

***ITAX Administrative Rules
for the
Multnomah County Personal Income Tax
(as amended September 16, 2005)***



2005

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

Table of Contents

<i>Subsection</i>	<i>Description</i>	<i>Page</i>
11-600	Title	3
11-601	Effective Date	3
11-602	Conformity to State Income Tax Laws	3
11-603	Adoption of Oregon Revised Statutes and Oregon Administrative Rules	3
11-604	Administrative Authority	3
11-605	Definitions:	
	--Administrator.....	3
	--Domicile.....	3
	--Filing Date.....	4
	--Nonresident.....	4
	--Part-Year Resident.....	4
	--Residency Fraction.....	4
	--Resident.....	4
	--Taxpayer.....	4
	--Tax Year.....	4
11-606	Ownership of Taxpayer Information	4
11-607	Confidentiality	4
11-608	Persons to Whom Information may be Furnished	4
11-609	Taxpayer Representative	5
11-610	Examination of Books, Records or Persons	5
11-611	Deficiencies and Refunds	6
11-612	Changes to Federal or State Tax Returns	6
11-613	Settlement Offers and Agreements	6
11-614	Appeal Rights	6
11-615	Individuals Required to File Tax Returns	7
11-616	Social Security Numbers	8
11-617	Return Due Date; Extensions	8
11-618	Oregon Taxable Income Defined	9
11-619	Income Exemption Defined	9
11-620	Multnomah Adjusted Income Defined	9
11-621	Proration of Multnomah Adjusted Income for Part-Year Residents	9
11-622	Multnomah Taxable Income Defined	10
11-623	Interest	10
11-624	Penalties	11
11-625	Tax Rate	12
11-626	Tax as Debt; Collection	12
11-627	Overpayments of ITAX	12
11-628	Payment of Estimated ITAX	12
11-629	Withholding ITAX on Wages	13
11-630	Permitted Withholding Methods	13
11-631	Schedule for Payment of Withheld ITAX	13
11-632	Withholding Reconciliation by Employer for Payment of Withheld ITAX	14
11-633	Refunds for Residents in Out of County School Districts	16
11-634	Final Tax Return(s) of Deceased Taxpayer	16
11-635	Acceptable Forms of Payment of ITAX Obligations	16
11-699	Breach of Confidentiality; Violation	16

§ 11-600 Title

The rules contained in this subchapter are to administer the Multnomah County Personal Income Tax, hereinafter referred to as the ITAX. This subchapter may be known and cited as the ITAX Administrative Rules.

§ 11-601 Effective Date

The ITAX shall be in effect for taxable years beginning during years 2003, 2004 and 2005. For calendar year taxpayers, this is taxable years beginning 01/01/2003 through taxable year ending 12/31/2005.

§ 11-602 Conformity to State Income Tax Laws

The policy of Multnomah County is to follow the state of Oregon laws and regulations adopted by the Department of Revenue relating to personal income tax. The ITAX shall be construed in conformity with such laws and regulations imposing taxes on or measured by net income. Should a question arise under the ITAX on which this subchapter is silent, the Administrator may look to the laws of the state for guidance in resolving the question, provided that the determination under state law is not in conflict with any provision of this subchapter or the state law is otherwise inapplicable.

§ 11-603 Adoption of Oregon Revised Statutes and Oregon Administrative Rules by Reference

The Administrator and the Multnomah County Board of Commissioners may adopt Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR) by reference. To the extent necessary, references in an ORS or an OAR to the State of Oregon or its agencies will be deemed substituted references for Multnomah County and its corresponding agencies.

§ 11-604 Administrative Authority.

The Administrator may implement procedures, forms, guides and written policies for administering the provisions of the ITAX.

§ 11-605 Definitions

For the purpose of this subchapter, the terms used in this subchapter shall be defined as provided in this subchapter, unless the context requires otherwise.

ADMINISTRATOR. The Multnomah County Chief Financial Officer shall be the Administrator of the ITAX. Any designee of the Administrator shall act as the agent of the Administrator to enforce the ITAX and administrative rules as contained in this subchapter.

DOMICILE. “Domicile” is that place where a person has a true, fixed and permanent home, and principal establishment, and to which whenever that person is absent, he or she has the intention of returning. Actual residence is not necessarily the domicile of a person. A person may have more than one residence but not more than one domicile. Among other factors indicating domicile may be where the person is registered to vote, receives mail, where their automobile is registered and where their children attend school.

