



DOR Tax Professional Liaison Meeting

May 17, 2024

Robert Oakes, Operations and Policy Analyst



Voluntary Self Identification (VSI)

Tax Professional Liaison Meeting

Friday, May 17, 2024

Roy Suarez: Project Manager

Agenda

- 1 VSI overview
- 2 VSI purpose
- 3 How will data be collected/used
- 4 Next steps
- 5 Form OR-VSI
- 6 How can our partners (you) help

Voluntary Self Identification (VSI) overview

1

New form created to collect VSI information

2

Will start with 2024 returns

3

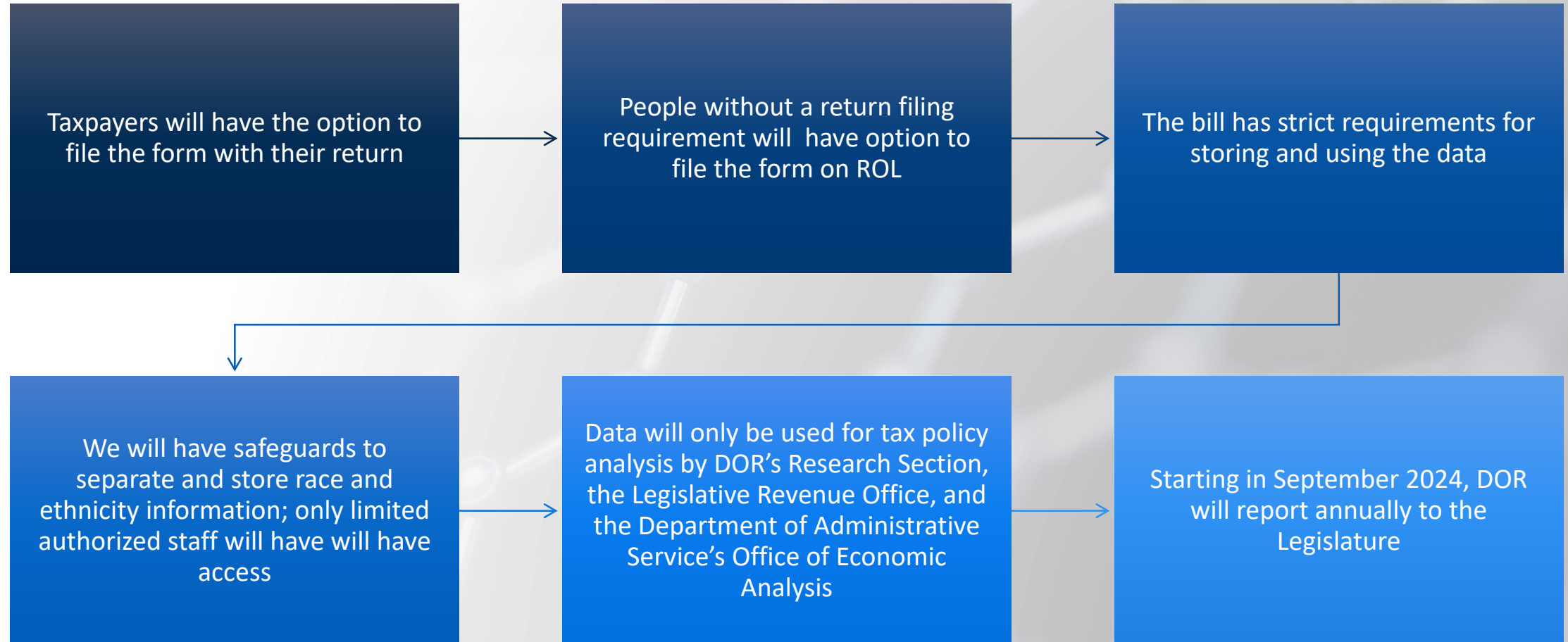
Oregon is the first state to ask for this information with the tax return

VSI purpose

- To help determine the impact of state tax policies on all Oregonians
- Voluntary participation will give Oregon taxpayers and Oregonians a choice to be included
- The form mirrors race and ethnicity options in the Oregon Health Authority's (OHA) "REALD" program



How will data be collected/used?



