per pay period to cover the shortfall or consider making an installment payment. This package includes tax calculator which may be used to determine any expected under withholding. This tax locator is located on the Multnomah County Website, www.co.multnomah.or.us/tax.

7. What should I do if my “canned” computer package cannot use the Oregon withholding formula?

Most of the newer packages are flexible enough to use the Multnomah County formula or a straight percentage or fixed amount per pay period. If your package does not accommodate the Multnomah County formula, you should contact the software vendor.



Income Tax Calculation for Withholding
Married Filing Joint/Head of Household/Qualifying Widower
& Single/Married Filing Separately

Wage		Withholding - Joint				Withholding - Single			
At Least	But Less Than	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period
0	50	0	0	0	0	0	0	0	0
50	100	0	0	0	0	0	0	0	0
100	150	0	0	0	0	1	0	0	0
150	200	1	0	0	0	2	1	0	0
200	250	1	0	0	0	2	1	1	0
250	300	2	0	0	0	3	2	2	0
300	350	2	0	0	0	3	2	2	0
350	400	3	1	1	0	4	3	3	1
400	450	4	2	1	0	5	4	3	1
450	500	4	2	2	0	5	4	4	2
500	550	5	3	3	0	6	5	5	3
550	600	6	4	3	0	7	6	5	3
600	650	6	4	4	0	7	6	6	4
650	700	7	5	4	0	8	7	7	4
700	750	7	5	5	1	8	7	7	5
750	800	8	6	6	1	9	8	8	6
800	850	9	7	6	2	10	9	8	6
850	900	9	7	7	3	10	9	9	7
900	950	10	8	8	3	11	10	10	8
950	1000	11	9	8	4	12	11	10	8
1000	1050	11	9	9	5	12	11	11	9
1050	1100	12	10	9	5	13	12	12	9
1100	1150	12	10	10	6	13	12	12	10
1150	1200	13	11	11	6	14	13	13	11
1200	1250	14	12	11	7	15	14	13	11
1250	1300	14	12	12	8	15	14	14	12
1300	1350	15	13	13	8	16	15	15	13
1350	1400	16	14	13	9	17	16	15	13
1400	1450	16	14	14	10	17	16	16	14
1450	1500	17	15	14	10	18	17	17	14
1500	1550	17	15	15	11	18	17	17	15
1550	1600	18	16	16	11	19	18	18	16
1600	1650	19	17	16	12	20	19	18	16
1650	1700	19	17	17	13	20	19	19	17
1700	1750	20	18	18	13	21	20	20	18
1750	1800	21	19	18	14	22	21	20	18
1800	1850	21	19	19	15	22	21	21	19
1850	1900	22	20	19	15	23	22	22	19
1900	1950	22	20	20	16	23	22	22	20
1950	2000	23	21	21	16	24	23	23	21
2000	2050	24	22	21	17	25	24	23	21
2050	2100	24	22	22	18	25	24	24	22
2100	2150	25	23	23	18	26	25	25	23
2150	2200	26	24	23	19	27	26	25	23
2200	2250	26	24	24	20	27	26	26	24

Continued on next page



Income Tax Calculation for Withholding
Married Filing Joint/Head of Household/Qualifying Widower
& Single/Married Filing Separately

Wage		Withholding - Joint				Withholding - Single			
At Least	But Less Than	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period
2250	2300	27	25	24	20	28	27	27	24
2300	2350	27	25	25	21	28	27	27	25
2350	2400	28	26	26	21	29	28	28	26
2400	2450	29	27	26	22	30	29	28	26
2450	2500	29	27	27	23	30	29	29	27
2500	2550	30	28	28	23	31	30	30	28
2550	2600	31	29	28	24	32	31	30	28
2600	2650	31	29	29	25	32	31	31	29
2650	2700	32	30	29	25	33	32	32	29
2700	2750	32	30	30	26	33	32	32	30
2750	2800	33	31	31	26	34	33	33	31
2800	2850	34	32	31	27	35	34	33	31
2850	2900	34	32	32	28	35	34	34	32
2900	2950	35	33	33	28	36	35	35	33
2950	3000	36	34	33	29	37	36	35	33
3000	3050	36	34	34	30	37	36	36	34
3050	3100	37	35	34	30	38	37	37	34
3100	3150	37	35	35	31	38	37	37	35
3150	3200	38	36	36	31	39	38	38	36
3200	3250	39	37	36	32	40	39	38	36
3250	3300	39	37	37	33	40	39	39	37
3300	3350	40	38	38	33	41	40	40	38
3350	3400	41	39	38	34	42	41	40	38
3400	3450	41	39	39	35	42	41	41	39
3450	3500	42	40	39	35	43	42	42	39
3500	3550	42	40	40	36	43	42	42	40
3550	3600	43	41	41	36	44	43	43	41
3600	3650	44	42	41	37	45	44	43	41
3650	3700	44	42	42	38	45	44	44	42
3700	3750	45	43	43	38	46	45	45	43
3750	3800	46	44	43	39	47	46	45	43
3800	3850	46	44	44	40	47	46	46	44
3850	3900	47	45	44	40	48	47	47	44
3900	3950	47	45	45	41	48	47	47	45
3950	4000	48	46	46	41	49	48	48	46
4000	4050	49	47	46	42	50	49	48	46
4050	4100	49	47	47	43	50	49	49	47
4100	4150	50	48	48	43	51	50	50	48
4150	4200	51	49	48	44	52	51	50	48
4200	4250	51	49	49	45	52	51	51	49
For Wages of \$4,250 or more, use 1.25% of amount over \$4,250 plus		51	49	49	45	52	51	51	49