FILING DATE. The postmark date affixed by the United States postal service if mailed or the date stamp if delivered by hand or sent by facsimile.

NONRESIDENT. A "nonresident" means an individual who is not a resident of Multnomah County.

PART-YEAR RESIDENT. "Part-year resident" means a taxpayer who changes status during a tax year from resident to nonresident or from nonresident to resident.

RESIDENCY FRACTION. "Residency fraction" shall be the fraction of the year that a part-year resident is subject to the ITAX.

RESIDENT. "Resident" shall generally be defined as a taxpayer domiciled within Multnomah County for any portion of the taxable year. ORS 316.027 and OAR 150-316.027 are hereby adopted and shall control when residency questions arise.

TAXPAYER. "Taxpayer" means any natural person or married couple filing a joint return whose income in whole or in part is subject to the ITAX.

TAX YEAR. The taxable year of a person for federal or state income tax purposes.

§ 11-606 Ownership of Taxpayer Information.

Multnomah County shall be the sole owner of all taxpayer information under the authority of this subchapter. The Administrator shall have access to all taxpayer information at all times.

§ 11-607 Confidentiality.

Except as provided in this subchapter or otherwise required by law, it shall be unlawful for the Administrator, or any elected official, employee, or agent of the county, or for any person who has acquired information pursuant to § 11-608 (A) and (C) of this subchapter to divulge, release, or make known in any manner any financial information or social security numbers submitted or disclosed to the county under the terms of the ITAX Rules. Nothing in this section shall be construed to prohibit the disclosure of general statistics in a form that would prevent the identification of financial information or social security numbers regarding an individual taxpayer.

§ 11-608 Persons to Whom Information may be Furnished.

(A)(1) The Administrator may disclose and give access to information described in § 11-607 of this subchapter to an authorized representative of the Internal Revenue Service, Oregon Department of Revenue, or of any local government of the state of Oregon imposing taxes upon or measured by gross receipts or net income, for the following purposes:

- (a) To inspect the tax return of any taxpayer;
- (b) To obtain an abstract or copy of the tax return;
- (c) To obtain information concerning any item contained in any return;

- (d) To obtain information of any financial audit of the tax returns of any taxpayer; or
- (e) To maintain compliance with State or Federal Law (such as providing social security numbers to the Internal Revenue Service with 1099G filings for refunds issued).
- (2) Such disclosure and access shall be granted only if the laws, regulations or practices of such other jurisdiction maintain the confidentiality of such information at least to the extent provided by the ITAX Rules.
- (B) Upon request of a taxpayer, or authorized representative, the Administrator shall provide copies of any tax return information filed by the taxpayer in the Administrator's possession.
- (C) The division may also disclose and give access to information described in § 11-607 of this subchapter to:
 - (1) The County Attorney, to the extent the division deems disclosure or access necessary for the performance of the duties of advising or representing the division.
 - (2) Other county employees and agents, to the extent the division deems disclosure or access necessary for such employees or agents to perform their duties under contracts or agreements between the Administrator and any other department, division, agency or subdivision of the county relating to the administration of the ITAX.
- (D) All employees and agents of the county, prior to the performance of duties involving access to financial information submitted to the county under the terms of ITAX, shall be advised in writing of the provision of § 11-699 of this chapter relating to penalties for the violation of § 11-607 of this subchapter. Such employees and agents shall execute a certificate in a form prescribed by the Administrator, stating that the person has reviewed these provisions of law, has had them explained, and is aware of the penalties for the violation of § 11-607 of this subchapter.
- (E) Prior to any disclosures permitted by this section, all persons described in division (A) of this section, to whom disclosure or access to financial information is given, shall:
 - (1) Be advised in writing of the provisions of § 11-699 of this chapter relating to penalties for the violation of § 11-607 of this chapter; and
 - (2) Execute a certificate in a form prescribed by the division, stating these provisions of law have been reviewed and they are aware of the penalties for the violation of § 11-699 of this chapter.

§ 11-609 Taxpayer Representation.

No person shall be recognized as representing any taxpayer in regard to any matter relating to the tax of such taxpayer without written authorization of the taxpayer or unless the Administrator determines from other available information the person has authority to represent the taxpayer, such as signing the return as a paid preparer.

