

# Withholding Tax for Agricultural Employees



February 2022

[www.oregon.gov/dor](http://www.oregon.gov/dor)

## Does this information apply to me?

Yes, if you employ agricultural employees.

## When do I need to withhold tax for agricultural employees?

You must withhold tax for employees who plant, cultivate, or harvest **seasonal agricultural crops** once they earn \$300 in a calendar year from you. When the amount exceeds \$300, the entire amount is subject to withholding tax.

A seasonal agricultural crop requires an annual or less-than-annual season to mature. The crop is harvested at the end of its season. Seasonal crops include:

- a. Field and forage crops.
- b. Seed of grasses, cereal grains, vegetable crops, and flowers.
- c. Bulbs and tubers of vegetable crops.
- d. Any vegetable or fruit used for food or feed.
- e. Holly cuttings harvested annually for Christmas sale (Christmas trees **aren't** considered seasonal agricultural crops).

You must withhold tax on **all** wages of regular farm employees, even though part of their work may involve planting, cultivating, or harvesting. You must withhold tax on **all** wages paid for seasonal activities, such as canning or other food processing, logging, and sheepshearing. Those activities aren't connected with planting, cultivating, or harvesting seasonal agricultural crops.

Labor connected with the following **isn't** considered seasonal:

- a. Forest products.
- b. Landscaping.
- c. Nursery stock as defined in Oregon Revised Statute 571.005 unless planted, cultivated, and harvested within an annual period.
- d. Raising, shearing, feeding, caring for, training, or management of livestock, bees, poultry, furbearing animals, or wildlife.
- e. Christmas trees.

## Oregon employer update for Oregon-only W-4

In December 2017, Congress passed the Tax Cuts and Jobs Act (TCJA), resulting in many changes to federal personal income taxes. In response, the IRS updated the federal Form W-4 worksheets in early 2018. This changed the number of allowances employees should claim, creating a disconnect between federal and state withholding that could leave employees owing money when they file their 2018 Oregon personal income tax return.

Starting on January 1, 2020, the above changes to federal tax laws mean that the federal Form W-4 may not provide the correct withholding for Oregon taxes. Department of Revenue created the Form OR-W-4 to help determine correct allowances for Oregon. If you have questions about your withholding obligations as an employer, visit the withholding webpage at [www.oregon.gov/dor/personal](http://www.oregon.gov/dor/personal), and click on "Oregon withholding info and resources," or email us at: [payroll.help.dor@oregon.gov](mailto:payroll.help.dor@oregon.gov). If your employees have questions about calculating or changing their Oregon income tax withholding, refer them to the OR-W-4 Instructions or the Oregon income tax withholding calculator, which is available on our website at [www.oregon.gov/dor](http://www.oregon.gov/dor). They can also call us at 503-378-4988 for assistance.

## How much do I need to withhold?

- For a seasonal farm employee, you may choose to withhold two (2) percent of the total wages without considering any withholding exemptions;

**or**

- Go to [www.oregon.gov/dor](http://www.oregon.gov/dor) and use our withholding tables to find out how much state income tax to withhold from the employee's pay.

If you don't have internet access and need a copy of the *Oregon Withholding Tax Tables*, call 503-945-8100.

## **How do I report Oregon income tax withholding?**

If you file federal Form 943, *Employer's Annual Tax Return for Agricultural Employees*, you can also file your Oregon withholding returns annually. File Form WA, *Oregon Annual Withholding Tax Return for Agricultural Employers*, 150-206-013. It's due by January 31 following the tax year.

If you're subject to unemployment, transit taxes, or Workers' Benefit Fund assessment, you must also file Form OQ, *Oregon Quarterly Tax Report*, each quarter.

If you have any employees who aren't classified as agricultural, withholding for all employees must be reported quarterly.

## **When are withholding payments due?**

Withholding tax payments are due the same day you make your FICA payment or your federal tax payment, regardless of the amount of your Oregon withholding tax.

Send payments with Form OR-OTC-V, *Oregon Combined Tax Payment Coupon*, 150-211-053, directly to:

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

Send a coupon with every payment.

## **How do I close my Oregon withholding tax account?**

If you no longer have employees, you can close your Oregon withholding tax account. Fill out a *Change in Status Report* and mail it to:

Employment Department  
875 Union Street NE  
Salem OR 97311-0030

If you need a *Change in Status Report*, call 503-945-8091 or visit [www.oregon.gov/dor](http://www.oregon.gov/dor).

## **Do you have questions or need help?**

[www.oregon.gov/dor](http://www.oregon.gov/dor)  
503-378-4988 or 800-356-4222  
[questions.dor@oregon.gov](mailto:questions.dor@oregon.gov)

Contact us for ADA accommodations or assistance in other languages.