



Oregon PSILOCYBIN BUSINESS Resource Guide



Updated January 2025

INTRODUCTION

In 2020, Oregonians passed Measure 109, the Oregon Psilocybin Services Act, which is now codified in Oregon law ([ORS 475A](#)). Oregon became the first state in the nation to implement a regulatory framework for the production of psilocybin products and the provision of psilocybin services.

The Oregon Psilocybin Services (OPS) section is part of the Oregon Health Authority Public Health Division's Center for Health Protection. OPS administers ORS 475A through rulemaking, partner and community engagement, annual licensing, and regulation of licensees through annual site inspections and investigation of complaints or concerns about violation of statute or rule regulations. OPS adopted administrative rules ([OAR 333-333](#)) in December 2022 and began accepting applications for four license types in January 2023, which include facilitator licenses, service center licenses, manufacturer licenses, and laboratory licenses.

This Business Resource Guide is intended to help new businesses in this emerging ecosystem. Opening a psilocybin business in Oregon requires additional considerations. Psilocybin businesses will not have access to business services or resources that may be available to other small businesses because federally funded programs are not able to support businesses affiliated with a 'Schedule I' substance under the Federal Controlled Substances Act. Psilocybin businesses may face other challenges due to psilocybin's federal status, including challenges with banking, insurance, and federal tax filing issues.

ORS 475A allows Oregon cities and counties the option to prohibit psilocybin manufacturers and service centers from operating in their local jurisdictions. Cities and counties may also adopt time, place, and manner restrictions and/or land use and zoning regulations specific to psilocybin businesses. Applicants for manufacturer and service center licenses will need to work with their local jurisdictions to ensure that their proposed business complies with local regulations and land use code.

This Business Resource Guide builds upon the information provided in the 2022 Psilocybin Fall Business Forum. Recordings, presentation slides, and

a summary of questions and answers can be found on the [OPS Fall Business Forum webpage](#).

Oregon Psilocybin Services and the Office of Small Business Assistance hope that this Business Resource Guide will provide you with the information you need to make informed decisions. We welcome your feedback.

PUBLICATION LIMITATIONS

The participating government agencies share all information allowed by law. If you have any questions about the material covered in this document, please contact the appropriate agency. Phone numbers are listed in each section, along with material provided by the agency. Information in this publication is not a complete statement of laws and administrative rules. No information in this guide should be construed as legal advice.

The State of Oregon has made every effort to ensure accuracy of the information at publication. This publication will be updated periodically, and assistance with corrections and additions are welcome. Please email suggestions to the Office of Small Business Assistance at BusinessSOS@sos.oregon.gov.

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TABLE OF CONTENTS

Table of Contents

STARTING A BUSINESS CHECKLIST	9
STEP 1 – PREPARATION	10
Knowledge	10
Research	11
STEP 2 – PLANNING.....	14
Business Xpress	14
Write a Business Plan.....	14
Seek Professional Advice	14
Financing.....	15
Business Assistance Programs	16
<i>Management and Technical Services</i>	16
<i>Financial Resources</i>	18
STEP 3 – SELECT YOUR BUSINESS STRUCTURE & NAME	20
How To Choose a Business Structure	20
<i>Business Organization Structure Types</i>	21
<i>Benefit Companies</i>	22
Choose a Business Name	23
<i>What Names Are “Available”?</i>	23
<i>What Are “Real and True” Names?</i>	24
<i>Assumed Business Names</i>	24
<i>Protecting and Defending Your Business Name</i>	26
STEP 4 – REGISTER YOUR BUSINESS.....	27
Business Registration & Renewal.....	27
<i>Sole Proprietor Registration</i>	28
<i>General Partnership Registration</i>	28
<i>Assumed Business Name Registration</i>	28
<i>Limited Liability Company Registration</i>	28
<i>Business Corporation Registration</i>	29

<i>Nonprofit Corporation Registration</i>	29
<i>Foreign Business Entity Registration.....</i>	29
STEP 5 – UNDERSTANDING TAX OBLIGATIONS.....	31
<i>Section 280E of the U.S. Internal Revenue Code</i>	32
<i>Office of the Taxpayer Advocate</i>	32
<i>Federal Employer Identification Numbers (SS-4).....</i>	33
<i>Sales Tax Information.....</i>	34
<i>Product Tax Information</i>	34
<i>Income Tax Information</i>	34
<i>Federal and State Income Taxes.....</i>	34
<i>Income Tax for Sole Proprietors</i>	35
<i>Income Tax for Partnerships.....</i>	35
<i>Income Tax for Limited Liability Companies</i>	36
<i>Income & Excise Tax for Oregon Corporations</i>	36
<i>Income and Excise Tax for S Corporations</i>	37
<i>Estimated Income Tax Payments (Individual)</i>	37
<i>Estimated Income Tax Payments (Corporations).....</i>	38
<i>Personal Property Tax Report</i>	38
<i>Personal Property</i>	38
<i>Due Diligence: 3 Steps in 3 Days.....</i>	39
<i>Other Business Taxes</i>	40
<i>Federal Taxes.....</i>	40
<i>State Taxes</i>	40
<i>Additional State Taxes.....</i>	41
<i>Local Taxes.....</i>	41
STEP 6 – LICENSES.....	42
<i>OPS License Application Process</i>	42
<i>OPS License Verification Tool and License Verification Hotline for Local Government Officials</i>	43
<i>OPS Licensee Directory</i>	43
<i>OPS License Information</i>	44
<i>Facilitator License</i>	44
<i>Service Center License.....</i>	44

<i>Manufacturer License</i>	45
<i>Laboratory License</i>	45
Food Establishment Licenses	46
Local Business License Requirements.....	47
STEP 7 – OTHER REQUIREMENTS	48
<i>Land Use and Location Requirements</i>	48
<i>Land Use and Location Requirements Set in Statute and Administrative Rule</i>	49
Social Equity Plans	52
<i>Marketing and Advertising Requirements</i>	52
Environmental Permits & Regulations	53
<i>Check with Oregon DEQ</i>	53
<i>Check with Department of State Lands</i>	55
<i>Check with State Fire Marshal</i>	55
The Americans with Disabilities Act	56
Oregon’s Unclaimed Property Law	58
Oregon Consumer Information Protection Act	58
STEP 8 – HIRING EMPLOYEES.....	61
Determine Employer Status	61
<i>Who is an Employer?</i>	61
<i>Who is an Employee?</i>	61
<i>Who needs a Worker Permit?</i>	62
<i>Who is an Independent Contractor?</i>	63
Employer Identification Numbers (EIN).....	63
<i>Worker’s Compensation Insurance - Who Needs Coverage?</i>	64
<i>Exempt Employees</i>	65
<i>Notice of Compliance</i>	68
<i>Worker’s Compensation Assessments</i>	70
Oregon Minimum Wage	72
Employee Health Insurance Assistance.....	73
<i>Small-group coverage</i>	75
<i>Coverage for family members</i>	76
<i>Get free help on Health Coverage</i>	76
<i>Health Care Tax Credit</i>	76

<i>Small Business Guide to Insurance and Worksite Safety</i>	77
Retirement and Savings Programs – OregonSaves	77
Paid Leave Oregon.....	78
<i>Combined Payroll Tax Requirements</i>	81
<i>Combined Employer’s Registration</i>	81
Reporting Combined Payroll Taxes	83
<i>Oregon Withholding Tax</i>	88
<i>W-2 and 1099 Forms</i>	98
<i>Preparing Annual Wage and Tax Statement</i>	98
<i>Reporting W-2 information</i>	98
<i>Reporting 1099 Information</i>	99
<i>Penalties and Interest</i>	99
<i>Oregon Unemployment Insurance Contributions</i>	102
Who is an Employee?	103
<i>Unemployment Tax Rates</i>	104
<i>Reports Due Each Quarter</i>	106
<i>Education and Resources</i>	107
<i>Oregon Tax Program Seminars</i>	107
<i>Labor Market Information</i>	107
STEP 9 – ONGOING REGISTRATION REQUIREMENTS	109
Appendix A: Oregon Counties Map and the Oregon Blue Book	110

STARTING A BUSINESS CHECKLIST

☐ 1. Preparation

☐ Knowledge

☐ Research

☐ 2. Planning

☐ Business Plan

☐ Seek professional advice

☐ Financing

☐ Business Assistance Programs

☐ 3. Select Your Business Name and Structure

☐ [Understand business structures](#)

☐ Check business name for availability at sos.oregon.gov/business

☐ 4. Register Your Business at [SOS.oregon.gov/business](https://sos.oregon.gov/business)

☐ 5. Tax Information

☐ Federal Taxes

☐ State Taxes

☐ Local Taxes

☐ Property Taxes

☐ 6. Licensing

☐ Learn about OPS license application process

☐ Check food license requirements

☐ Check for local business license requirements

☐ 7. Other Requirements

☐ Land use and location requirements

☐ Comply with ADA law

☐ Social Equity Plans

☐ 8. Hiring Employees

☐ Review [Oregon Employer's Guide](#)

☐ 9. Ongoing Registration Requirements

☐ Renew license and pay licensing fees on an annual basis

STEP 1 – PREPARATION

Knowledge

Before entering into a business of your own, you will need to become familiar with Oregon laws and administrative rules related to psilocybin services.

You can start by viewing a [2-page fact sheet on Oregon Psilocybin Services](#) which are also available in [Spanish](#) and [American Sign Language \(ASL\)](#). For an introductory training, you can watch a training video on ORS 475A: [What is the Psilocybin services Act?](#) From there, prospective businesses will need to understand more detailed license requirements established in [ORS 475A](#) and [OAR 333-333](#). An [OPS Guidance on Administrative Rules document](#) is regularly updated to provide guidance to license applicants and licensees.