§ 11-610 Examination of Books, Records or Persons.

The Administrator may examine any books, papers, records, or memoranda, including state and federal income tax returns, to ascertain the correctness of any tax return or to make an estimate of any tax. The

Administrator shall have the authority, after notice, to require verification of taxpayer information in order to carry out the provisions of this subchapter.

§ 11-611 Deficiencies and Refunds.

Deficiencies may be assessed and refunds granted any time within the period provided under ORS 314.410, 314.415, and 317.950. The Administrator may by agreement with the taxpayer extend such time periods to the same extent as provided by statute.

§ 11-612 Changes to Federal or State Tax Returns.

- (A) If a taxpayer's reported net income under applicable state laws imposing a tax on or measured by income is changed by the Federal Internal Revenue Service or the Oregon Department of Revenue, or amended by the taxpayer to correct an error in the original federal or state return, a report of such change shall be filed with the Administrator within 60 days after the date of the notice of the final determination of change or after an amended return is filed with the federal or state agencies. The report shall be accompanied by an amended tax return with respect to such income and by any additional tax, penalty, and interest due.
- (B) The Administrator may assess deficiencies and grant refunds resulting from changes to federal, state or business income tax returns within the time periods provided for in § 11-611 of this subchapter, treating the report of change in federal, state or business income tax returns as the filing of an amended tax return.
- (C) The Administrator may assess penalties and interest on the additional tax due as provided in §§ 11-623 and 11-624 of this subchapter or may refuse to grant a refund of taxes as a result of the amended return if the amended return is not filed with the Administrator within the time limits set forth in division (A) of this section.

§ 11-613 Settlement Offers and Agreements

The Administrator may, upon good and sufficient cause make settlement agreements with taxpayers in the recomputation of taxes payable or in the collection thereof. Such agreements shall be consistent with ORS §§ 305.150 and 305.155 and corresponding OARs. Applications for settlement offers will be provided by the Administrator to taxpayers proposing settlement offers.

§ 11-614 Appeal Rights.

- (A) Any determination of the Administrator may be protested by the taxpayer. Written notice of the protest must be received by the Administrator or designee within 30 days after the notice of determination was mailed or delivered to the taxpayer. The protest shall state the name and address of the taxpayer and an explanation of the grounds for the protest. The Administrator shall respond within 30 days after the protest is filed with the Administrator with either a revised determination or a final determination. The Administrator's determination shall include the reasons for the determination and state the time and manner for appealing the determination. The time to file a protest or the time for the Administrator's response may be extended by the Administrator, for good cause. Requests for extensions of time must be received prior to the expiration of the original 30 day protest deadline. Written notice shall be given to the taxpayer if the Administrator's deadline is extended.

- (B) Any final determination by the Administrator may be appealed by the taxpayer to the Multnomah County Board of Commissioners. Written notice of the appeal must be received by the Administrator within 30 days after the final determination was mailed or delivered to the appellant. The notice of appeal shall state the name and address of the appellant and include a copy of the final determination.
- (C) Within 90 days after the final determination was mailed or delivered to the tax filer, the appellant shall file with the Multnomah County Board of Commissioners a written statement containing:
- (1) The reasons the Administrator's determination is incorrect; and
 - (2) What the correct determination should be.
- Failure to file such a written statement within the time permitted shall be deemed a waiver of any objections, and the appeal shall be dismissed.
- (D) Within 150 days after the final determination was mailed or delivered to the taxpayer, the Administrator shall file with the Multnomah County Board of Commissioners a written response to the appellant's statement. A copy of the Administrator's response shall be promptly mailed to the address provided by the appellant.
- (E) The appellant shall be given not less than 7 days prior written notice of the hearing date and location. The appellant and the Administrator shall have the opportunity to present relevant testimony and oral argument.
- (F) The decision of the Multnomah County Board of Commissioners shall be final and no further administrative appeal shall be provided.

§ 11-615 Individuals Required to File Tax Returns

- (A) Every resident of Multnomah County who is required to file an Oregon income tax return for the taxable year is required to file an ITAX return.

Nothing contained in this section shall preclude the Administrator from requiring any individual to file a return when, in the judgment of the Administrator, a return should be filed.

