



Finance, Budget and Tax Office

MULTNOMAH COUNTY OREGON

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The Administrator under the authority granted in County Ordinance 1012, Section 6 C hereby amends ITAX Rule § 11-624 to read as follows: effective May 5, 2004.

§ 11-624 Penalties

(A) A penalty shall be assessed if a person:

- (1) Fails to file a tax return or extension request by the time required under § 11-617 (A);
or
- (2) Fails to pay at least 90% of the tax by the time by the time required under § 11-617 (A); or
- (3) Fails to file or pay payroll taxes withheld at the time required under § 11-631 (A).

(B) The penalty under § 11-624 (A) shall be calculated as:

- (1) 5% of the balance of the tax paid after the original due date if the failure is for a period less than or equal to 3 months.
- (2) An additional 20% of the balance of the tax paid after the original due date if the failure is for a period greater than 3 months.
- (C) A separate \$500.00 penalty shall be assessed if a taxpayer takes a "frivolous position" in respect to preparing the taxpayer's return. A return is considered frivolous if a taxpayer does not provide information on which the substantial correctness of the self-assessment may be judged or if the return contains information that on its face indicates that the self-assessment is substantially incorrect.

- (1) Examples of "frivolous positions" as provided in Oregon Administrative Rule 150-316.992(5) are hereby adopted by direct reference.

(D) A penalty of 25% of tax shall be assessed upon any return received where a substantial understatement of taxable income exists. A "substantial understatement" shall be defined as an understatement of income that exceeds \$15,000.00 in taxable income for any taxable year.

- (1) The Administrator shall waive the substantial understatement penalty if there was reasonable cause for the understatement and the taxpayer acted in good faith. The Administrator may look to OAR 150-305.145(3)-(D) for guidance in the waiver of the substantial understatement penalty.
- (E) Pursuant to Multnomah County Code § 7.002 (A) for any check, draft or order of payment in money given to the County by any person in payment of the ITAX or any penalties or interest or fees related to the ITAX, which check, draft or order of payment in money is dishonored for any cause, including but not limited to non-sufficient funds, closed account or no account, there shall be a \$25 fee assessed as an NSF charge.
- (F) An employer shall be subject to a penalty for failure to timely file Form MC WR or approved electronic version on or before March 31st after each calendar year in which an employer withheld Multnomah County income tax from employees. The penalty shall be at least \$100 or if greater, the lesser of 5% of the withheld tax up to a maximum of \$5,000.
- (G) The Administrator may waive or reduce any penalty for good cause. The Administrator may look to ORS 305.145 and OAR 150-305.145 for guidance in the waiver of penalty. Additionally, in consideration of penalty waivers for taxable year 2003, the Administrator may consider the fact that taxable year 2003 is the initial year of the ITAX.

Approved:



David A. Boyer
ITAX Administrator
Chief Financial Officer
Multnomah County, Oregon

Dated: May 4, 2004