As a reminder, you can always search the statute, rules and guidance document for key words or topics of interest by using the “Find” tool on a computer (on PCs, the shortcut keys are: “Ctrl” + “F”, and on Macs the shortcut keys are: “Command” + “F”).

OPS has summarized basic license requirements into fact sheets by license type to help applicants navigate the license application process:

- [Facilitator License](#)
- [Manufacturer License](#)
- [Service Center License](#)
- [Laboratory License](#)

Research

Time spent studying your proposed business idea can save you money in the long run and give you the proper information to make sound business decisions. Here are some resources that may help.

- Visit the Oregon Business Xpress one-stop business portal at Business.Oregon.gov. Find the [Startup Toolkit](#).
- [Livelihood NW](#) provides free and low-cost professional business support for businesses in all stages of development.
- [Prosper Portland](#) provides services and technical resources for entrepreneurs and small businesses with a home or business in Portland.
- Consult with the [Small Business Legal Clinic](#) (SBLC) at Lewis & Clark Law School. The SBLC provides affordable legal services to low-income small and emerging businesses, including business financing, contract review and drafting, and entity selection and formation.
- Contact insurance brokers about coverage options for your business activity and for approximate premiums. Since insurance is a competitive business, contact several agents for a comparison. Although your standard insurance company may refuse to sell you a policy because of the nature of your business, there are “surplus lines” companies that sell specialized types of coverage. For example, regarding business liability and business property coverage, your insurance company may cover some interests, but exclude psilocybin products. At this time, the law does not require liability insurance for any of the OPS license types. You may [contact the Department of Consumer and Business Services](#) to learn more about

insurance issues and report concerns or complaints about an insurance company.

- Visit your local library. A librarian can help you find information on starting, running, and marketing your business in accordance with statute and rule requirements. Identify and get involved with relevant associations, societies, and other networking organizations that bring people together to exchange ideas, information, and practices in this emerging field.
- [OPS Data Dashboard](#) - OPS publishes data related to licenses, applications, compliance actions, service center and client data, and other information, which is updated regularly.
- [OPS Annual Reports and Quarterly Newsletters](#) – OPS publishes annual Year-in-Review documents that summarize accomplishments at the end of each year. OPS also sends quarterly newsletters.
- [OPS News and Distribution List](#) – Sign up to join the OPS distribution list to receive the latest information and updates. You can also look back at the news archive and quarterly newsletters to catch up on announcements and other resources.
- [2022 Psilocybin Fall Business Forum](#) – Consider viewing relevant recorded presentations and the summary of questions and answers from state agency partners and presenters.
- Oregon Psilocybin Services and Oregon Psilocybin Advisory Board [Scientific Literature Review and Cultural and Anthropological Information](#) – These publications will be updated periodically by OPS, in partnership with the Oregon Psilocybin Advisory Board.
- [ORS 475A](#) and [OAR 333-333](#) – One way to study the statute and administrative rules is to use a “search/find” function to search for key

words that may be relevant to your business. Please note that the statute and administrative rules may be amended in the future and ensure that you are always working with the most up-to-date versions, which will always be found on the Oregon Secretary of State's webpage (the ORS and OAR links provided above).

- [OPS Guidance on Administrative Rules](#) - The content of this document does not cover all sections of the rules and is a compilation of OPS responses to specific requests for guidance. This document was first published on January 2, 2024 and continues to be updated regularly.
- [Local Government Information](#) – Local governments may adopt ordinances that prohibit service centers and manufacturers from operating within their local jurisdictions. OPS has compiled [a Local Ordinance Spreadsheet](#) to track local ordinances. This spreadsheet is updated regularly, but it may not be comprehensive. Please reach out to local governments directly to confirm ordinance information.
- [Overview of the Background Check Process](#) – All license applicants are required to go through a background check process. Read this overview to better understand the process and what you can expect.
- [Social Equity Plan Resources](#) and [OPS Social Equity Evaluation Report Guidance](#) – All licensees are required to have a social equity plan. Learn more about the requirements and find links to resources in these OPS Resource documents.
- Prospective facilitators and service centers will want to become familiar with the Operational Forms and Documents that you will be required to use in your business operations. You can find the required forms and documents in both English and Spanish on the [OPS Facilitator webpage](#) and [OPS Service Center webpage](#).

STEP 2 – PLANNING

Business Xpress

[Business Xpress](#) is a “One Stop Shop for Business”, and provides information to help you:

- Write a business plan
- Determine your scope of services
- Identify your business structure
- Estimate your opening costs
- And much more

Write a Business Plan

Whether you are just starting out or already own a small business, completing a basic business plan will help you succeed. Do you need help writing a business plan? Visit your local library for other resources to help you develop your business plan. Answering a few essential questions will help you clarify and organize what you already know – or need to know – about your business operations. Completing a business plan provides you with a better understanding of the financial needs and profit potential of your business.

Seek Professional Advice

Consider consulting at least two professionals:

- **An attorney** – You may consider getting advice on any legal questions pertinent to your business such as contracts, agreements, tax law, liability issues, raising capital through the sales of securities,

and labor laws (if you plan to hire employees) or landlord-tenant laws (if you plan to lease your place of business). Consulting an attorney can be beneficial for any business, but it may be important for psilocybin businesses due to psilocybin's federal status. If you do not have an attorney but would like assistance, the Oregon Bar may be able to refer you. You can obtain a referral by contacting the Oregon State Bar toll-free at 1-800-452-7636, or online at <https://www.osbar.org/public/ris/>.

- **An accountant** – A certified public accountant or a licensed tax consultant can advise you if you are starting a business. An accountant can review tax forms with you, help you fill out the proper reports and provide up to date financial information. Section 280E of the Internal Revenue Code prohibits taxpayers who earn revenue from the sale of controlled substances from deducting typical business expenses associated with those activities. You may want to work with an accountant who is familiar with 280E (for more information, go to Section 5 on Taxes on page #28). If you do not have an accountant but would like assistance, you can call the Oregon Association of Independent Accountants at 503-282-7247, visit oaia.net, contact the Oregon Society of Certified Public Accountants at 503-641-7200, or visit orcpa.org for referrals.

Financing

Identify how you will finance your business. Startup capital can be hard to find, and funding will be particularly challenging in the psilocybin space because of psilocybin's status as a 'Schedule I' substance under the Controlled Substances Act. New businesses often underestimate the amount of money it takes to get a business started. Entrepreneurs typically raise sufficient capital to cover their startup costs and cash-flow requirements for a business, plus an additional reserve. For more information on tools to raise capital, check the financing sections of [Business Xpress](#).

Income-qualified individuals may be able to participate in an Individual Development Account (IDA) to save money to open a business. IDAs are

matched savings accounts which allow participants to get up to three dollars for every dollar they save. Find an IDA provider on the [Oregon IDA initiative's webpage](#).

Business Assistance Programs

Business assistance programs listed in this guide are divided into three broad categories: management and technical services and financial resources. However, some of the programs provide assistance in more than one area. **Note:** This is not a complete list of resources available in Oregon; this list is intended to give you some initial contacts for assistance in these areas.

Management and Technical Services

There are a number of organizations that provide resources for technical assistance and promote targeted economic opportunities to small businesses, including minority-, women-, and disabled veteran-owned businesses around the state.

Livelihood NW

[Livelihood NW](#) provides free and low-cost professional business support for businesses in all stages of development. Programs include individual coaching, small business forums and networking events, and support in creating strategic growth plans, marketing, human resources, and more. For more information visit <https://livelihoodnw.org/>.

Small Business Legal Clinic (SBLC)

The Small Business Legal Clinic (SBLC), located at Lewis & Clark Law School, provides business transactional legal services to low-income small and emerging businesses, primarily those owned by women, minorities, recent immigrants or rural entrepreneurs located in towns of less than

35,000 people. As part of Lewis & Clark Law School, the SBLC provides valuable services to those who need it most. For more information, visit: https://law.lclark.edu/centers/small_business_legal_clinic/

Prosper Portland

[Prosper Portland](#) connects people and resources to grow family-wage jobs, advance opportunities for prosperity, collaborate with partners for an equitable city, and create vibrant neighborhoods and communities. Prosper Portland's business services concentrate on helping business create and retain jobs to grow and prosper. They manage a business technical assistance program called the **Inclusive Business Resource Network** (IBRN, <https://prosperportland.us/ibrn>). It is a citywide program that brings multiple services for small business into a single network for entrepreneurs. Free or reduced cost business advising services are available for entrepreneurs and small businesses with a home or business address in Portland. They also manage **Mercatus PDX**, an online directory and storytelling platform created to elevate entrepreneurs of color in the city (<https://mercatuspdx.com/>). It is free to create a basic business profile.

Small Business Ombudsmen

The Office of Small Business Assistance serves as an independent voice for small businesses within state government. The Office's Small Business Assistance team helps entrepreneurs by investigating and helping to resolve business complaints and questions about state and local government. For more information visit <https://www.oregon.gov/smallbusiness/Pages/default.aspx>

If you feel your business has been unfairly or unreasonably treated by state or local government and you've tried to resolve the issue without success, you can request help [online](#), via [email](#), or by calling the team toll-free at 1-844-469-5512. All communications with the Office of Small Business Assistance are confidential.

Office of the Taxpayer Advocate

The Taxpayer Advocate, whose office was created in 2021 and is housed in the Department of Revenue, is a voice and a resource for taxpayers. The Advocate will serve taxpayers whose problems are not resolved through ordinary channels; receive and evaluate complaints of improper, abusive, or inefficient service by agency employees; promote taxpayer issues and concerns to department policymakers and state legislators; and problem-solve and suggest options to taxpayer dilemmas through normal channels of which the taxpayer may not have been aware. For more information visit the Office website at <https://www.oregon.gov/dor/Pages/Taxpayer-Advocate.aspx>.