- (B) The return to be filed shall be a one page Form MC TR. The Administrator will release the form to the public by December 15th of the taxable year. Substitute forms (such as created by tax software) shall be accepted provided the forms include identical information in comparable format as provided on Form MC TR.
- (1) Unless requested by the Administrator, no copy of the federal or state of Oregon return is required to be filed with Form MC TR. If ITAX has been withheld from wages, a copy of Form W-2 is required to be filed with the ITAX return unless otherwise notified by the Administrator.
- (C) A husband and wife shall make a joint return with respect to the ITAX even though one of the spouses has neither gross income nor deductions, except that:
- (1) No joint return shall be made if the spouses are not permitted to file a joint Oregon income tax return.

- (2) If the Oregon income tax liability is determined on a separate Oregon return, their ITAX liability shall be determined on separate returns.
- (3) If the spouses file a joint return their tax liabilities shall be joint and several. In addition, the following OARs are hereby adopted.
 - (a) OAR 150-316.368 Petitioning Administrator to Equally Split Joint Liability
 - (b) OAR 150-316.369 Innocent Spouse, Separation of Liability, and Equitable Relief Provisions

§ 11-616 Social Security Numbers

Pursuant to the authority provided by ORS 305.100 and 42 USC §405, tax returns, refund claims, applications, registrations, records, requests for information, reports, and other items of a similar nature filed with Multnomah County shall state the social security number or numbers of the individual taxpayer as required by the item being filed.

Social security numbers are used by the Administrator and his agent as a part of providing expeditious and practicable processing systems in the administration of the laws by the Administrator, including (but not limited to) such matters as the issuance of tax refunds, allocation or application of incoming tax payments and other matters of a similar nature. Social security numbers shall be used to establish your identity for tax purposes only.

The Administrator may require a taxpayer to provide a copy of the taxpayer's social security card.

According to § 11-607 social security numbers shall be confidential information. Disclosure of social security numbers resulting in a breach of confidentiality will result in penalties pursuant to § 11-699.

§ 11-617 Return Due Date; Extensions

- (A) Tax returns shall be on forms provided or approved by the Administrator. All tax returns shall be filed, together with the specified tax by the fifteenth day of the fourth month following the end of the taxpayer's tax year. If the due date falls on a weekend or holiday, the due date shall be the first business day following the weekend or holiday.
- (B) The Administrator shall, when requested, grant extensions for filing returns. An extension will be automatically granted for six months beyond the initial due date. The Administrator will honor federal and state extensions. An extension does not extend the time to pay the tax. Payments made after the due date may be subject to interest and penalties as provided in §§ 11-623 and 11-624 of this subchapter.
- (C) The tax return shall contain a written declaration, verified by the taxpayer, to the effect that the statements made therein are true.
- (D) The Administrator shall prepare blank tax returns and make them available upon request. Failure to receive or secure a form shall not relieve any person from the obligation to pay the ITAX.

§ 11-618 Oregon Taxable Income Defined

OREGON TAXABLE INCOME shall be taxable income as reported or as reportable to the state of Oregon for personal income tax purposes before any credits or exemptions.

§ 11-619 Income Exemption Defined

INCOME EXEMPTION shall be an amount determined as follows:

(A) The amount of the exemption shall be \$2,500.00 in the case of a taxpayer whose filing status for purposes of filing an Oregon personal income tax return for the tax year is (1) single or (2) married filing separately.

(B) The amount of the exemption shall be \$5,000.00 in the case of a taxpayer whose filing status for purposes of filing an Oregon personal income tax return for the tax year is (1) married filing jointly, (2) head of household, or (3) qualifying widow(er).

(C) For purposes of paragraph (B), if a husband and wife file a joint Oregon tax return as non-residents, and one spouse is a resident of the County, the filing status for such husband and wife shall be deemed to be married filing separately for purposes of this § 11.619, and the amount of the income exemption shall therefore be \$2,500.00.

(D) The income exemption amount shall be increased by any retirement benefit paid out of the Oregon PERS retirement fund pursuant to ORS 238.445 and any federal retirement benefit that is taxed as income by the state of Oregon.

§ 11-620 Multnomah Adjusted Income Defined

MULTNOMAH ADJUSTED INCOME shall be defined as Oregon taxable income less the income exemption allowed by this subchapter.