Next steps

- Ensure participation in program is simple
- We are finalizing the form and instructions
- We have [created a webpage](#) with information about SB 1 and an email address:
ORVoluntary.SelfID@DOR.oregon.gov
- We are meeting with partners and doing public outreach throughout the year and next tax filing season

2024 Form OR-VSI
Voluntary Self-identification

Page 1 of 1 • Use UPPERCASE letters. • Use blue or black ink. • Print actual size (100%). • Don't submit photocopies or use staples.

Include this form when you file your Oregon return. If you don't have to file an Oregon return but would like to provide this information, go to Revenue Online at www.oregon.gov/dor.

This form is used to gather data about the race and ethnicity of Oregon taxpayers. This data will help us work toward fairness and equity in our personal income tax system. It can't be used for any other purpose. Completing this form is voluntary. See Form OR-VSI Instructions for more information.

If your filing status is married filing jointly, check this box if your name is listed second on your return. Include a separate form for each spouse.

Enter the first four letters of your last name:

Instructions. Using the codes shown in the table, enter your primary race or ethnicity in box 1, and up to two additional races or ethnicities in boxes 2 and 3.

Note: If you don't have a primary racial or ethnic identity, mark the box under line 1 and enter up to three codes from the table.

1. Primary race or ethnicity 2. Additional race or ethnicity 3. Additional race or ethnicity

I don't have a primary race or ethnic identity.

<p>Hispanic or Latino/a/x</p> <p>Central American 101 Mexican 102 South American 103 Other Hispanic or Latino/a/x 199</p>	<p>American Indian or Alaska Native</p> <p>American Indian 201 Alaska Native 202 Canadian Inuit, Metis, or First Nation 203 Indigenous Mexican, Central American, or South American 204</p>	<p>Asian</p> <p>Asian Indian 301 Cambodian 302 Chinese 303 Communities of Myanmar 304 Filipino/a 305 Hmong 306 Japanese 307 Korean 308 Laotian 309 South Asian 310 Vietnamese 311 Other Asian 399</p>
<p>Native Hawaiian or Pacific Islander</p> <p>Chamoru (Chamorro) 401 Marshallese 402 Communities of the Micronesia Region 403 Native Hawaiian 404 Samoan 405 Other Pacific Islander 499</p>	<p>Black or African American</p> <p>African American 501 Afro-Caribbean 502 Ethiopian 503 Somali 504 Other African (Black) 505 Other Black 599</p>	
<p>White</p> <p>Eastern European 601 Slavic 602 Western European 603 Other White 699</p>	<p>Middle Eastern/Northern African</p> <p>Middle Eastern 701 Northern African 702</p>	<p>Other</p> <p>Other 899 Don't know 999</p>

Include this form when you file your Oregon income tax return.

Form OR-VSI

How can our partners (you) help?

- Get informed about the program
- Inform your clients of this form and DOR's website for more information
- Respect your client's choice to fill out the form or opt out of the form and provide privacy as needed
- Ensure your clients understand that the law prohibits you from using the information on the form
- We'd like to hear any concerns you might have with the project, form, etc.
- Webpage review/feedback: Voluntary Self-Identification of Race and Ethnicity (<https://www.oregon.gov/dor/programs/individuals/Pages/self-identification.aspx>)



Questions?

Roy Suarez

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orvoluntary.selfid@dor.oregon.gov



Garnishment bill (SB 1595) 2023

May 17, 2024

Steven Ito – Collections Division



Oregon Kids Credit

Richard Daughters, PTAC Division

HB 3235

Oregon Kids Credit

- Refundable
- Claimed on return – no schedule
- Up to \$1,000 per dependent child up to age five, 5 child limit
- Modified AGI under \$30,000
- Not available if married filing separately.