Financial Resources

Federal, state, and local governments provide some financial assistance to small businesses in the form of loan programs. While no federal programs will currently provide assistance to businesses in the psilocybin space, you may have access to state and local programs. These loan programs generally do not provide funds for more than 30-50 percent of a business proposal and the loan applicants must demonstrate that they have sufficient capital, in addition to the loan, to fund the business. Loan applicants should demonstrate repayment ability, sufficient management expertise, and commitment to operate the business successfully.

Many Oregon cities and counties have economic development programs, which include financial assistance. A business could contact the city and county in which they are located, or are interested in locating, for details of their programs.

Businesses can also raise money from investors through the sale of securities. Keep in mind, however, that the offer and sale of securities are subject to a highly complex system of federal and state regulation and there can be significant civil and criminal penalties for violating them, even if the conduct was not intentional. The securities laws define “security” broadly and so it is possible to sell a security without knowing it. Businesses should consider seeking the assistance of an attorney with an

expertise in securities law or contact the appropriate regulatory agency before it raises capital. A qualified attorney will be able to give your business the proper guidance regarding whether the transaction involves a security, the security regulations requirements, possible exemptions, and any disclosure requirements. It is always wise to ask early and often about the application of the securities law to your business' fundraising efforts.

The following is a list of some financial resources available to small businesses. Contact your local Small Business Development Center or local economic development agencies for additional information on financial assistance in your area.

Local Revolving Loan Funds

There are many revolving loan funds for small business financing administered by local governments and development groups. At the time this guide was published, there are no revolving loan funds for psilocybin businesses. In most cases, funding has been provided by the Department of Housing and Urban Development or by the federal Economic Development Administration.

Tax Incentives

Oregon has diverse tax incentive programs that move projects forward while benefitting both business and community. The most widely used programs are Enterprise Zones, which eliminate taxes on new property and equipment for 3 to 5 years in the standard program, and up to 15 years in the rural program. We have other property tax abatements like the Strategic Investment Program, and variances on the Enterprise Zone program. In addition to property tax, the Oregon Investment Advantage can provide abatement to Oregon's already-low taxes on corporate income. For more information on business tax incentives, visit:

<https://www.oregon.gov/biz/programs/homeareas/fundbusiness/Pages/default.aspx#tax>

STEP 3 – SELECT YOUR BUSINESS STRUCTURE & NAME

How To Choose a Business Structure

While there are many different structures you may choose for your business, this guide will focus primarily on the five most common types used in Oregon: Sole Proprietor, General Partnership, Limited Liability Company, Business Corporation, and Nonprofit Corporation.

Ownership, liability, management control, and taxation are just a few of the primary considerations when selecting a business organization structure. For licensed psilocybin businesses, tax liability under 280E, residency requirements found in ORS 475A, eligibility for reduced license fees and requirements for applicants in administrative rule may also be relevant to choosing a business structure. Each type has its own advantages and disadvantages. The choice you make can have an impact on multiple aspects of your business and personal life, including taxes and liability. If you have questions on which structure is best for your particular situation, please consider consulting an attorney and a certified public accountant.

Business Organization Structure Types

	SOLE PROPRIETOR	GENERAL PARTNERSHIP	LIMITED LIABILITY COMPANY	BUSINESS CORPORATION	NONPROFIT CORPORATION
REGISTRATION REQUIRED ¹	Not required, except for Assumed Business Name	Not required, except for Assumed Business Name	Yes, File Articles of Organization & annual reports	Yes, File Articles of Incorporation & annual reports	Yes, File Articles of Incorporation & annual reports
GOVERNING DOCUMENT ²	A business plan is recommended	Partnership agreement	Operating agreement	Bylaws	Bylaws
OWNERSHIP	One owner	Two or more partners (owners)	One or more members (owners)	One or more shareholders (owners)	No owners. Assets must be given to another nonprofit upon dissolution
LIABILITY ³	Unlimited personal liability for debts of the business and yourself	Unlimited personal liability for debts of the business including your partners actions	Members (owners) have limited liability for debts of the LLC	Shareholder liability limited to loss of their paid-in investment	Operators are not personally liable for debts of the business
MANAGEMENT CONTROL ⁴	Owner makes decisions	Partner control and decision-making responsibility set out in partnership agreement	Member managed, or owners may appoint a manager per the Articles of Organization	Shareholders elect directors to oversee policies and appoint officers	May have members who may elect directors; Must have directors to oversee policies and appoint officers
TAXATION ⁵	Owner reports and pays taxes on personal tax return	Each partner reports and pays share of taxes, on personal tax returns	Taxed like a sole proprietor or partnership depending upon number of members. May elect to be taxed as a corporation.	Corporation pays taxes on income; shareholders pay taxes on dividends	Nonprofit pays taxes on income, unless tax exempt

¹ Assumed business name registration required when owner's "real and true" name is not part of the business name (**Note:** corporation and limited liability company name is the "real and true" name).

² Governing documents are internal to the business, they are not filed with the Corporation Division.

³ Limited liability protection may be forfeited by the courts in cases of fraud or misconduct.

⁴ Charities (public benefit nonprofit corporations) must have at least three directors.

⁵ Additional business, payroll and property taxes may also apply.

Benefit Companies

An Oregon Business Corporation, Professional Corporation or Limited Liability Company can also elect to become a Benefit Company.

An Oregon Benefit Company is a type of corporation or limited liability company (LLC) that in addition to profit, wants to consider making a positive impact on society and the environment through the business' decision-making process. Benefit companies differ from traditional corporations and LLCs by adopting a third-party standard, such as those set by B Lab, Benefit Corporations for Good, Green America, or the Global Reporting Initiative (GRI), and by adopting the benefit company status in their articles of incorporation or articles of conversion.

The purpose of a benefit company is to create a general public benefit, which is defined as “a material positive impact on society and the environment, taken as a whole, from the business and operations of the company.” Third-party benefit company standards generally assess a company's business practices for sustainability, social responsibility, and environmental performance. The benefit company status allows directors and governors to consider social and environmental factors in addition to corporate value and profit.

An Oregon Business Corporation, Professional Corporation, or Limited Liability Company that would like to be a benefit company must:

- Include a statement (usually in the optional provisions) in the Articles of Incorporation or Organization that says, “The Corporation (or Limited Liability Company) is a benefit company subject to ORS 60.750 – ORS 60.770.”
- Adopt a third-party standard against which to assess performance, and
- Annually prepare a benefit report identifying the actions and methods used to provide a general or specific public benefit, any circumstances that hindered or prevented a benefit, and assessing how well the benefit company met or exceeded the third-party standard.

- For more information on becoming an Oregon Benefit Company, visit the Secretary of State's website at "[File to Become a Benefit Company](#)".

Choose a Business Name

What Names Are "Available"?

Your selected business name must be available for registration purposes, meaning no other business with exactly the same name has an active registration on the Corporation Division's database. If the name is not already taken by an active registration on the database, it is available for you to register in the public record. That said, just because a name is "available" does not mean that registering the name is advisable. See the section on "Protecting and Defending Your Name" for more information.

The law requires the Secretary of State to accept names that are "distinguishable upon the record." A business name is "distinguishable" if it does not exactly copy a name already on record. A word, the order of key words, addition of numbers, creative spelling, or even a letter's difference in a name is often enough to tell it apart from another name in the database and make it distinguishable. In addition, an assumed business name is filed according to county, so there may be identical names in the database but associated with different counties.

You can [check a name for availability](#) prior to submitting an application. A name availability check does not guarantee the name will still be available by the time the Corporation Division processes the application.

Please note that the term "organic" refers to a federal certification. Because psilocybin is a Schedule I controlled substance under the Federal Controlled Substance Act, it is not eligible for organic certification. As such, businesses should consider avoiding this term in their brand name or marketing materials.

Similarly, businesses should be aware of terms such as “apothecary.” For either online or brick-and-mortar sales, the shop may not use the term apothecary unless the owner has a pharmacist license from the [Oregon Board of Pharmacy](#). Some terms imply services which may be activities regulated by other state agencies.

What Are “Real and True” Names?

A “real and true” name means the first name or initial, middle name or initial, **and** last name of each business owner. For corporations, limited liability companies, and other business entities, the business name registered with the Corporation Division is the real and true name of the business.

Assumed Business Names

A business name must be registered with the Corporation Division as an assumed business name if the “real and true” name of each person who is carrying on the business is not disclosed in the business name. See above for a definition of real and true name. If there are words that suggest additional owners, such as “company” or “associates”, the business name must be registered.

If a person transacts business with an unregistered assumed business name, he or she may not have standing in court to pursue or defend legal actions, and may find it difficult to do business, for example, getting licenses, opening bank accounts, and entering into contracts.

Since an assumed business name is registered by county, there may be identical names in the database associated with different counties. An Assumed Business Name may be registered for all Oregon counties at no extra charge.