§ 11-621 Proration of Multnomah Adjusted Income for Part-Year Residents

If a taxpayer is a part-year resident of Multnomah County for the tax year at issue, the Multnomah Adjusted Income shall be prorated based upon the number of days of residency within Multnomah County within the taxable year. If only one spouse resided in Multnomah County and a joint Oregon Form 40, 40S (short form) or 40P (partial year) has been filed, proration shall be based upon the average number of days of residency of both spouses. If only one spouse resided in Multnomah County and a joint Oregon non-resident return (40N) was filed, proration shall be based upon the number of days the resident spouse was a resident of Multnomah County.

Proration shall be computed as a fraction rounded to two decimal points. This fraction is then to be applied against Multnomah Adjusted Income to determine Multnomah Taxable Income.

Example 1: Ron maintains a home in Multnomah County and works in Multnomah County. He purchased a summer home in Palm Springs, California and each year thereafter spent about three or four months in that state. He continued to spend six or seven months of each year in Multnomah County. He continued to maintain his home and his social, club and business connections in Multnomah County, but established his bank account in California. The months not spent in California or Multnomah County he spent traveling in

other states or countries. Ron is domiciled in Multnomah County and is taxed as a resident of Multnomah County because he has not demonstrated intent to abandon his Multnomah County domicile nor has he shown an intent to make California his permanent home. No proration of Multnomah Adjusted Income is allowed.

Example 2: John Smith changed his permanent residence to a location outside of Multnomah County on April 1, 2003. With his original move, he had no intention of moving back to Multnomah County, however, on December 1, 2003 he changed residency by moving back into Multnomah County. The sum of days of residency in Multnomah County during the year was 121. If, on a full year basis, Mr. Smith would have paid tax of \$600.00, proration results in a tax of \$200.00 ($121/365=.33$; $\$600 \times .33 = \200)

Example 3: John Smith and Mary Smith are married filing a joint Oregon return. Mr. and Mrs. Smith have a residence in Benton County. On July 2, 2003 John Smith moved to Multnomah County because of a permanent job offer. Both spouses visit each other on weekends but spouses consider their separate residences to be their permanent residence. Mr. Smith's sum of days of residency in Multnomah County during the year was 183. If, on a full year basis, Mr. and Mrs. Smith would have paid tax of \$1,000.00, proration results in a tax of \$250.00 ($183/730=.25$; $\$1,000.00 \times .25 = \250).

Example 4: Rob Roy is a full-time student attending college in California. He pays out-of-state tuition and returns to his parents' home in Multnomah County every summer where he works a summer job. He also works a part-time job in California. Mr. Roy's stay in California is for a temporary or transitory purpose, therefore, Mr. Roy is a resident of Multnomah County and no proration of Multnomah Adjusted Income is allowed.

Example 5: Linda May is a full-time student attending college in Multnomah County. Her parents live in Eugene where Ms. May graduated from high school. Ms. May stays in Multnomah County throughout the year, attending summer classes and working at a part-time job in Multnomah County. Ms. May regularly visits her parents and intends to return to Eugene upon graduation. Ms. May is not a resident of Multnomah County as her stay in Multnomah County is for a temporary or transitory purpose. Since Ms. May is not a resident, no Multnomah County ITAX return is due.

Taxpayers may petition the Administrator for use of alternate methods to allocate or apportion incomes earned while not domiciled within Multnomah County. The Administrator may, upon good and sufficient cause, accept or deny such petitions.

§ 11-622 Multnomah Taxable Income Defined

MULTNOMAH TAXABLE INCOME shall be defined as Multnomah Adjusted Income after any proration for residency outside of Multnomah County.

§ 11-623 Interest

- (A) Interest shall be collected on any unpaid tax at the rate of 6% simple interest per year, computed from the original due date of the tax to the date of payment.
- (B) Interest at the rate established in § 11-623 (A) shall be payable on any overpayments of tax. Such interest shall be computed as beginning 45 days after the later of the due date, the filing date or the date paid.

- (C) The Administrator may waive or reduce interest for good cause. The Administrator may look to ORS 305.145 and OAR 150-305.145 for guidance in the waiver of interest. Additionally, in consideration of interest waivers for taxable year 2003, the Administrator may consider the fact that taxable year 2003 is the initial year of the ITAX.

§ 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 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 6 months (3 months for tax years 2003 and 2004).
- (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 6 months (3 months for tax years 2003 and 2004).
- (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.

