

Paid Leave Oregon
Oregon Administrative Rules - Batch 9 Temporary Rule

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SELF-EMPLOYED

ORS 657B.130 establishes that self-employed individuals may elect coverage under the PFMLI program. The below administrative rule clarifies that reported taxable income from self-employed individuals who have elected coverage will be prorated for the purposes of contributions and benefits.

471-070-2030 – Self-employed: **Income, Contribution Payments, and Reporting Requirements** [Amended]

(1) A self-employed individual who elects coverage under ORS 657B.130 must contribute to the Paid Family Medical Leave Insurance (PFMLI) Trust Fund in an amount that is equal to 60 percent of the total contribution rate described in OAR 471-070-3010 up to an annual taxable income from self-employment that is equal to the calendar year maximum wage amount described in OAR 471-070-3010.

(2) Total contribution payments will be based on the individual's total taxable income from self-employment from the tax return required to be filed for a prior tax year, per OAR 471-070-2010 and generally shall be divided into four quarterly contribution payments. If a contribution is due for only part of a quarter, the contribution amount **and the taxable income from self-employment used to calculate the weekly benefit amount**, shall be prorated based on the number of calendar days that the elective coverage is in effect.

Example: Sally, a self-employed individual, elects PFMLI coverage on May 1, 2024. Sally earned \$80,000 in taxable income from self-employment in 2023. Assuming a total contribution rate of one percent, Sally's four quarterly contribution amounts due, **and taxable income from self-employment**, are calculated as follows:

First quarterly payment, period of May 1 through June 30 (second quarter calendar year 2024), will be \$80.44 $[(\$80,000 \text{ taxable income from self-employment} \times 0.01 \text{ total contribution rate} \times 0.6 \text{ self-employed contribution percentage} / \text{four quarters}) \times 61/91 \text{ calendar days in the quarter}]$. **Her taxable income from self-employment for this quarter will be \$13,406.59 $[(\$80,000 \text{ taxable income from self-employment} / \text{four quarters}) \times 61/91 \text{ calendar days in the quarter}]$.**

Second quarterly payment, period of July 1 through September 30 (third quarter calendar year 2024), will be \$120 $(\$80,000 \text{ taxable income from self-employment} \times 0.01 \text{ total contribution rate} \times 0.6 \text{ self-employed contribution percentage} / \text{four quarters})$. **Her taxable income from self-employment for this quarter will be \$20,000 $(\$80,000 \text{ taxable income from self-employment} / \text{four quarters})$.**

Third quarterly payment, period of October 1 through December 31 (fourth quarter calendar year 2024), will be \$120 $(\$80,000 \text{ taxable income from self-employment} \times 0.01 \text{ total contribution rate} \times 0.6 \text{ self-employed contribution percentage} / \text{four quarters})$. **Her taxable income from self-employment for this quarter will be \$20,000 $(\$80,000 \text{ taxable income from self-employment} / \text{four quarters})$.**

Fourth quarterly payment, period of January 1 through March 31 (first quarter calendar year 2025), will be \$120 $(\$80,000 \text{ taxable income from self-employment} \times 0.01 \text{ total contribution rate} \times 0.6 \text{ self-employed contribution percentage} / \text{four quarters})$. **Her taxable income from self-employment for this quarter will be \$20,000 $(\$80,000 \text{ taxable income from self-employment} / \text{four quarters})$.**

(3) Quarterly contributions shall be due and payable in accordance with OAR 471-070-3030.

(4) A self-employed individual who fails to timely pay contributions as required by sections (1) through (3) of this rule is delinquent. Any individual found to be delinquent in the payment of contributions is subject to the penalties as specified in ORS 657B.320 and also may be assessed an additional penalty as provided in ORS 657B.910.

(5) The date of receipt of contributions transmitted through the mail or private express carrier shall be determined as provided in ORS 293.660. The date of receipt shall be used in the calculation of interest charges, delinquencies, penalties, or other sanctions provided by law.

(6) The self-employed individual must annually report information and ~~submit~~~~provide~~ documentation ~~as~~ provided in subsections (a) and (b) of this section ~~that~~ the department deems necessary for the administration of elective coverage.

(a) Except as specified in subsection (b) of this section, a self-employed individual must annually report to the department the prior year's taxable income from self-employment required to be filed and ~~must~~ provide their Oregon personal income tax return to the department on or before April 30 of each year.

(b) If a self-employed individual files their Oregon personal income tax return on extension, the department will use the information on the individual's last tax return filed and provided to calculate quarterly contribution payments. The department will adjust the quarterly contribution payments due when the prior year's tax return on extension is filed and provided to the department. The self-employed individual must report to the department the prior year's taxable income from self-employed filed on extension and provide their Oregon personal income tax return on or before October 31 of each year.

[Stat. Auth.: ORS 657B.340; Stats. Implemented: ORS 293.660, 657B.130 & 657B.150]