HB 3235: Oregon Kids Credit

Income

2023 phaseout threshold: \$25,000

Same for every filing status

No minimum income required

Modified AGI = income after Oregon additions & subtractions,
with losses in excess of \$20,000 added back

- N/P filers: Greater of modified AGI or AGI



HB 3235: Oregon Kids Credit

- Must file return to claim credit
- Advance payments:
 - Federal waiver was denied
 - Implementation put on hold

Questions about the Oregon Kids Credit?



Wildfire Tax Subtractions



HB 1520 (2024): Wildfire civil action subtractions



- Creates 2 Oregon personal income tax subtractions.
- Subtraction for amount received in judgment or settlement of a civil action arising from a wildfire.
- Subtraction for legal fees paid for wildfire-related litigation.
 - Amount limited to what could have been taken as an itemized deduction if it were not for the TCJA.

HB 1520 (2024): Wildfire civil action subtractions



- Governor declare a state disaster or invoke Emergency Conflagration Act *or* a federally declared disaster.
- Wildfires that took place between January 1, 2018, and January 1, 2026.
 - Includes 2020 Oregon Labor Day Fires and 2018 California Paradise Fires.

HB 1520 (2024): Wildfire civil action subtractions



- Applies to tax years 2018 and after.
 - May 14, 2025, due date to amend 2018, 2019, and 2020 returns to claim these subtractions.
- Effective June 6, 2024.
- Reminder: Amending an even year will affect the kicker!

Questions about the wildfire subtractions?



Break





Pass-Through Entity Elective Tax Update

May 17, 2024

Allen Schweigert, PTAC Operations and Policy Analyst

PTE-E Payments

- Payments
 - Return payments
 - Estimated payments
 - First installment due April 15, 2024
 - Second installment due June 17, 2024
 - Third installment due September 16, 2024
 - Fourth installment due January 15, 2025
- Refunds
 - Overpayment
 - PTE-E election not made
- Payments not showing on account
 - Send email to BusinessAlternative.IncomeTax@dor.oregon.gov