§ 11-625 Tax Rate

A tax is imposed for each taxable year on Multnomah Taxable Income as defined in § 11-622 on every resident of Multnomah County. The amount of tax is 1.25% of the Multnomah Taxable Income as defined in § 11-622.

The County Board of Commissioners has established a base level of funding, using the revenue from the Multnomah County income tax, for county public schools, public safety, human services and administration. For the taxable year 2003 this base funding amount is \$132 million dollars. The base figure includes \$93 million for public schools, \$16 million for health and human services, \$16 million for public safety and \$7 million for collections and audits. For the taxable years 2004 and 2005 the base funding level will be increased by the change in the consumer price index for Portland-Salem, OR-WA, as published in by the US Bureau of Labor Statistics.

§ 11-626 Tax as Debt; Collection

The ITAX due per this subchapter and any interest and penalties subsequently assessed thereon shall become, from the time such liability is incurred, a personal debt, due Multnomah County, from the person or persons liable for the debt. The Administrator may pursue collection of this debt through all legal and available means.

§ 11-627 Overpayments of ITAX

(A) Overpayments of ITAX shall be applied in the following manner:

- (1) Overpayments will first be applied against any outstanding balances due from prior years (with the net overpayment, if any, to be refunded).
- (2) If it is determined that prior ITAX returns were due but have not yet been filed, overpayments shall be transferred to the prior year(s) yet to be filed.
- (3) If it is determined that no outstanding balances are due and no prior returns are outstanding, all overpayments shall be refunded. No overpayments will be applied as a credit forward.

§ 11-628 Payment of Estimated ITAX

- (A) No payment of estimated tax is required. However, quarterly estimated tax payments or other prepayments of the tax may be made using Form MC ES. Form MC ES for any taxable year other than 2003 shall be released by January 31st by the Administrator.
- (B) Estimated tax payments made for future due dates (as defined in § 11-617) cannot be used to pay additional tax liabilities for prior or currently due tax years regardless of whether the return is created by the taxpayer filing an amended return or by adjustment of the return by the Administrator.

(C) Allocation of Joint Estimated Tax Payments

The provisions of OAR 150-316.567 are hereby adopted.

§ 11-629 Withholding ITAX on Wages

(A) Employers are not required to withhold ITAX from the wages of their employees. They are authorized to voluntarily withhold under the provisions of ORS 652.610 provided:

- (1) The withholding is authorized in writing by the employee and recorded in the employer's payroll system.
- (2) An itemized statement is furnished to the employee at the time of the payment of wages, salary or commission. The statement may be part of the check, draft or other instrument of payment or may be delivered separately from such instrument. The statement should sufficiently itemize the amount of Multnomah County income tax withheld.

(B) Personal Liability of Responsible Officers or Employees

If an employer fails to remit to Multnomah County amounts that have been withheld under this section, responsible officers and employees of the employer will be personally responsible for the amounts that were withheld but not remitted. A responsible officer or employee is defined in 150-316.162(4) which is hereby adopted.

(C) Credit for Tax Withheld

The provisions of OAR 150-316.187-(A) are hereby adopted.

§ 11-630 Permitted Withholding Methods

(A) The following are permitted methods of withholding Multnomah County income tax from the wages of employees, provided the employee has authorized the method of withholding.

- (1) Withholding tables as published by the Administrator.
- (2) A flat rate.
- (3) An authorized amount per pay period.
- (4) A combination of permitted methods if authorized by the employee.

All withholding is on a cash basis and must be reported on a cash basis.

§ 11-631 Schedule for Payment and Reporting of Withheld ITAX.

(A) An employer who chooses to withhold the ITAX from employee payroll shall forward the withheld amounts quarterly to the Administrator as follows:

ITAX

- (1) For amounts withheld from payrolls between January 1 and March 31, the due date shall be the last day of the following month (April 30);
- (2) For amounts withheld from payrolls between April 1 and June 30, the due date shall be the last day of the following month (July 31);
- (3) For amounts withheld from payrolls between July 1 and September 30, the due date shall be the last day of the following month (October 31);
- (4) For amounts withheld from payrolls between October 1 and December 31, the due date shall be the last day of the following month (January 31);
- (B) Any payments filed or received after the due dates may be subject to penalty and interest as provided in §§ 11-623 and 11-624 of this chapter.
- (C) Form MC PC will be required to be filed with the quarterly payments of withheld ITAX. Form MC PC for any year other than 2003 shall be released by January 31st by the Administrator. This form will also operate as the employer registration. No separate registration is required.
- (D) Electronic Funds Transfer (Reserved)

§ 11-632 Withholding Reconciliation By Employer For Payment Of Withheld ITAX.