Examples of Assumed Business Names		
Real and True Name	Doing Business As	
	Don't Need to Register ABN	Need to Register ABN
Tom Sorenson Construction, Inc.	Tom Sorenson Construction, Inc.	Tom Sorenson Construction Tom Sorenson Homes TSC Homes
Jane Jean Jones	Jane Jean Jones Enterprises Jane J. Jones Enterprises	Jane Jones Enterprises Jane's Enterprises Jones Enterprises Jane J. Jones & Company Jane Jones & Associates
Michael Leonard Jones John Jay Smith	Michael L. Jones & John Jay Smith Michael Leonard Jones & John J Smith Michael L Jones & John J Smith Michael L. Jones & John J. Smith Enterprises	Michael Jones & John Smith Mike Jones & John Smith M. Jones & J. Jay Smith M. Jones & J. Smith Jones & Smith M & J Enterprises

- **Sole Proprietor** - If the name of the business does not include the “real and true” name of the business owner, registration of an assumed business name is required. See the previous section on assumed business names for more information.
- **General Partnership** - If the name of the business does not include the “real and true” name of each business owner, registration of an assumed business name is required. See the previous section on assumed business names for more information.
- **Limited Liability Company** - The name of the limited liability company must contain the words “limited liability company” or the abbreviation “L.L.C.” or “LLC” as the entity type designation at the end of the name.
- **Corporation** - The name of the corporation must contain the words “incorporated,” “corporation,” “limited,” “company,” or their abbreviation as the entity type designation at the end of the name.

Protecting and Defending Your Business Name

Registering your name does not give you the right to use it.

The law requires business owners to register a public record of assumed business names and entities such as corporations, but the authority to use the name comes only through asserting those rights through use and legal action.

Registering your name **does not** mean you can legally use it. For example, you might be able to register “Starbucks Coffee and Tea” with the Corporation Division, but the real Starbucks could still sue you. In addition, someone may register a business name that is similar to yours, but not exactly the same. That does not suggest they have a right to use that name, it just means they have told the public they want to do business using that name.

Your right to your business name is mainly established by using the name in business. Improper use of a business name is enforced by private legal action – **not** by the State of Oregon. This may mean you will need to sue in court to stop the offender.

If you find yourself in this situation, it is very important to consider seeking the advice of an attorney. Consider what the loss of business and reputation will cost you.. If you weigh the time and expense it will take to straighten out mix-ups with the other business against the expense of seeking legal advice, you will have a better idea of whether a consultation will be appropriate for you.

To find a business attorney, check [the Oregon Bar Association’s free referral service](#) at 1-800-452-7636, or ask other business owners whom they recommend.

It may also be helpful to do a national trademark search at [uspto.gov](https://www.uspto.gov) (click on the Search Mark button). You can view more information on trademarks in the back of this guide.

STEP 4 – REGISTER YOUR BUSINESS

The Oregon Secretary of State's Corporation Division is the place to register your Business Corporation, Nonprofit Corporation, Limited Liability Company, Limited Liability Partnership, and Assumed Business Name. Most business types can be filed online through the [Oregon Business Registry](#).

Business Registration & Renewal

Register Online	For the fastest and most convenient way to register a business in Oregon, register online .
Renew Online	For the fastest and most convenient way to renew a business in Oregon, renew online . You must keep your business registry active while you are doing business in Oregon.
Express Delivery	Documents delivered to the Corporation Division at the address below, by express delivery companies such as FedEx or UPS, are processed within one business day.
US Mail	Please allow one to two weeks for processing documents submitted by mail (including US Postal Service overnight mail and Express Mail).

Forms to register are also [available online](#). Submit the completed form and the non-refundable processing fee, payable to the Corporation Division, to the following address:

Corporation Division
Public Service Building
255 Capitol Street NE, Ste. 151
Salem, OR 97310-1327

Sole Proprietor Registration

A sole proprietor does not have to register with the Corporation Division unless an assumed business name is used. See assumed business name registration below and above for more information.

General Partnership Registration

A general partnership does not have to register with the Corporation Division unless an assumed business name is used. See assumed business name registration below for more information.

Assumed Business Name Registration

To register an assumed business name, submit an assumed business name application and a non-refundable processing fee of \$50 to the Corporation Division. The name must be registered in at least one Oregon county, but you can register for all Oregon counties for no additional charge.

If the name is distinguishable and the application completed according to Oregon law, the Corporation Division processes the document and returns an acknowledgment to the customer.

[Register Online](#) ***Fastest way to file***

[Forms for mailing](#)

Limited Liability Company Registration

To form a domestic limited liability company in Oregon, submit articles of organization and a non-refundable processing fee of \$100 to the Corporation Division.

If the name is distinguishable and the articles completed according to Oregon law, the Corporation Division processes the document and returns an acknowledgment to the customer.

[Register Online](#) ***Fastest way to file***

[Forms for mailing](#)

Business Corporation Registration

To form a domestic business corporation in Oregon, submit articles of incorporation and a non-refundable processing fee of \$100 to the Corporation Division.

If the name is distinguishable and the articles completed according to Oregon law, the Corporation Division processes the document and returns an acknowledgment to the customer.

[Register Online](#) ***Fastest way to file***

[Forms for mailing](#)

Nonprofit Corporation Registration

To form a domestic nonprofit corporation in Oregon, submit articles of incorporation and a non-refundable processing fee of \$50 to the Corporation Division.

If the name is distinguishable and the articles completed according to Oregon law, the Corporation Division processes the document and returns an acknowledgment to the customer.

[Register Online](#) ***Fastest way to file***

[Forms for mailing](#)

Foreign Business Entity Registration

Business entities formed under Oregon law are called domestic business entities, while those formed under the laws of another state or country are called foreign business entities.

When a foreign entity is “doing business” in Oregon, it must apply for authority to transact business by submitting:

- 1) an application of authority to transact business,
- 2) a certificate of existence or similar document, or registry number from the state or country where formed (date of certificate must be within 60 days of the date of application), and
- 3) a nonrefundable processing fee of \$275 payable to the Corporation Division.

If the name is distinguishable and the application completed according to Oregon law, the Corporation Division processes the document and returns an acknowledgment to the customer.

[Register Online](#) (Foreign Business Corporations and Foreign Limited Liability Companies only)

[Forms for mailing](#)

STEP 5 – UNDERSTANDING TAX OBLIGATIONS

Understanding your tax obligations is important for any business and it is especially important for psilocybin business that may be subject to 280E. You may wish to consult with a professional tax advisor or an accountant to help you understand your tax obligations.

Most businesses will need to apply to the Internal Revenue Service for a federal employer identification number ([EIN](#)). See the Income Tax section in this guide for more information on federal and state income taxes.

If you plan to hire employees right away, you may also need a Business Identification Number (BIN), which is your state payroll tax identification number. If you do not plan to hire employees right away, do not get a BIN number. Obtain this payroll tax reporting number by completing a Combined Employer's Registration form available from the [Oregon Department of Revenue](#) or the Oregon Employment Department. Please refer to the separate publication [Employer's Guide for Doing Business in Oregon](#) for more information.

All businesses are required to file a personal property report with the county assessor's office each year. The report should include all personal property on the business premises on the assessment date. If your business has personal property in more than one county, you must submit a separate return in each county. See "Personal Property Tax Report" in this guide for more information.

As a self-employed individual, you may be subject to federal self-employment taxes if you are a sole proprietor or a partnership. This includes Medicare and social security taxes. You may wish to consult a professional tax advisor to determine your personal tax responsibility as a business owner.

Section 280E of the U.S. Internal Revenue Code

Like all businesses, your business will be subject to tax on all income. Under federal law, all income is taxable. However, not all expenses are deductible from a taxpayer's gross income. Section 280E of the U.S. Internal Revenue Code (IRC) forbids businesses from deducting otherwise ordinary business expenses from gross income associated with Schedule I or II substances, as defined by the Controlled Substances Act. IRC Section 280E keeps you from deducting business expenses on your federal income tax return, other than the cost of goods sold, if your business involves the cultivation, manufacture, distribution, or sale of certain controlled substances, including psilocybin. This is an important consideration when planning for the financial viability of your business.

Oregon law, however, allows a subtraction for the same ordinary and necessary expenses you incur for your business that are allowed for other types of businesses operating in this state. If the expense would have been allowed for federal purposes, but your business falls within the Controlled Substances Act (21 U.S.C. Sections 801 et seq.), you are allowed a subtraction on your Oregon income tax return due to ORS 316.680(1)(j).

To claim the Oregon subtraction, see the instructions for the appropriate federal schedule for determining the net income from your business to be reported on your federal return. The schedule showing income after allowable federal deductions is submitted with your federal return. Complete a second Oregon-only schedule to determine the expense amount you can subtract on your Oregon return. Report this amount on Schedule OR-ASC, section B or Schedule OR-ASC-NP, section C. Keep the Oregon-only schedule with your tax records.

Office of the Taxpayer Advocate

The Taxpayer Advocate, whose office was created in 2021 and is housed in the Department of Revenue, is a voice and a resource for taxpayers. The Advocate will serve taxpayers whose problems are not resolved through ordinary channels; receive and evaluate complaints of improper, abusive, or inefficient service by agency employees; promote taxpayer

issues and concerns to department policymakers and state legislators; and problem-solve and suggest options to taxpayer dilemmas through normal channels of which the taxpayer may not have been aware. For more information visit the Office website at

<https://www.oregon.gov/dor/Pages/Taxpayer-Advocate.aspx>.

Federal Employer Identification Numbers (SS-4)

To obtain a Federal Employer Identification Number (sometimes called an EIN or FEIN), you can [file online](#) or complete an [SS-4 Form](#). SS-4 Forms are available at all IRS offices, or by mail by calling the IRS at 1-800-829-3676. Be sure you include a daytime phone number on the application, in case additional information is required. Filing is free.

Online: A provisional number will be assigned immediately when the form is [submitted online](#). A confirmation letter will be mailed two to three weeks after the form is processed, confirming your EIN number.