Computer Formula

To figure Multnomah County withholding amounts in an automated payroll accounting system, you may use the formulas shown below. Because of Multnomah County's income tax system, a single percentage can't be used. The withholding formula is based on the payroll frequency. It also includes a deduction for the appropriate Oregon standard deduction (Joint \$3,280 – Single \$1,640) and for the appropriate Multnomah County exemption (Joint \$5,000 – Single \$2,500).

Married Filing Jointly/Head of Household/Qualifying Widower

Weekly Pay Period

Withholding per payroll period $\$[Wages \times 52] - 3280 - 5000] \times .0125/52$

Two Week Pay Period

Withholding per payroll period $\$[Wages \times 26] - 3280 - 5000] \times .0125/26$

Twice Monthly Pay Period

Withholding per payroll period $\$[Wages \times 24] - 3280 - 5000] \times .0125/24$

Monthly Pay Period

Withholding per payroll period $\$[Wages \times 12] - 3280 - 5000] \times .0125/12$

Single/Married Filing Separately

Weekly Pay Period

Withholding per payroll period $\$[Wages \times 52] - 1640 - 2500] \times .0125/52$

Two Week Pay Period

Withholding per payroll period $\$[Wages \times 26] - 1640 - 2500] \times .0125/26$

Twice Monthly Pay Period

Withholding per payroll period $\$[Wages \times 24] - 1640 - 2500] \times .0125/24$

Monthly Pay Period

Withholding per payroll period $\$[Wages \times 12] - 1640 - 2500] \times .0125/12$

Alternative Withholding Method for Wage Payments

Employers may use a 1.25% percent flat rate to figure withholding on supplemental or irregular wages that are paid at a different time than an employee's regular payday. Some employers may find this a convenient alternative. Supplemental or irregular wages include bonuses, overtime pay, commissions, or any other form of payment received in addition to the employee's regular pay. **Note:** If authorized by the employee you may withhold at the rate of 1.25% or withhold a fixed dollar amount per pay period.



Employee Request to Withhold Multnomah County Resident Income Tax

EMPLOYEE INFORMATION

Employee Number: _____

Social Security Number: _____

Name: _____
FIRST MI LAST

RESIDENCE ADDRESS:

NUMBER AND STREET

CITY, STATE, ZIP

COUNTY OF RESIDENCE

MAILING ADDRESS IF DIFFERENT:

NUMBER AND STREET

CITY, STATE, ZIP

COUNTY

TAX INFORMATION

1. ☐ I authorize my employer to withhold County Income Tax from my wages.

2. ☐ I authorize my employer to withhold additional taxes of \$ _____
from my wages each period.

3. ☐ I do not wish my employer to withhold the tax at this time.
I am a Multnomah County Resident and choose to make
either installments or a lump sum payment.

Note: Only Multnomah County Residents Should Fill Out and Return to Payroll

PLEASE RETURN THIS FORM TO PAYROLL DEPARTMENT

SIGNATURE DATE

Please Fax or Return To Payroll Department



Employee Request to Withhold Multnomah County Resident Income Tax Instructions

What is the Multnomah County Personal Income Tax (ITAX)?

Ballot Measure 26-48 established a personal income tax on residents of Multnomah County. The tax is 1.25% of Oregon **taxable income** reduced by an exemption (\$2,500 for a single tax filer and \$5,000 for Joint filer). **The tax is effective January 1, 2003** and will be in place through calendar year 2005.

Is taxable income the same as wage income?