(A) On or before the last day of March following any calendar year in which payroll withholdings have been made by any employer, such employer shall file with the Administrator a Form MC WR. Form MC WR for any year other than 2003 shall be released by January 31st by the Administrator. The form shall reconcile taxes withheld and taxes remitted. The form shall include detailed information regarding each employee for whom ITAX has been withheld, specifying the taxes withheld the employee's name and the employee's Social Security Number.

(B) ELECTRONIC DATA EXCHANGE. The data required on the 2004 and 2005 Form MC WR shall be required to be submitted in a standard electronic format for employers who have 50 or more employees for which they are withholding Multnomah County income tax.

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 97201-5814

(1) 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

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).

(2) 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.

(3) 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.

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.

(4) DAT FILE. (Alternative) The Administrator will publish in the Employer Handbook for the Multnomah County Personal Income Tax an alternative electronic format that may be used.

(5) Excel Spreadsheet File (Alternative) The Excel spreadsheet shall contain as a header the employer name and federal employer identification number along with the total amount of withholding that had been remitted for the calendar year. The required header information shall be entered in the following cells:

Employer Name Cell E4

Federal EIN Cell E6

Total Withholding Cell E8

The following columns should be headed as follows and contain the required information with the first data entry in the following cells:

A	B	C	D	E
Last Name	First Name	Social Security #	Amount Withheld	Running Total
Cell A12	Cell B12	Cell C12	Cell D12	Cell E12

A copy of the approved Excel Spreadsheet file shall be posted on the ITAX Website at www.multcotax.org

§ 11-633 Refunds for Residents in Out of County School Districts

The portion of the ITAX dedicated to school funding will only be used to fund in county public school districts. A resident who also resides within Multnomah County and within the boundary of the Lake Oswego School District, Hillsboro School District, Beaverton School District or the area of the Scappoose School District that does not include the area that was formerly known as the Sauvie Island School District (herein referred to as out of county school district), and also pays property taxes within any of these districts will receive a partial refund of the ITAX that is reported and paid with the annual filing of the taxpayer's ITAX return.

An in county public school district is a district whose headquarters are located within Multnomah County and the School located in District formerly known as the Sauvie Island School District. An out of county public school district is a district whose headquarters are located outside of Multnomah County.

The refund provided for in this subsection will not exceed the proportion of the ITAX that is used to fund in county school districts. The Administrator will determine the proportion of the ITAX used to fund in county school districts after April 15th of each taxable year.

The refund computed under this subsection will only be paid to resident taxpayers who are current on their property tax statements.

§ 11-634 Final Tax Return(s) of Deceased Taxpayer

The provisions of OAR 150-316.387 (1) and (4) are hereby adopted.

§ 11-635 Acceptable Forms of Payment of ITAX Obligations

- (A) The County will accept as payment for ITAX obligations a personal check, bank check, money order, US currency or coin. Checks and money orders must be drawn on US financial institutions and denominated in US dollars.
- (B) Payment by check or money order will only constitute payment to the extent that US funds equal to the amount of the check or money order are received by the County. If a check or money order is dishonored for any cause the taxpayer is subject to the penalty imposed by § 11-624(E). Checks or money orders will only be received as payment if they are issued in standard check or money order form by a bank or commercial issuer of money orders.
- (C) Payment in US coin will only be accepted up to the amount of \$10.00. Payment in US currency will be accepted; however payment in \$1.00 bills may not exceed \$100.00.
- (D) Payment will not be accepted if the check, money order, US currency or coin has been contaminated, tainted, polluted or defaced.

§ 11-699 Breach of Confidentiality; Violation

Violation of §§ 11-607 or 11-608 is a Class C felony. Violation of §§ 11-607 or 11-608 is punishable, upon conviction thereof, by a fine not exceeding \$100,000 or by imprisonment for a period not exceeding 5 years, or by both fine and imprisonment. In addition, any county employee convicted for violation of §§ 11-607 or

11-608 shall be dismissed from employment and shall be barred from employment for a period of five years thereafter. Any agent of the county shall, upon conviction, be ineligible for participation in any county contract for a period of five years thereafter.