Phone: 1-800-829-4933

You will need a completed SS-4 in hand

Fax: You can fax the completed Form SS-4 (PDF) application to your state fax number (see Where to File – Business forms and filing Addresses), after ensuring Form SS-4 contains all of the required information. If it is determined the entity needs a new EIN, one will be assigned using the appropriate procedures for the entity type. If the taxpayer's fax number is provided, a fax will be sent back with the EIN within four (4) business days.

Mail: Internal Revenue Service

Attn: EIN Operation

Cincinnati, OH 45999

Fax (855)-641-6935

You will receive your EIN by mail in four to five weeks.

Sales Tax Information

Oregon does **not** have a state sales tax on most items. The Department of Revenue has created a website for questions about sales tax information that includes a [self-authenticating “Resale Certificate”](#) that business owners can fill out to use for buying wholesale or for exemption of sales taxes on goods purchased in another state.

Product Tax Information

All licensed Psilocybin Service Center Operators must register for an Oregon Psilocybin Tax account with the Oregon Department of Revenue to remit the tax that the service center has collected from its client. The Oregon Psilocybin Tax is a 15% tax collected on the purchase price of psilocybin products sold to clients. The tax is paid by the client and collected by a service center operator at the time of the sale of the products. Charges for services are not subject to the Oregon Psilocybin Tax. Returns and payment deposits are required quarterly. For more information about the Oregon Psilocybin Tax or questions about the registration process, please email the Oregon Department of Revenue at psilocybin.help@dor.oregon.gov.

Income Tax Information

Federal and State Income Taxes

All businesses must fulfill their tax obligations to the federal government and the state of Oregon. When you start a business, it is important to determine what kind of tax obligations you will have, and how and when you will be required to pay your taxes. It's a good idea to invest in a good CPA to help you understand and meet your tax obligations.

This section identifies federal and state tax forms filed by different types of business entities to meet their income tax obligations. However, for specific requirements and responsibilities, contact the Internal Revenue Service and the Oregon Department of Revenue.

For federal taxes, contact:
Internal Revenue Service
1220 SW Third Avenue
Portland, OR 97204
1-800-829-4933 in Oregon
[irs.gov](https://www.irs.gov)

For state taxes, contact:
OR Dept. of Revenue
955 Center Street NE
Salem, OR 97301-2555
503-378-4988
1-800-356-4222
oregon.gov/DOR

Income Tax for Sole Proprietors

Sole proprietors must file Form 1040 with a Schedule C or Schedule C-EZ to meet their federal income tax obligations (agricultural businesses may file a Schedule F). A sole proprietor is liable for self-employment tax and Social Security tax, which is filed on Schedule SE if net profit is \$400 or more.

To meet state obligations, a sole proprietor files state Form 40 with an attached copy of the federal Form 1040. A sole proprietor may be required to make estimated tax payments. A non-resident sole proprietor files state Form 40N with an attached copy of the federal Form 1040.

Income Tax for Partnerships

Federal tax law requires that a partnership (both general and limited) file Form 1065, and each partner receives a Schedule K-1 explaining how to place income, expenses, credits, etc., on their personal Form 1040 tax return. To meet state tax obligations, a partnership files Form 65 with an attached copy of the federal filing.

Individual partners file Form 1040 for federal income taxes, and may be liable for self-employment taxes and Social Security taxes filed on Schedule SE if net income from the partnership is \$400 or more. For state income taxes, the individual partners file state Form 40 with an attached copy of the federal Form 1040. Partners may be required to make estimated tax payments. Non-resident partners should contact the Department of Revenue for instructions specific to their need.

Income Tax for Limited Liability Companies

A limited liability company (LLC) files taxes based on their classification. The default classification of a single member LLC is to be taxed as a sole proprietor would be (see Income Tax for Sole Proprietors above). The default classification of a multi-member LLC is to be taxed as a partnership (see Income Tax for Partnerships above). Either a single member or a multi-member LLC may elect to be taxed as a corporation with the IRS and would follow the same income tax rules as a standard corporation or an S corporation, depending on which election is made (see the Income and Excise Tax sections for Oregon corporations and S corporations on the next page).

In Oregon, a couple that owns an LLC together would be treated as a multi-member LLC since Oregon is not a community property state.

Income & Excise Tax for Oregon Corporations

Corporations file federal taxes using Forms 1120 or 1120A. Corporations doing business in Oregon pay excise tax and file state Form 20 with an attached copy of their federal tax forms. “Doing business” is defined as being engaged in any profit-seeking activity in this state that is not protected by federal Public Law 86-272. A taxpayer with one or more of the following in Oregon is clearly doing business here:

- A stock of goods.
- An office.
- A place of business (other than an office) where affairs of the corporation are regularly conducted.
- Employees or representatives providing services to customers as the primary business activity, such as accounting or personal service, or services incidental to the sale of tangible or intangible personal property, such as installation of a product or warranty work.
- An economic presence through which the taxpayer regularly takes advantage of Oregon’s economy to produce income.

Generally, if you have an Oregon address, you file Form 20. There is a minimum excise tax as provided in Oregon Revised Statute (ORS) 317.090.

Corporations not doing business, but having income from an Oregon source, pay income tax and file Form 20-I with a copy of their federal tax forms. Income is from an Oregon source if it is derived from:

- Tangible or intangible property located in Oregon; or
- Any activity carried on in Oregon, whether intrastate, interstate or foreign commerce.

Insurance companies, other than title insurers, file Oregon Form 20-INS. Title Insurers file Oregon Form 20.

For information on state tax credits for corporations, contact the [Oregon Department of Revenue](#) online or by phone 503-378-4988 or 1-800-356-4222.

Income and Excise Tax for S Corporations

An S corporation files its federal tax return on Form 1120S. Shareholders receive a Schedule K-1 explaining how to place income, expenses, credit on their personal return Form 1040. The state tax return is filed on Form 20-S with a copy of Federal Form 1120S attached. Shareholders of the S corporation may obtain information on their reporting requirements from the IRS and the Oregon Department of Revenue.

Estimated Income Tax Payments (Individual)

A sole proprietor, partner, limited liability company member, or shareholder may be required to make quarterly estimated income tax payments. In most cases, if you expect to owe at least \$1,000 in federal taxes for the year after subtracting any withholding and tax credits, you must file Form 1040-ES each quarter with the IRS. Or, taxes can be paid using the free Electronic Federal Tax Payment System (EFTPS). Generally, if you expect to owe \$1,000 or more on the tax-to-pay line on your Oregon tax return,

you are required to file Form 40-ESV each quarter with the Oregon Department of Revenue. Interest is assessed if payments are not made when they are due. Contact the IRS and the Oregon Department of Revenue for specific information.

Estimated Income Tax Payments (Corporations)

A corporation that expects to owe tax of \$500 or more at the federal level is required to make estimated tax payments to the IRS. A corporation that expects to owe tax of \$500 or more at the state level must pay estimated tax payments to the Oregon Department of Revenue. A taxpayer can make estimated tax payments by Electronic Federal Tax Payment System (EFTPS). If a corporation is required to use EFTPS to pay its federal estimated tax, it must also use EFT to pay its Oregon estimated tax. A corporation may pay Oregon estimated tax with **Form 20-V**, if it is not required to pay by EFT. Interest is assessed if the correct installment of the tax due is not paid by the due date. More information about paying corporation estimated income and excise taxes by EFT [is available online](#), or call the EFT message line at 503-947-2017.

Personal Property Tax Report

Personal Property

All businesses are required to file a personal property report with the county assessor's office each year. The report should include all personal property on the business premises on the assessment date. If your business has personal property in more than one county, you must submit a separate return in each county. The personal property tax form can be found [online](#). The form itself contains more information on what property is and is not subject to tax and how to file, or you can find information online at: <http://www.oregon.gov/DOR/programs/property/Pages/personal-property.aspx>.

Examples of taxable personal property include machinery, furniture and equipment, tools of the trade, non-inventory supplies, leased equipment, and libraries (such as repair manuals, sample books and law books). Any property not currently used in the business or expensed on your federal income tax business return is considered taxable personal property and must be reported. Property placed in storage is also taxable and must be reported.

Due Diligence: 3 Steps in 3 Days

Complete due diligence before you buy used business personal property or risk ending up with a previous owner's tax debt.

Complete within 3 days of purchase to protect your interests:

1. Ask the seller for a signed and dated disclosure statement printed on company letterhead. It should contain the following information. (If the seller doesn't have this information, they should say so in the disclosure.)
 - a. Whether there is tax debt and/or liens associated with the personal property;
 - b. The name of any Oregon county in which the personal property has been assessed other than the county where purchase is taking place.
 - c. The name and address of any other person who has owned or had possession or control of the property; and
 - d. The fact that [ORS 311.641](#), regarding due diligence to achieve bona fide purchaser status, may apply to the transaction.
2. Contact the tax clerk in the [Oregon county](#) where the purchase is taking place. Ask if there are tax liens against the property you want to purchase. If multiple counties are listed in the seller's disclosure statement, contact the tax clerk in all listed counties.
3. Search the Oregon Secretary of State's [UCC system](#) with the name of the previous owner(s). Print the results of your search.

Keep the results of your three-step due diligence process. If you find tax debt associated with the property, you can 1) opt not to purchase; 2) ask the seller to clear the debt/lien prior to purchase; or 3) discuss alternative payment arrangements with the county, such as a compromise payment to settle the lien.

Learn More

You can contact your tax professional, county tax assessor or the Secretary of State's [Office of Small Business Assistance](#) with questions. County tax assessors and the Office of Small Business Assistance cannot provide legal or financial advice.