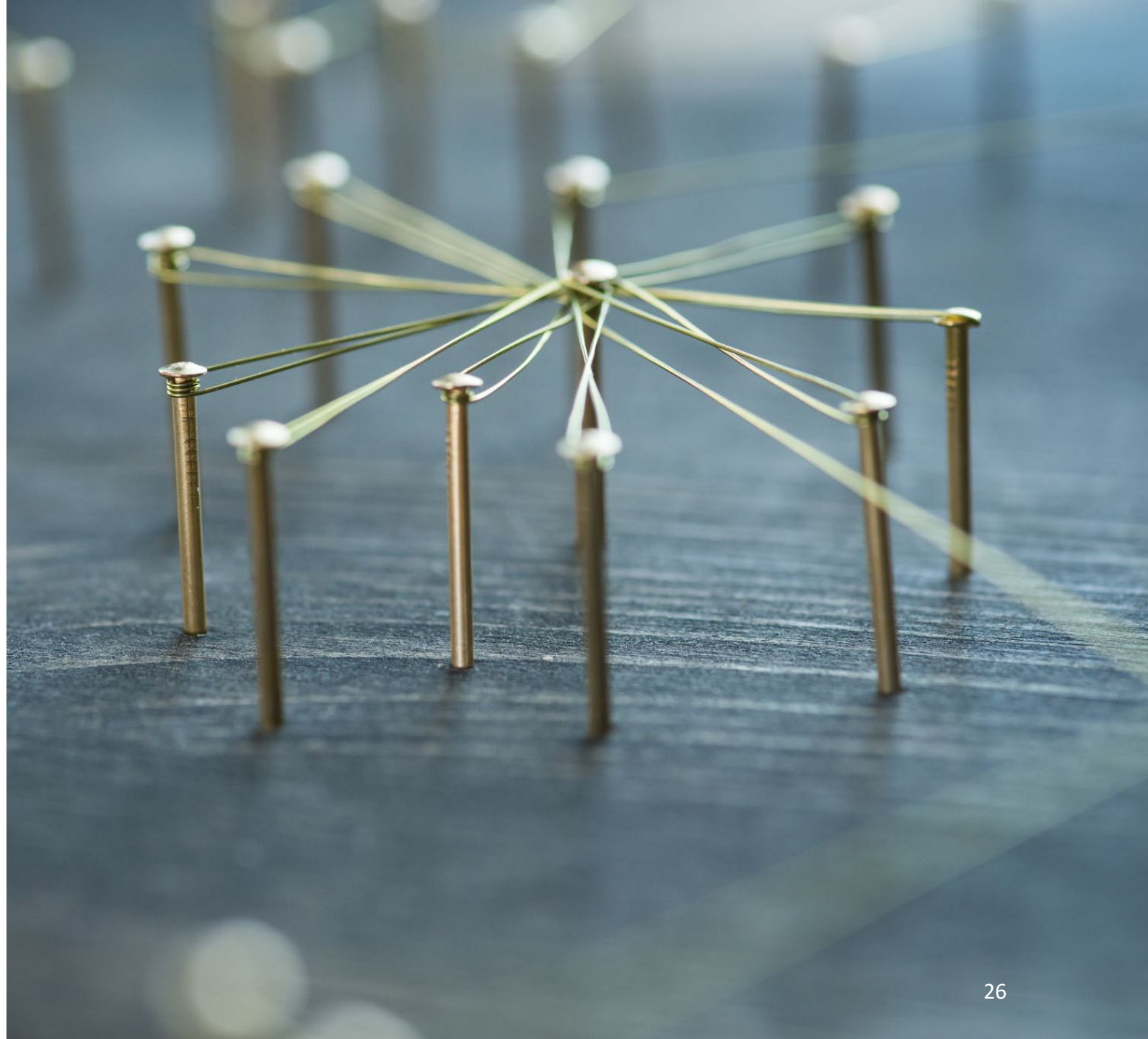


Estimated Payment Interest

Underpayment of estimated
tax interest applied during the
first year

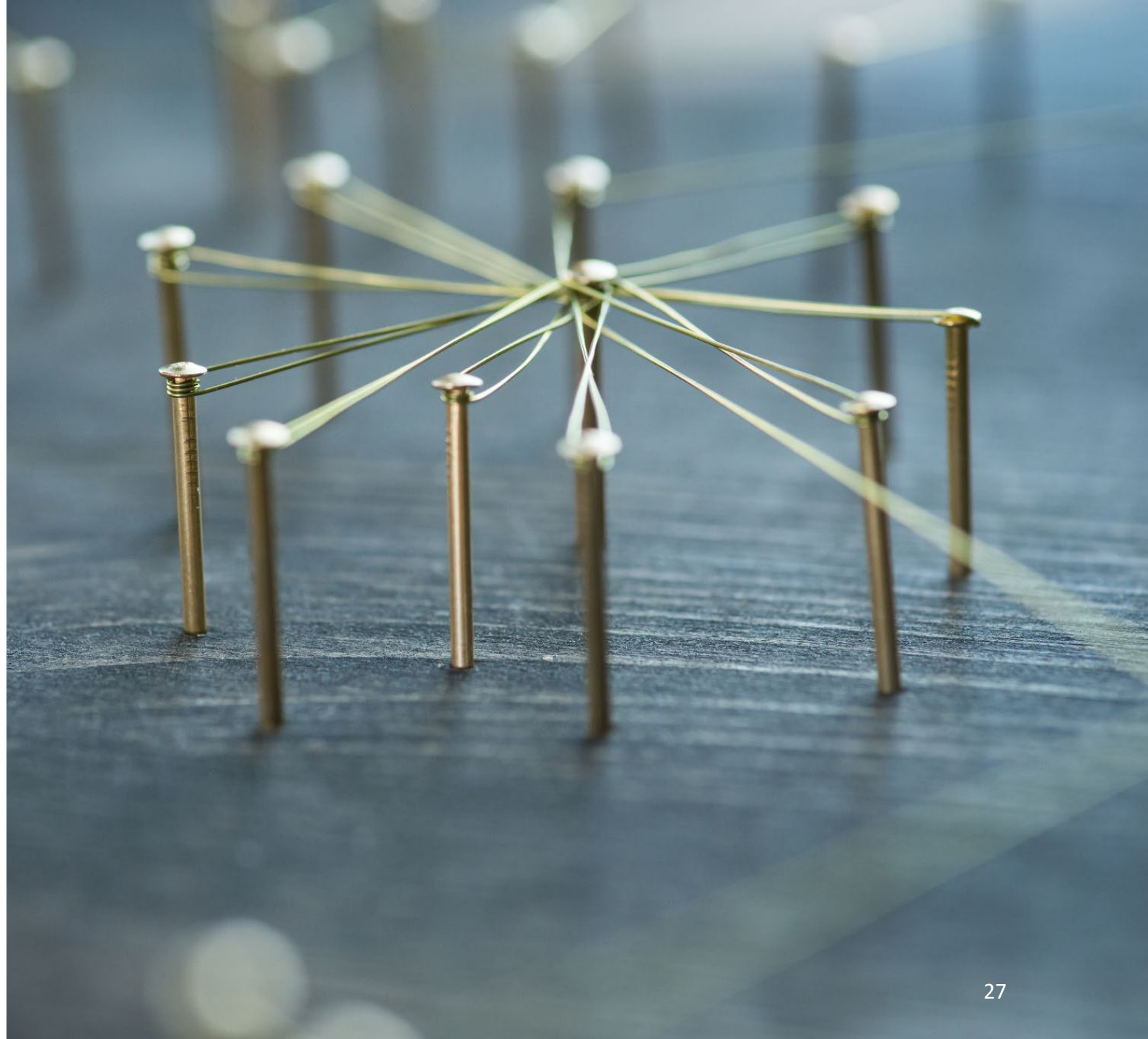
Payment Effects on Members

- Members receive credit if the PTE did not make estimated payments:
 - Additional tax owed at the entity level
 - Entity subject to underpayment interest
- Member received letter denying credit



Payment Effects on Members

- Sufficient estimated payments made at member level:
 - Member withholding will not cover estimated payments
 - Member estimated payments considered for PTE requirement
- Waiver of underpayment penalties and interest:
 - PTE if election made and members made sufficient payments
 - Members if election not made and PTE made sufficient payments



Communicating with PTE-E Team

- Questions can be sent to:
 - BusinessAlternative.IncomeTax@dor.oregon.gov
- External Webpage:
 - www.oregon.gov/dor/programs/businesses/Pages/Pass-Through-Entity-Elective-Tax.aspx
 - *(From our main page, click the Businesses section and follow the link under Resources)*
- Subscribe to Pass-Through Entity Elective Tax Updates emails:
 - www.oregon.gov/dor
 - *(Under Contact and Follow Us at the bottom of the page)*
- Revenue Online: revenueonline.dor.oregon.gov





Agricultural Employer Overtime Tax Credit

May 17, 2024

Presented by Favi Morales, PTAC



HB 4002 (2022): Mandatory overtime for agricultural employees

- Phased in over six years – hours worked over 55 per week in 2023 and 2024
- Tax credit to offset costs
- Farm net operating loss three-year carryback (SB 1524 - 2022)
- HB 2058: repayable award for qualifying ag employer (must qualify/apply for credit) – www.oregon4biz.com

Agricultural Employer Overtime Tax Credit

- North American Industry Classification System (NAICS) code 111 or 112
- Percentage of overtime (OT) wages paid to qualifying employees
- Decreases over six-year phase-in period
- \$55 million total credit per year
- Apply through Revenue Online **in January only**
 - Set up account early (if don't already have one)

