

Oregon Department of Revenue

Tax Professional's Liaison Meeting 10/25/2019

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### **Withholding Updates**

- The federal Form W-4 was completely revamped and will not work for Oregon withholding purposes.
- If your client previously submitted a 2019 or prior version of the federal form or an "Oregon only" 2019 or prior version of the federal W4, this can remain on file until a change to withholding is made.
- Beginning January 1, 2020, all Oregon withholding changes need to be made using Form OR-W-4.
- If an employee has a 2019 or prior version of the federal form on file (specifying withholding for both state and federal), and the employee submits a new federal Form W-4. The employer will withhold at the default amount if Form OR-W-4 has not been submitted.
- The new default amount is a flat rate of 8%.
- Employees should check their Oregon and federal withholdings and update as needed.
- Employers are encouraged to limit use of the withholding tables to situations where the employee has a 2019 or prior federal Form W-4 on file and the marital status and allowances match for federal and state withholding. Use of the tables in other situations is discouraged.
- When more than one person in the household is working, it is encouraged that they use the worksheet included with Form OR-W-4 for greater accuracy in calculating withholding.
- Form OR-WR electronic filing is coming soon. To be filed through revenue online.
- Statewide transit tax is a quarterly return. In some cases the department may grant permission for businesses with less than \$50 annual tax to request a waiver to file annually instead of quarterly.

### **Corporate Activity Tax**

- CAT is a calendar year tax beginning January 1, 2020
- Applies to all business entity types – C corporations, S corporations, partnerships, sole proprietorships, and other business entity types.
- The CAT is calculated on commercial activity realized in Oregon
  - Over 40 items are excluded from commercial activity

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- A 35% subtraction is allowed for certain expenses
  - Thresholds:
    - Excluded: \$750,000 or less of Oregon commercial activity
    - Registration: Over \$750,000 of Oregon commercial activity
    - Filing: Over \$1 million of Oregon commercial activity
    - Tax payment: Over \$1 million of Oregon taxable commercial activity after expense subtractions
  - Taxpayers must register annually within 30 days of exceeding the \$750,000 registration threshold
    - Registration will be available online in early 202
  - Returns are due annually on April 15, and estimated payments are required quarterly
  - The tax rate is 0.57% on taxable commercial activity in excess of \$1 million, plus a \$250 fee.
  - Visit [www.oregon.gov/dor](http://www.oregon.gov/dor) for the most current information, or to sign up for the mailing list. Click on the Corporate Activity Tax link, or type “CAT” in the search bar.
  - Send questions to [cat.help.dor@oregon.gov](mailto:cat.help.dor@oregon.gov)

### Revenue Online

- The pdf can be accessed on the tax professionals webpage:  
<https://www.oregon.gov/DOR/programs/taxpro/Pages/default.aspx>
- Having access to your client’s revenue online account does not grant Oregon power of attorney.
- In order to access a client’s account you must first have your own.
- Call 503-378-4988 for general help with revenue online.

### Penalty Waivers

- An overview of the penalty waiver process was presented as well as the various penalties administered by the department
- The following penalties are eligible for waiver under 150-305-0068
  - Five percent penalty for failure to file or pay by the due date
  - 20 percent penalty for failure to file within three months of the due date
  - 25 percent penalty for failure to file 30 days after Demand to File notice
  - 100 percent penalty for failure to file for three consecutive years (12 consecutive quarters for statewide transit tax)
  - The \$100 penalty for failure to file an annual report (Form WR or statewide transit tax annual report)
- In order to qualify for a waiver, must be in compliance
- May mail waiver request to the department, request via revenue online, or power of attorney may request

- Waiver must include name, account type, billing periods, account number or federal ID number (FEIN), an explanation as to why they are requesting a waiver, signature
- OAR 150-305-0068(5) lists circumstances beyond control

### **Miscellaneous**

- Reminder to schedule new law updates
- Fall rules process is ongoing, feedback Nov 1-26
- 529/ABLE subtraction
  - Ends December 31, 2019
  - Becomes refundable credit Jan 1, 2020
  - Contributions above the maximum made by December 31, 2019 may be carried forward
- First Time Homebuyer subtraction
  - FAQ can be found here:  
<https://www.oregon.gov/dor/programs/individuals/pages/first-homebuyers.aspx>

**Next meeting scheduled December 6, 2019. Agenda: New law updates.**