Other Business Taxes

Federal Taxes

Section 280E of the Internal Revenue Code prohibits taxpayers who earn revenue from the sale of controlled substances from deducting typical business expenses associated with those activities. This is an important factor to consider (See 280E section above on page 32). Some federal taxes apply to specific commodities, products, or services. To determine if there are other federal taxes that apply to your business activity, check with the Internal Revenue Service at 1-800-829-4933.

State Taxes

In addition to business income taxes and withholding taxes (paid only by employers), you may have additional tax obligations.

For information on state withholding taxes, contact the Oregon Department of Revenue by phone at 503-945-8091 or 1-800-356-4222, by email at payroll.help.or@state.or.us, or [on the internet](#).

For information on the Workers' Benefit Fund assessment, contact the Department of Consumer and Business Services by phone at 503-378-2372, by email at wbfassess.fabs@state.or.us, or [on the internet](#).

Additional State Taxes

- 1) Transit District Self-Employment tax– paid by non-employer businesses in TriMet or Lane County Transit Districts. Visit the [Oregon Department of Revenue](#).
- 2) Transit District Payroll Taxes for Employers – paid by employers doing business in the TriMet or Lane County Transit Districts. Visit the [Oregon Department of Revenue](#).
- 3) Statewide Transit tax – employers and payers must start withholding tax from employees effective July 1, 2018. Visit the [Oregon Department of Revenue](#) or call (503) 945-8100.

Local Taxes

Local governments in Oregon may collect other specific taxes, such as a hotel-motel tax. Contact the city and county in which your business is located for complete information on local taxes. **Local jurisdictions are prohibited by statute from passing additional psilocybin-specific local taxes and fees.**

STEP 6 – LICENSES

In accordance with ORS 475A, the Oregon Health Authority licenses and regulates four license types: manufacturers, service centers, facilitators, and laboratories. This section provides more information about the license types and provides links to the OPS license pages for more information.

OPS License Application Process

A license applicant can begin an application in the [OPS Training, Licensing, and Compliance \(TLC\) system](https://psilocybin.oregon.gov/) (<https://psilocybin.oregon.gov/>). The application will remain pending until submitted for OPS review. License applicants are required to pay a non-refundable application fee when they submit their application (application fee varies, please see the license-specific information below).

Once the OPS Licensing Program has reviewed the application and contacted the applicant, the applicant will have 30 days to respond to any outstanding requirements, such as missing components or incomplete application materials.

Applications will be prioritized in the order received. The duration of time to review each application will vary, depending on the number of applications received and number already being reviewed. Licensed manufacturers, service centers and testing lab applicants will require a site visit before they can be issued a license.

If your application process is completed, the last step is to pay the required annual license fee. Fee amounts are determined through the state agency fee establishment process and were adopted in final rules in December 2022. ORS 475A created a fee-based structure, which means that license fees must cover the cost of administering the work. License fees are required on an annual basis and are part of the license renewal process. Fees can be paid through the Training, Licensing and Compliance (TLC) system or arrangements can be made for payments with cash, check, or money order.

The Oregon Psilocybin Services Team is committed to providing education and technical assistance to the regulated community. If you have any questions about the licensing process, please contact:

Licensing.Psilocybin@oha.oregon.gov

OPS License Verification Tool and License Verification Hotline for Local Government Officials

The OPS website offers a [license verification tool](#) that the general public can use to verify if a license is active. The tool requires that the user enter a license number and a license type. Members of the public may request your license number so they can use this online tool to verify that your license is active.

ORS 475A requires that OPS also offer a [License Verification Hotline](#) for local government officials. Local Government personnel can call the hotline to verify that a particular address/location is licensed under OPS. To be able to use the OPS License Verification hotline, a local government manager or supervisor submits a form requesting access. Only authorized personnel are able to use the hotline.

OPS Licensee Directory

During the license application process, applicants are asked if they consent to be listed in the [OPS Licensee Directory](#). Being listed in the directory is optional and if the license applicant does not consent, they may still be licensed with OPS. As a reminder, although participation in the directory is optional, information provided in application materials, including applicant name, may be subject to disclosure under Oregon's public records laws.

The [OPS Licensee Directory](#) provides licensees the opportunity to connect with each other for business purposes and for the public to locate licensed service centers and facilitators. The directory contains information provided by OPS licensees who have consented to have their information published. It is up to the licensee whether they want to be included in the directory, and the directory is not a comprehensive list of all OPS licensees.

OPS License Information

Facilitator License

A licensed facilitator is present with a client and facilitates the three components of psilocybin services, which include preparation, administration, and integration sessions. ORS 475A requires a non-directive approach to psilocybin services, meaning that facilitators will support clients through psilocybin services without directing the client experience.

Many individuals who currently hold professional licenses in Oregon may be interested in becoming licensed facilitators. An individual should work with their professional licensing boards for further guidance on any risks associated with being licensed under ORS 475A

For the latest information , please visit the OPS Facilitator License webpage:

<https://www.oregon.gov/oha/PH/PREVENTIONWELLNESS/Pages/Psilocyb-in-License-Facilitator.aspx>

Service Center License

Under ORS 475A, psilocybin may only be consumed by a client at a licensed service center. Licensed service centers may be of any size, as long as they meet all requirements set in statute and administrative rules. Under [OAR 333-333](#), service centers may have multiple administration areas, including outdoor administration areas, if they have clearly defined boundaries and are free from hazards. Service centers must have at least one primary restroom available in the licensed premises. For a full list of requirements please refer to the administrative rules.

For the latest information, please visit the OPS Service Center License webpage:

<https://www.oregon.gov/oha/PH/PREVENTIONWELLNESS/Pages/Psilocyb-in-License-Service-Center-Operator.aspx>

Manufacturer License

Under ORS 475A, a manufacturer license is required to cultivate *psilocybe cubensis* mushrooms and process psilocybin products to be transferred to licensed service centers for the purposes of psilocybin services. Psilocybin products may include whole dried mushrooms, ground homogenized fungi, extracts, and edible products. Applicants for a manufacturer license will need to apply for specific endorsement types, which include fungi cultivation, psilocybin extraction, and edible psilocybin production.

For the latest information, please visit the OPS Manufacturer License webpage:

<https://www.oregon.gov/oha/PH/PREVENTIONWELLNESS/Pages/Psilocybin-License-Manufacturer.aspx>

Laboratory License

Under ORS 475A, a licensed laboratory must test psilocybin products produced by a licensed manufacturer. In order to receive a license, laboratories must be accredited by the Oregon Environmental Laboratory Accreditation Program (ORELAP). Under [OAR 333-333](#), psilocybin products are required to be tested to confirm the presence of *psilocybe cubensis*, as well as tested for potency and solvents.

For the latest information, please visit the OPS Laboratory License webpage:

<https://www.oregon.gov/oha/PH/PREVENTIONWELLNESS/Pages/Psilocybin-License-Lab-Testing.aspx>

Food Establishment Licenses

The Oregon Department of Agriculture (ODA) is responsible for regulating the production, processing, and distribution of food products in the state of Oregon. If you are considering selling, storing, or manufacturing edibles or extracts, please see ODA's handout:

- [Psilocybin Services and Food Safety](#)
- Servicios de psilocibina y seguridad alimentaria (Spanish).

You can also visit the ODA Food Safety Program web site at:

<http://www.oregon.gov/ODA/programs/FoodSafety/Pages/Default.aspx>

The following products require a Food Establishment License for production:

Type of Product	Edible Psilocybin Food Product (including beverages)	Mushroom Ingredient used in Psilocybin Food Product	Psilocybin Extracts (tinctures)	Whole Dried Fungi	Homogenized Fungi (including tablets and capsules)
Whether Food Safety License is required:	Yes	Yes	Yes	No	No

An OPS license is not required before ODA can provide onsite consultation help, review site plans, or issue a food safety license. But remember that your ODA food safety license does not mean that you may legally operate. You still must be licensed by OPS and meet all other requirements.

ODA will not be able to issue a Home (Domestic) Kitchen Processing and/or Domestic Kitchen Bakery License for the manufacturing of psilocybin products. Psilocybin edible products must be manufactured according to the same standards as manufactured foods.

Scales that are used for commercial activity require a license in Oregon. All OPS manufacturers that are producing standardized packages of fungi, extracts, or edibles will be required to have a licensed commercial scale.

For more information about how to become licensed with the ODA please visit: [Psilocybin Services and Weights and Measures](#).

Local Business License Requirements

Although ORS 475A creates a licensing process for psilocybin-specific businesses, some cities and counties may also require a separate license for any business operating within their jurisdictions. If your business is located within the city limits, check with your city offices to see if a local business license is required. If there is no specific listing for business licenses, the city hall information number is an appropriate initial contact.

To check on business license requirements at the county level, contact your county administrative offices. The county planning department or county commissioner's office is an appropriate first contact. You may be able to find your city, county and special district [licensing requirements online](#). If you aren't sure if an additional local license is required, contact your city, county, or the [Office of Small Business Assistance](#).

STEP 7 – OTHER REQUIREMENTS

Land Use and Location Requirements

ORS 475A allows for different OPS license types to be located on the same property. An individual may hold multiple license types; however, service centers and manufacturers must operate separately from one another and require separate licenses.

In certain instances, businesses licensed by OPS may be located on the same property or within the same building as an unlicensed business. However, the OPS licensed business must comply with all license and operational requirements, including access and security, regardless of its location or proximity to adjacent businesses. Please contact OHA Psilocybin Licensing for more details:

Licensing.Psilocybin@oha.oregon.gov 1-971-673-0304

Under ORS 475A, local governments may adopt ordinances that prohibit service centers and manufacturers from operating within their local jurisdictions. Ordinances must be passed on to voters at the next statewide general election. OPS will not be able to issue licenses if an ordinance has been adopted until the outcome of the election has been determined. OPS has compiled [a Local Ordinance Spreadsheet](#) to track local ordinances. This spreadsheet is updated regularly, but it may not be comprehensive. You will need to reach out to your local city (or county if you are in an unincorporated area) to confirm current local regulations. See Appendix A for information on how to identify and contact the appropriate local jurisdiction.

