

Publication OR-NR-REAL

Oregon Income Tax on Real Property Sales or Transfers

A Guide for Nonresident Individuals

If you're not a resident of Oregon, but you're selling or transferring ownership of Oregon real property, you may owe Oregon income tax on money you receive from the sale or transfer. Your escrow agent may ask you to fill out **Form OR-18-WC** from the Oregon Department of Revenue. The form helps the escrow agent know if they need to withhold Oregon tax from the proceeds of the sale or transfer when escrow closes.

Why does my escrow agent need me to fill out Form OR-18-WC?

In Oregon, an escrow agent must withhold tax from the income received by a real property transferor unless an exception applies. A "transferor" is someone who transfers ownership of property to somebody else. If you're selling your own real property, selling someone else's real property on their behalf, or exchanging real property for other real property, you're a transferor.

Exceptions. The escrow agent must withhold tax from money you'll receive when escrow closes unless:

- You're an exempt transferor, or
- The sale or transfer itself is exempt from the withholding requirement.

The escrow agent may have to pay a penalty to the State of Oregon if the exceptions to the withholding requirement don't apply to you or to the sale or transfer and the agent doesn't withhold the required tax.

What is an exempt transferor?

An exempt transferor is someone who isn't required by law to have tax withheld from the proceeds of a sale of Oregon real property. If you're an individual, **you're an exempt transferor only if you're an Oregon resident.**

Certain pass-through entities and other types of transferors may also be exempt from the withholding requirement; these exempt transferors are listed in Oregon Administrative Rule (OAR) 150-314-0040.

If the escrow agent has information showing that you're an exempt transferor, the agent isn't required to withhold Oregon income tax from your sale proceeds. In that case, you won't be asked to fill out Form OR-18-WC.

I'm not an exempt transferor—what happens now?

If you aren't an exempt transferor, the escrow agent must withhold income tax unless the sale or transfer itself is exempt from the withholding requirement.

What is an exempt sale or transfer?

Your Oregon real property sale or transfer is exempt from the withholding requirement if **any** of these are true for you:

- The consideration—the amount the buyer is paying you for the property (including any debt the buyer assumes or agrees to pay)—isn't more than \$100,000.
- You're selling your personal residence and won't owe any federal income tax on income you receive from the sale.
- You aren't likely to owe any income tax when you file your Oregon return because you'll claim a credit for the tax paid to your home state on the income from the sale.
- The tax to be withheld is less than \$100 (per transferor).
- You're transferring ownership of the property to someone else to avoid foreclosure, and you won't be paid any additional money for the property.
- Ownership of your property is being transferred to someone else because of foreclosure, a sheriff's sale (also known as a writ of execution), or a forfeited land sale contract.
- You're selling the property under a court's supervision because:
 - The property was owned by someone who died, and the court appointed you as their personal representative or you're the executor of the person's estate.
 - Another person owns the property and you're selling it on their behalf because a court has appointed you as that person's conservator.
 - The person who owns the property has filed for bankruptcy protection and a court has appointed you as a bankruptcy trustee.
 - You're selling the property under a court's supervision for another reason.

How will the escrow agent know how much tax to withhold?

The agent may rely on your **written confirmation** that the sale or other transfer is exempt from withholding or, if withholding is required, that the information you are providing about your income from the sale or transfer is true and correct.

You'll use **Form OR-18-WC** for your written confirmation. If tax must be withheld, the escrow agent will use the information you provide on the form to calculate how much to withhold.

Where can I get the instructions for the form?

Ask your escrow agent for a copy of **Form OR-18-WC Instructions** if they weren't given to you with the form. You can also download the instructions from our website, www.oregon.gov/dor.

Do I fill out the entire form myself?

No. You only need to complete some or all of the "transferor" sections. Once you're finished, sign and date the form and give it to your escrow agent. The agent will complete their sections of the form and provide you with a copy.

Do I file Form OR-18-WC with the Department of Revenue?

No. Keep the completed form with your tax records.

Do I pay the withheld tax myself?

No. If tax must be withheld, the escrow agent will make the payment on your behalf. The payment amount will be shown on your copy of the form.

Will I have to file an Oregon income tax return?

Possibly. If you don't live in Oregon, you must file an Oregon nonresident income tax return, Form OR-40-N, if you have gross income from an Oregon source that is more than the filing threshold for the year. Filing thresholds are listed in the return instructions.

Any gain (profit) from this sale or transfer should appear on a schedule that you'll file with your federal return. You'll report all of your federal income and your Oregon income from the sale or transfer on your Oregon return. (If you have other income from Oregon sources, you'll need to report that as well.) You'll also need to know how much Oregon income tax, if any, was withheld and paid by the escrow agent on your behalf. Refer to your copy of **Form OR-18-WC** for the tax amount.

My Form OR-18-WC shows that I was exempt from withholding. Will I still need to file an Oregon return?

Yes, but only if your gross income from Oregon sources is more than the filing threshold for the year. This is true even if the escrow agent didn't withhold any tax.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
Fax: 503-945-8738
questions.dor@dor.oregon.gov
TTY: We accept all relay calls

Open 7:30 a.m. to 5 p.m. Monday-Friday.
Phones lines are closed on holidays and from 9 to 11 a.m. on Thursdays.

Asistencia disponible en español.

Contact us for ADA accommodations or assistance in other languages.