No. The payroll tax withholding is based only on your income from wages. The County tax is based on taxable income as reported to the state of Oregon (line 28 of Form 40 or line 15 of Form 40S). Oregon taxable income includes wages plus other forms of income (e.g. capital gains, rental income, dividends and interest). You will also receive the benefit of your Oregon standard deduction or Oregon itemized deductions, whichever is higher and an exemption amount. You may authorize additional payroll withholding (catch up adjustment) in order to make up for the tax on wages in prior months which were not subject to withholding or to cover additional non-Multnomah County income.

Purpose of this form:

This form will authorize your employer to withhold taxes from your wages based on County withholding tables (Box 1). You may also authorize additional withholding for each pay period (Box 2). If you only want to withhold based on the tables – check Box 1. If you want additional taxes withheld – check both Box 1 and Box 2.

In 2003, employees may want to consider having additional taxes withheld. Withholding tables are annual tables designed to withhold enough tax over a full year so that on April 15th, the employee isn't left with a substantial tax to pay. Since the current withholding may not begin until after 2/3rds of the year has passed, employees may wish to have more withheld through 12/31/2003 to "catch-up".

In addition, employees may owe more tax as a result of having outside income (capital gains, rental income, dividends, interest, etc.) or a working spouse who does not withhold. Employees may want to take advantage of the fact that Multnomah County income tax withheld this year may be a deduction to federal and state taxable income for the 2003 tax year.

If the employee determines additional tax should be withheld, the employee may estimate the approximate additional tax and divide the additional tax by the number of pay periods left in 2003 to determine the additional tax to be withheld. Example: A joint tax filer has estimated the total tax to be paid as \$750.00. The tax filer is paid bi-weekly and will only have withholding for 11 pay periods (approximately 42% of year). It is estimated that an additional \$435.00 would be due. In this case the taxpayer may elect to have an additional \$40.00 withheld per paycheck to approximately equal the Multnomah County income tax due on April 15.

The enclosed tax calculator will allow you to calculate the amount of additional estimated Multnomah County income tax you will need to pay on April 15th. This tax calculator is located at the Multnomah County Website at www.co.multnomah.or.us/tax and will automatically calculate the necessary additional withholding per pay period.

Reminder: You may wish to reduce or eliminate your additional withholding in January 2004 because you will be able to withhold for the entire year.

**<http://www.co.multnomah.or.us/tax>
(503) 988-ITAX**

Note: Calculator is live at
www.co.multnomah.or.us/tax



Instructions on pages 28 - 30

Line

This calculator should be used as a guide and is not a substitute for accounting, legal, or other professional services. We assume no liability for the reader's reliance on this information. Before implementing any of the ideas contained in this publication, consult a professional advisor to determine whether they apply to your unique circumstances.

1. Gross Wages Subject to Withholding

1.

2. 2002 Oregon State Taxable Income

FROM LINE 15 OR 28 OF YOUR OREGON FORM 405 OR 40

2.

3. Filing Status

Married

☐
5,000

Single

☐
2,500

4. How Often Are You Paid?

Monthly

☐
12

Semi-monthly

☐
24

Biweekly

☒
26

Weekly

☐
52

5. Exemption Amount

5 = 3

6. Multnomah County Taxable Income

6 = 2 - 5

7. Tax Rate

1.25%

7.

8. 2003 ESTIMATED MULTNOMAH COUNTY TAX

8 = 6 X 7

9. Total Number of Pay Periods in 2003

9 = 4

10. Expected Withholding Per Pay Period-From Withholding Tables

10.

11. Number of Pay Periods Remaining in 2003

11.

12. 2003 EST. MULTNOMAH COUNTY TAX WITHHOLDING

12 = 10 X 11

13. 2003 ESTIMATED MULTNOMAH COUNTY TAX

13 = 8.

14. 2003 EST. MULTNOMAH COUNTY TAX WITHHOLDING

14 = 12.

15. 2003 MULTNOMAH COUNTY ADJUSTMENT

15 = 13 - 14

16. 2003 MULTNOMAH COUNTY ADJUSTMENT

16 = 15

17. Number of Pay Periods Remaining in 2003

17 = 11.

18. ADDITIONAL REQUESTED WITHHOLDING PER PAY PERIOD

18 = 16 / 17

General information

Do I need to file a Multnomah County Personal Income Tax (ITAX)?

Multnomah County residents passed Measure 26-48 which established a personal income tax on County residents. The tax is effective January 1, 2003. The County has authorized employers based in Multnomah County to withhold the County income tax from the wages of County resident employees.

The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer.) The enclosed withholding tables compute Multnomah County withholding on wages at the 1.25% rate less the applicable Oregon standard deduction for joint and single filers along with a deduction for the exemption amount.