Even when psilocybin businesses are allowed to be licensed in a local jurisdiction, there may be additional time, place, and manner restrictions to comply with. In addition, if you are pursuing a manufacturer or service center operator license, you will need to complete a Land Use Compatibility Statement (LUCS) process. Your local city or county planning office will

need to review and sign the LUCS form, confirming that your proposed business is compatible with local zoning and land use laws. OPS provides a standard [LUCS form](#) to use for this purpose. Once you make the request to your local government for their review of your LUCS form, your local jurisdiction is required to respond within 21 days.

The State of Oregon's Building Codes Division (BCD) has provided technical guidance for local governments on state building code. For more information, visit the BCD's technical bulletin: [Licensed psilocybin facilities and the state building code: Regulations, assumed hazards, and occupancy classifications](#).

Land Use and Location Requirements Set in Statute and Administrative Rule

	Manufacturer	Laboratory	Service Center
Land Use and Location Requirements set in State law (ORS 475A)	<ul style="list-style-type: none"> - No specific zoning requirements in statute. Zoning is determined by local government and applicants are required to submit a completed land use compatibility statement (LUCS) - Must have defined boundaries - Must provide proof that property owner consents to the manufacturing of psilocybin 	<ul style="list-style-type: none"> - No zoning requirements in statute - Must have defined boundaries 	<ul style="list-style-type: none"> - May not be on land zoned 'exclusively residential use.' Additional zoning requirements are determined by local government and applicants are required to submit a completed land use compatibility statement (LUCS) - Must have defined boundaries - May not be within 1,000 feet of a school. For more info see the School Proximity Tool on the OPS Service Center webpage.

<p>Land Use and Location Requirements set in State Administrative Rules (OAR 333-333)</p>	<ul style="list-style-type: none"> - May not be on state or federal land <p>The footprint of the licensed premises may not overlap with:</p> <ul style="list-style-type: none"> - A health care facility licensed under ORS chapter 441. - A location with an adult-use cannabis license issued under ORS chapter 475C. - A medical marijuana grow site registered under ORS 475C.792. - A medical marijuana processing site registered under ORS 475C.815. - A medical marijuana dispensary registered under ORS 475C.833. - A location with a liquor license issued under ORS chapter 471 or a retail liquor agent appointed by the Oregon Liquor and Cannabis Commission. - A location that is operating as a restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited-service restaurant, single event temporary restaurant, commissary, mobile unit, bed and breakfast, or warehouse licensed under ORS chapter 624. - A residence. <p><i>A manufacturer may not:</i></p> <ul style="list-style-type: none"> - cultivate outdoors 	<ul style="list-style-type: none"> - May not be on state or federal land <p>The footprint of the licensed premises may not overlap with:</p> <ul style="list-style-type: none"> - A health care facility licensed under ORS chapter 441. - A location with an adult-use cannabis license issued under ORS chapter 475C. - A medical marijuana grow site registered under ORS 475C.792. - A medical marijuana processing site registered under ORS 475C.815. - A medical marijuana dispensary registered under ORS 475C.833. - A location with a liquor license issued under ORS chapter 471 or a retail liquor agent appointed by the Oregon Liquor and Cannabis Commission. 	<ul style="list-style-type: none"> - May not be on state or federal land <p>The footprint of the licensed premises may not overlap with:</p> <ul style="list-style-type: none"> - A health care facility licensed under ORS chapter 441. - A location with an adult-use cannabis license issued under ORS chapter 475C. - A medical marijuana grow site registered under ORS 475C.792. - A medical marijuana processing site registered under ORS 475C.815. - A medical marijuana dispensary registered under ORS 475C.833. - A location with a liquor license issued under ORS chapter 471 or a retail liquor agent appointed by the Oregon Liquor and Cannabis Commission. - A location that is operating as a
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	<ul style="list-style-type: none"> - process at the same location as an operating restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited-service restaurant, single event temporary restaurant, commissary, mobile unit, bed and breakfast, or warehouse licensed under ORS chapter 624 - Share a food establishment with another person or entity - Process food intended for commercial sale that does not contain psilocybin - Sublet any portion of the licensed premises 	<ul style="list-style-type: none"> - A location that is operating as a restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited-service restaurant, single event temporary restaurant, commissary, mobile unit, bed and breakfast, or warehouse licensed under ORS chapter 624. - A residence. 	<ul style="list-style-type: none"> restaurant, seasonal temporary restaurant, intermittent temporary restaurant, limited-service restaurant, single event temporary restaurant, commissary, mobile unit, bed and breakfast, or warehouse licensed under ORS chapter 624. - A residence.
	<u>Manufacturer</u>	<u>Testing Lab</u>	<u>Service Center</u>
Local City/County Land Use Requirements	<p>These vary across the state. Check with your local jurisdiction (city or county) to understand local land use laws, zoning code, and time, place, and manner regulations.</p> <p>See Appendix A.</p>	<p>These vary across the state. Check with your local jurisdiction (city or county) to understand local land use laws, zoning code, and time, place, and manner regulations.</p> <p>See Appendix A.</p>	<p>These vary across the state. Check with your local jurisdiction (city or county) to understand local land use laws, zoning code, and time, place, and manner regulations.</p> <p>See Appendix A.</p>

Social Equity Plans

[Oregon Administrative Rule \(OAR 333-333-4020\)](#) requires that manufacturers, service centers, facilitators, and laboratories submit a Social Equity Plan (SEP) with their license application. Applicants must provide documentation of the evaluation of implementation of their social equity plans as a condition of license renewal.

The purpose of the SEP requirement is to ensure that every psilocybin business in Oregon considers how certain communities have been disproportionately harmed by systemic inequities and how they propose to address these inequities in their business practices.

The SEP is an opportunity to state your commitments to social equity and how those commitments will be integrated into your business operations. There is no one right way to create an SEP. SEPs may take different shapes based on the size and nature of your business. Applicants can refer to the [Oregon Psilocybin Services Social Equity Plan Resources document](#) for more guidance. Just as with this Business Resource guide, the SEP resource document will likely evolve over time, as we collectively learn more and identify new resources.

Marketing and Advertising Requirements

Advertising for psilocybin products and services may not contain any content that can reasonably be considered to target individuals under the age of 21, including but not limited to images of minors, cartoons, toys, symbols or celebrities that are typically used to market products to minors, or references to products that are commonly associated with minors or marketed by minors.

A licensee may not utilize television, radio, billboards, print media or internet advertising unless the licensee has reliable evidence that no more than 30 percent of the audience for the program, publication or Internet website in or on which the advertising is to air or appear is reasonably expected to be under the age of 21.

For more information about marketing and advertising please refer to the [Administrative Rules](#), Sections 333-333-6100 (Advertising Restrictions) and 333-333-6110 (Advertising Media, Coupons, and Promotions)

Environmental Permits & Regulations

Check with Oregon DEQ

Contact the [Oregon Department of Environmental Quality \(DEQ\)](#) for information on permits, certification, licensing, or regulations if your business activity involves any of the following:

- Putting wastewater into rivers and streams
- Disposing of wastes on land or into the ground
- Stormwater runoff associated with clearing, grading, excavation, or construction activities
- Stormwater runoff from industrial activity
- Emitting air pollutants, including potential nuisance odors
- Removing or disturbing asbestos-containing material; see [DEQ Asbestos Information](#)
- Operating a landfill or other solid waste disposal site, transfer station, incinerator, material recovery facility, solid waste treatment facility, energy recovery facility, composting facility, or septic lagoon for non-hazardous wastes
- Storing, using or transporting waste tires
- Owning an underground storage tank, either in use or out of use
- Contracting to work on an underground storage tank, including testing or cleaning up of petroleum-contaminated soil, requires a license from DEQ
- Creating, storing, treating, or disposing of hazardous wastes

For spills or emergency response, state statute requires that when you have a release (spill) or a threat of release of oil hazardous materials, you

must call the Oregon Emergency Response System at 1-800-452-0311, **not** DEQ.

For information about handling or storage of petroleum products, visit the [Office of the State Fire Marshal](#) or call 503-378-3473, **not** DEQ.

DEQ Information and Technical Assistance

Please visit the [DEQ website](#) for more complete information on environmental permits and regulations.

For air quality permitting and licensing resources, solid waste permit information, underground storage tank information and water quality permitting information, visit the [DEQ website](#).

For more information on dealing with hazardous waste, see DEQ's [Small Quantity Hazardous Waste Generator Handbook](#).

To file a pollution complaint, see <https://www.oregon.gov/deq/Get-Involved/Pages/File-Pollution-Complaint.aspx>. For other hazardous waste technical assistance, visit the [Oregon Department of Environmental Quality](#).

Oregon Department of Environmental Quality

503-229-5696 (in Portland)
1-800-452-4011 (toll-free in Oregon)
503-229-6993 (TDD)
700 NE Multnomah St., Ste. 600
Portland, OR 97232

DEQ Small Business Assistance

The Oregon DEQ Air Quality Small Business Assistance Program provides technical assistance to address and prevent air quality violations at unpermitted or small sources. The program helps small businesses understand what permitting requirements apply to their industry sector and find practical, cost-effective solutions to their environmental concerns. For

more information contact the DEQ Small business Assistance Program at BAP@deq.oregon.gov or <https://www.oregon.gov/deq/aq/aqPermits/Pages/BAP.aspx>

Check with Department of State Lands

The Oregon Department of State Lands (DSL) implements the state's removal-fill law, which requires property owners to get a permit from DSL if they plan to fill or remove material from Oregon wetlands and waterways. The law applies to private and public land.