Agricultural Employer Overtime Tax Credit

- Automatic filing extension for all applicants
 - Allows time to process applications
 - If more than \$55 million claimed, all credits must be reduced
 - A letter of Acknowledgment will be mailed out by June 1

Credit **percentage**
based on industry
sector and number of
full-time equivalent
(FTE) employees



Credit **amount** based on
OT portion of wages paid
for hours worked beyond
threshold by qualified
employees

Agricultural Employer Overtime Tax Credit

Workers who don't qualify:

- Employer's parent, spouse, child, other immediate family
- Office, retail, other administrative employees
- Individuals described in ORS 653.020(1) (workers who aren't subject to state minimum wage standards)

Employers who don't qualify:

- Farm labor contractors (FLC) who don't have their own farming operation
- No OT wages paid in NAICS codes 111 or 112

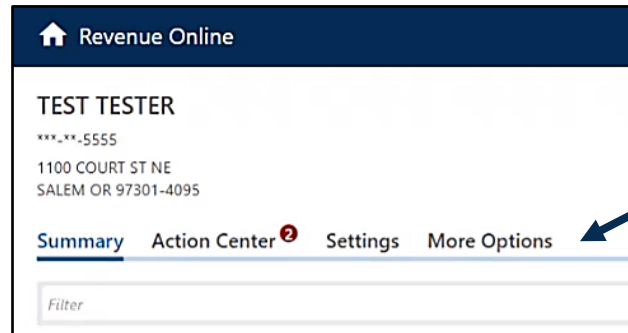
Agricultural Employer Overtime Tax Credit

Year	Tax credit as a percentage of overtime paid				
	Overtime threshold	More than 50 FTE*	26 to 50 FTE* & dairies with more than 25 FTE*	Not more than 25 FTE*	Dairies with not more than 25 FTE*
2023	55 hours	60%	75%	90%	100%
2024	55 hours	60%	60%	80%	100%
2025	48 hours	45%	60%	80%	100%
2026	48 hours	30%	50%	60%	100%
2027	40 hours	15%	50%	60%	100%
2028	40 hours	15%	50%	60%	100%

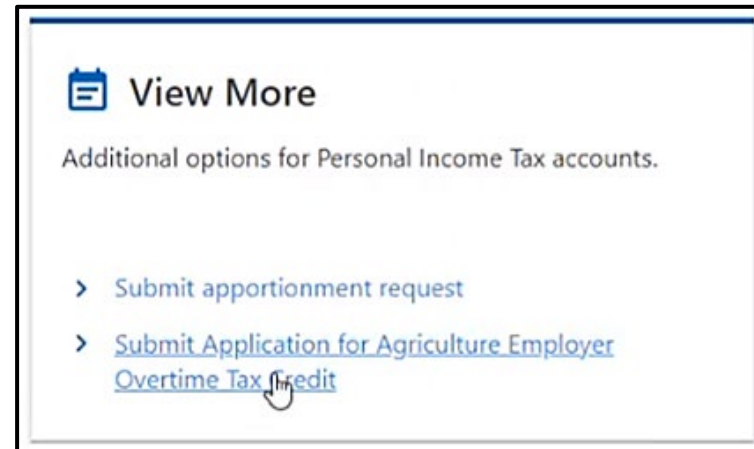
**FTE is full-time equivalent*

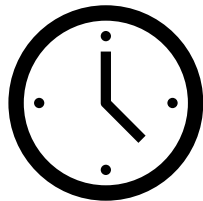
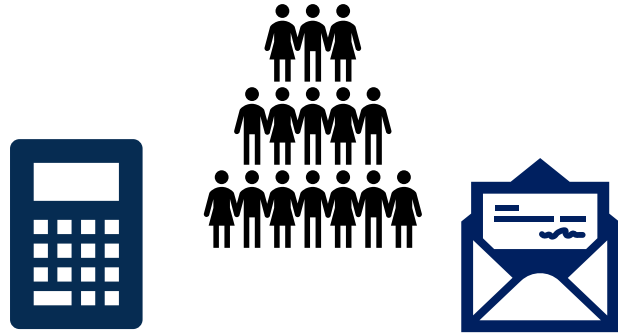
Tax credit application

