

Withholding Taxes: Household Employees



November 2018

www.oregon.gov/dor

Does this information apply to me?

The information applies to you only if you pay someone for household work and that worker is your employee. Household work is work done in or around your home by babysitters, nannies, health aides, private nurses, maids, caretakers, yard workers, and similar domestic workers.

When is a household worker an employee?

A household worker is your employee if you can control not only what work is done, but also how it is done. It does not matter if the work is full-time or part-time, or if you hired the worker through an agency. It also does not matter whether you pay the worker by the job or on an hourly, daily, or weekly basis.

Should I withhold Oregon income tax from a household employee's pay?

Oregon income tax withholding is not required for household employees. However, you can withhold Oregon income tax if the household employee asks you to withhold and you agree. In order to determine withholding, the employee must complete federal Form W-4, *Employee's Withholding Allowance Certificate*.

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.

Please encourage your employees, particularly those who have submitted a 2018 federal Form W-4 and don't have a separate form for their Oregon withholding, to make sure their amount of withholding covers their estimated 2018 Oregon personal income tax liability. We've developed a form, *Worksheet*

OR-WW, 150-206-643, for employees to use to determine their correct amount of state withholding. If you have employees who need to change their withholding for Oregon, they can use the federal Form W-4 and write "For Oregon only" at the top. Please note, as a result of these withholding checks, you may see an increase in employees requesting that you change their withholding. We understand that this may create an administrative burden for some employers, and we're working to reduce that impact as much as possible. For 2019, we're planning to release an Oregon-specific Form W-4. With this form, employees won't need to write "For Oregon only" on the top of a federal form. It will also give Oregon more flexibility in adapting to future federal tax law changes without inconveniencing employees or employers. We're also working on an online withholding calculator to make determining the appropriate amount of Oregon withholding an easier process. If you have questions about your withholding obligations as an employer, please visit the withholding webpage at www.oregon.gov/dor/personal, and click on "Oregon withholding info and resources," or email us at: payroll.help.dor@oregon.gov. If your employees have questions about calculating or changing their Oregon income tax withholding, please refer them to Worksheet OR-WW, the Oregon income tax withholding worksheet, which is available on our website at www.oregon.gov/dor. They can also call us at (503) 378-4988 for assistance.

How do I figure withholding?

Use the withholding tables found on Revenue's website at www.oregon.gov/dor/ to find out how much state income tax to withhold from the employee's pay.

If you do not have internet access and you need a copy of the *Oregon Withholding Tax Tables*, call (503) 945-8100.

How do I report Oregon income tax withholding?

If you agree to withhold Oregon income tax, you will need a business identification number. If you already have one, contact the Oregon Department of Reve-

nue so we can set you up for state withholding. If you need a business identification number, you must apply for one from the Oregon Department of Revenue. Use the *Combined Employer's Registration* (form 150-211-055). You can obtain this form by calling (503) 945-8100 or by downloading it at www.oregon.gov/dor. You must register before issuing your first paychecks. Mail the completed registration to the address at the bottom of the form. Within three weeks, the department will assign you an Oregon business identification number and send you the personalized forms you will need.

If you employ only household employees, you may file and pay the tax due annually using Form OA—Domestic. This form is due January 31 of each year. You may make withholding payments during the year, or you may send your payment and OTC in with Form OA.

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 OTC, *Oregon Combined Tax Payment Coupon*, 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 the *Change in Status Report* included in your annual reporting packet and mail to:

Employment Department
875 Union Street NE
Salem OR 97311-0030

How can I get information about Workers' Benefit Fund assessment and unemployment insurance?

For questions about Workers' Benefit Fund assessment, call the Department of Consumer and Business Services at (503) 378-2372.

For questions regarding unemployment insurance, call the Employment Department at (503) 947-1488.

Should I report transit district tax?

Domestic service in a private home is exempt from Tri-County Metropolitan District (TriMet) and Lane Transit District (LTD) taxes.

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or (800) 356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.