Withholding of the Multnomah County Resident Income Tax from employees wages is not mandatory and an employer should only withhold the tax if authorized by the employee

Is taxable income the same as wage income?

No. The payroll tax withholding is based only on your income from wages. The County tax is based on taxable income as reported to the state of Oregon (line 28 of Form 40 or line 15 of Form 40S). Oregon taxable income includes wages plus other forms of income (e.g. capital gains, rental income, dividends and interest). You will also receive the benefit of your Oregon standard deduction or Oregon itemized deductions, whichever is higher and an exemption amount. You may authorize additional payroll withholding (catch up adjustment) in order to make up for the tax on wages in prior months which were not subject to withholding or to cover additional non-Multnomah County income.

This Tax Calculator will allow you to estimate the Multnomah County Income Tax you will need to pay at year end. This form will also allow you to calculate the catch up adjustment for the lack of withholdings for previous 2003 payroll periods or to cover non-wage income. You may want to visit our Website, www.co.multnomah.or.us/tax. An active Web based calculator will automatically compute your expected Multnomah County Income Tax and expected withholding amounts based on your individual circumstance.



Reminder: Don't forget to change your withholdings again in January because next year you will be able to withhold for the entire year.

Tax Calculator, Line by Line Instructions

- Line 1** **Gross Wages Subject to Withholding.** Multnomah County residents should enter all of your 2003 wages which are subject to withholding .
- Line 2** **2002 Oregon State Taxable Income.** Enter your state of Oregon taxable income taken from line 15 of Form 40S or line 28 of Form 40. Note: If you are aware that you will have significantly different income in 2003 – Use your estimated 2003 Oregon taxable income.
- Line 3** **Filing Status** Use the same filing status you claimed on your state of Oregon income tax return.
- Line 4** **How often are you paid?**
- | | | | | |
|--------------|---------------------|-------------|-----------|----------------------|
| You are paid | monthly | if you have | 12 | pay periods per year |
| You are paid | semi-monthly | If you have | 24 | pay periods per year |
| You are paid | biweekly | If you have | 26 | pay periods per year |
| You are paid | weekly | If you have | 52 | pay periods per year |
- Line 5** **Exemption Amount.** The calculator will compute your exemption amount based on the filing status you selected in line 3 above. You are entitled to the following exemptions depending upon your filing status:
- Married Filing Joint, Head of Household, Qualifying Widower.**
Use the “Married” status for line 3. Your exemption amount is \$5,000.
- Single, Married Filing Separate.** Use the “Single” status.
Your exemption amount is \$2,500.
- Line 6** **Multnomah County Taxable Income.** This calculation takes your Oregon taxable income and reduces it by the exemption amount.
- Line 7** **The tax rate is 1.25%**
- Line 8** **2003 Estimated Multnomah County Tax.** This amount is calculated by multiplying your Multnomah County Taxable Income (line 6) by the 1.25% tax rate on line 7.
- Line 9** **Total Number of Pay Periods in 2003.** This amount is calculated based on “How often are you paid?” in line 4 above.
- Line 10** **Expected Withholding Per Pay Period From the Withholding Tables.** This amount is automatically calculated based on the withholding tables located at the county Website at www.co.multnomah.or.us/tax. The calculation is computed by dividing your annual pay by the number of your pay periods in a year and then determining the proper withholding amount based on your filing status.
- Line 11** **Number of Pay Periods remaining in 2003.** Enter the number of pay periods for which your employer will withhold in 2003.

Tax Calculator, Line by Line Instructions (*Continued*)

- Line 12** **2003 Estimated Multnomah County Tax Withholding.** The form calculates the total amount of withholding for the year. It takes the amounts calculated in line 10 by the number of remaining pay periods in line 11.
- Line 13** **2003 Estimated County Tax.** This amount is calculated above in line 8.
- Line 14** **2003 Estimated Multnomah County Tax Withholding.** This amount is calculated in line 12 above.
- Line 15** **2003 Multnomah County Adjustment.** This is the total additional amount you should withhold for 2003 in order to “catch up” your withholding for the year 2003. ***Reminder:*** *You will need to reduce your withholding by the adjustment amount at the end of the year.*
- Line 16** **2003 Multnomah County Adjustment.** Amount from line 15 above.
- Line 17** **Number of Pay Periods Remaining in 2003.** This is the number you input above on line 11.
- Line 18** **Additional Requested Withholding Per Pay Period.** This is the additional amount of withholding needed per pay period to “catch up” your withholding for 2003. You should enter this amount in Box 2 of your ***Employee Request to Withhold Multnomah County Resident Income Tax form.*** Note: Your additional requested withholding cannot your net wages per payroll period.