Revenue Online – link available January 1 under **View More**



Look for
“More Options” or
“View More”





What to have on hand

- Tax information
- Information about farming business
 - FEIN, NAICS code, license number
- Employee information
 - Number of employees
 - Regular and overtime hours worked
 - Wages paid for overtime worked
 - Over 55 hours per week

Filing statistics

Applications filed

- Total applications submitted – 369
- Total dairy – 32

Entity types filed

- Corporations (including S-Corps)
– 52 percent
- Partnerships – 25 percent
- Personal income tax – 23 percent

Total credit requested

- \$7,811,685



First season challenges

- Base wages vs. overtime wages
- Farm labor contractor wages included in eligible wages
- Pass-through entities (PTE) account access
- PTE named PTE as recipient of pass-through credit



First season challenges

Base wages vs. overtime wages

 Many applications filed with base wages included in eligible overtime

 Overtime portion is the .5 of the 1.5 wages

 Example:

The regular rate paid to an employee is \$15 an hour. Collectively, employees worked 1,000 regular hours and 100 overtime hours. Overtime is calculated as \$15 (regular rate) times 1.5, which equals \$22.50. The overtime portion is calculated as \$22.50 minus \$15 = \$7.50. The overtime portion is \$7.50 times 100 overtime hours, which equals \$750. For this question you will enter \$750.

First season challenges

Farm labor contractor (FLC) wages included in eligible wages

- Employers that **also** do business as an FLC included all overtime wages.
- Hours and overtime wages need to be separated if work is not performed in their farm.
- Employers using the FLC will claim the hours and overtime wages paid in their application.

First season challenges

Pass-through entities (PTE) account access

- 🌾 Must have a prior year tax return, or letter issued to entity
- 🌾 PTEs do not have prior year income tax return
- 🌾 PTEs need to request an introduction letter
- 🌾 Mailing time can take a week or more

First season challenges

PTE named PTE as recipient of pass-through credit

- 🌾 PTEs completed Section F, PTE members and shareholders with the filing entity's name.
- 🌾 Complete Section F with member or shareholder information only
- 🌾 If member or shareholder information not available, file OR-TFR

Application processing

- ☞ Most applications were processed without additional department contact.
- ☞ Adjusted applications
 - ☞ Most adjusted applications a result of adding base wages to eligible overtime
 - ☞ Majority of cases resolved with phone call to application contact
- ☞ Denied applications
 - ☞ Most denied for amounts claimed outside of industry norms
 - ☞ Not necessarily wrong, just requires more detailed review of records
 - ☞ Appeal process allows for additional time to review records



Upcoming

- 🌾 June 1, mailing of acknowledgement letter
- 🌾 S-corporation return will include line for refundable credit
- 🌾 Continued outreach



For more information

- Webpage
- Email updates
- Social media
- Conferences, county fairs, Oregon State Fair




 Oregon Revenue Dept. @ORRevenue · Oct 19
Signup for email updates with the latest news about @ORRevenue programs at ow.ly/uVtU50LMgur.

SIGN UP FOR EMAIL UPDATES

Need to know what's new?

- Ag Overtime Update
- ELVIS Project News
- Pass-Through Entity Elective Tax

Subscribe today.





DOR Update

July 28, 2023

Robert Oakes, Operations and Policy Analyst

DOR Updates

- Delinquent Taxpayer List
- Rules Advisory Committees (RAC)
- YouTube Channel
- Forms and Instructions for 2025 Tax Season
- Fraud Prevention
- DOR is hiring!



Questions?

Tax Services Department

503-378-4988 or 1-800-356-4222

questions.dor@dor.oregon.gov