More information about removal-fill permits is on the [DSL website](#). Other resources include the [fact sheet](#) on identifying wetlands and the [removal-fill brochure](#).

Department of State Lands

775 Summer St. NE
Suite 100
Salem, OR 97301-1279
503-986-5200

Check with State Fire Marshal

The [Oregon Community Right to Know and Protection Act](#) directs the [Office of the State Fire Marshal](#) (OSFM) to develop and distribute the annual Hazardous Substance Information Survey.

Facilities in Oregon with reportable quantities of hazardous substances are required to report those substances annually on the survey. In addition, facilities that receive the survey for the first time are also required to complete and submit the survey. Failing to complete and submit the survey as required may result in civil penalties.

A hazardous substance is defined in Oregon Administrative Rule, 837-085-0040, as a substance required to have a Safety Data Sheet (SDS) pursuant to [Oregon Occupational Safety and Health Administration](#) (Oregon OSHA) or any substance designated as hazardous by the

Office of the State Fire Marshal. This includes substances produced on site, waste substances, solutions, and refrigeration system gases.

A reportable quantity is any hazardous substance that is on site at any time, that meets or exceeds the following amounts:

Liquids - 50 gallons or more

Gases - 200 cubic feet or more

Solids - 500 pounds or more

Lower reporting quantities apply to poisons and explosives. If a poison or explosive is on site at one time *and* meets or exceeds the following quantities, it must be reported.

Liquids - 5 gallons or more

Gases - 20 cubic feet or more

Solids - 10 pounds or more

In addition, **any** quantity of radioactive substances (except sealed sources) is reportable, including radioactive wastes.

A separate survey is required to be submitted for each site address in Oregon that has a reportable quantity of any hazardous substance.

Request a survey for an unreported site [online](#).

For more information on State Fire Marshal requirements, [visit the website](#) or call the Hazardous Substance Information Hotline at (503) 378-6835 or (800) 454-6125 in Oregon between the hours of 8:00am to 12:00pm and 1:00pm to 5:00pm, Monday through Friday.

The Americans with Disabilities Act

The [Americans with Disabilities](#) Act (ADA) is a federal law that prohibits discrimination against disabled persons in the areas of employment, public accommodation, and public services.

If you believe you or someone else was discriminated against based on a disability, you can file an ADA complaint. For more information, or to file a complaint, go to: [File a Complaint | ADA.gov](#)

The State of Oregon also has anti-discrimination laws that affect business owners. If your rights are being violated at work or in Oregon, you can file a complaint with the Oregon Bureau of Labor and Industries (BOLI): [BOLI : File a Complaint : For Workers : State of Oregon](#)

For resources and information on the ADA, contact:

[Northwest ADA & Information](#)

Technology Center, CDRC/OHSU
PO Box 574
Portland, OR 97207
1-800-949-4232 (Voice and TDD)

[Oregon Department of Agriculture](#)

Food Safety Program – [Pets in Stores Poster](#)
635 Capitol St. NE
Salem, OR 97301
503-986-4720

For information on Title III of the ADA (public accommodation issues), contact:

[Office on ADA, Civil Rights Division](#)

U.S. Department of Justice
950 Pennsylvania Ave. NW
Disability Rights Section--NYAV
Washington, DC 20530
[ada.gov](#)
1-800-514-0301 (Voice)
1-800-514-0383 (TTY)

For additional information on Title I of the ADA (private employment issues), contact either:

[ADA.gov Information & Technical Assistance](#)

US Department of Justice
950 Pennsylvania Ave. NW
Washington, DC 20530
1-800-514-0301 (voice)
1-800-512-0383 (TTY)

Oregon's Unclaimed Property Law

Unclaimed property is any amount of money owed by a business, nonprofit, or government agency to someone who cannot be found. Oregon law (ORS 098) requires businesses, public agencies, and other types of organizations to report all unclaimed assets each year to the Oregon State Treasury.

Common types of unclaimed property include:

- Uncashed checks, including payroll checks.
- Refunds and other deposits.
- Accounts receivable – credit balances.
- Stocks and securities.

Treasury hosts free annual training seminars on how and when to remit unclaimed property. Additional information can be found at unclaimed.oregon.gov, Treasury's comprehensive website for searching for and reporting unclaimed property.

Oregon Consumer Information Protection Act

Oregon law requires individuals, businesses, and organizations that own, license, maintain, store, manage, collect, process, acquire, or possess personal information to follow requirements that help protect consumers from identity theft.

Personal information is a consumer's name combined with one or more of the following data elements, if the data elements are not encrypted,

redacted, or rendered unusable, or if the data elements are encrypted and the encryption key has been acquired:

- Social Security number;
- Driver license or state identification card number issued by the Department of Transportation;
- Passport or other identification number issued by the United States;
- Financial account, credit card, or debit card number combined with any security code, access code, or password that would allow access to a consumer's financial account;
- Data from automatic measurements of a consumer's physical characteristics, such as an image of a fingerprint, retina, or iris, that are used to authenticate a consumer's identity;
- Health insurance policy or subscriber identification number along with any other unique identifier that a health insurer uses to identify the consumer; and
- Information about a consumer's medical history or mental or physical condition, or about a health care professional's medical diagnosis or treatment of the consumer.

Any data element or combination of data elements is also personal information even without the consumer's name, if the information has not been encrypted, redacted, or rendered unusable and the information would enable a person to commit identity theft against the consumer.

Finally, a username or other identification method together with any authentication method is also personal information.

If you handle personal information in the course of conducting your business, you must protect it by developing, implementing, and maintaining reasonable safeguards, including the proper disposal of personal information. If you are an owner of a small business (100 or fewer employees), you already comply with the reasonable safeguard requirements if your information security and disposal program contains the administrative, technical and physical safeguards, and disposal measures appropriate to the size and complexity of your business, the nature and scope of its activities, and the sensitivity of the personal information it collects.

Oregon law prohibits the printing of Social Security Numbers (SSNs) on any documents mailed to but not requested by the consumer. If the consumer requests mailed documents that contain an SSN, you must redact the number. Further, you cannot print an SSN on a card used by the consumer to access products or services, nor can you publicly display or post (such as on a website) an SSN unless you redact it.

When disposing of, or transferring to another person for disposal, material or media that display a consumer's SSN, you or the person who ultimately disposes of the material or media must make the SSN unreadable or unrecoverable.

If you experience a data security breach, you must notify affected consumers of the breach within 45 days of discovering or receiving notification of the breach. If the breach affects over 250 people, you must also notify the Attorney General in writing or electronically. These notification requirements, however, do not apply to certain businesses and organizations, including those who are subject to and comply with regulations under the federal Gramm-Leach-Bliley Act or the Health Insurance Portability and Accountability Act (HIPAA), though they must still provide the Attorney General a copy of the notice sent to consumers or other regulators for breaches affecting over 250 people.

Anyone who violates the OCIPA may incur a civil penalty of up to \$1,000 for each violation and up to \$500,000 for a continuing violation.

For further information contact:

Department of Consumer and Business Services
[Division of Financial Regulation](#)
350 Winter St. NE, Room 410
Salem OR 97301-3881
503-378-4140 1-866-814-9710 (toll free in Oregon)

For IRS information on [Identity Theft and your Federal Tax Records](#), visit online. In addition to these generally applicable requirements, ORS 475A and administrative rules specify additional requirements for collection and retention of data related to psilocybin products and services, including consent to release client data.

STEP 8 – HIRING EMPLOYEES

The Business Information Center also publishes a separate guide to assist business when hiring employees. The [Employer's Guide for Doing Business in Oregon](#) provides a general checklist, along with contact information on government requirements for Oregon's employers.

Determine Employer Status

Who is an Employer?

Are you an employer responsible for filing and paying one or more payroll tax? If you pay someone to work for you, are in charge of the way the job is done, and have the right to direct and control the worker, the worker is probably your employee. Oregon law differs from federal law and from state agency to agency.

An employer may be an individual, corporation, partnership, estate, trust, association, joint venture, or other un-incorporated organization. Religious, educational, charitable, and social organizations can also be employers, even though such organizations may be exempt from paying income tax.

If you are an employer, please review the companion publication, [Employer's Guide for Doing Business in Oregon](#) and contact the individual agency programs for further information.

Who is an Employee?

An employee is anyone who performs services for pay for another person or organization under the direction and control of the person or organization. Even when the employer gives the employee freedom of action, the person performing the service may still be considered an employee. What really matters is that the employer has the legal right to control the method and result of the services, even though the employer

may not always exercise that right. If you are unsure whether you need to hire an employee or independent contractor, go to <http://oregon.gov/ic> for more information.

Corporate officers, whether a C Corporation or an S Corporation, who are paid for working for the corporation are considered by the Oregon Department of Revenue to be employees of the corporation and are subject to withholding tax requirements. (ORS 316.162)

Who needs a Worker Permit?

Individuals who perform work for, or on behalf of, a licensee must have a valid Worker Permit issued by the Oregon Health Authority (OHA). This includes any individual/employee who participates in:

- The provision of psilocybin services at the premises for which the license has been issued;
- The possession, manufacturing, securing or selling of psilocybin products at the premises for which the license has been issued;
- The recording of the possession, manufacturing, securing or selling of psilocybin products at the premises for which the license has been issued; or
- The verification of any document described in [ORS 475A.445](#).

Individuals can apply for a Worker Permit online by going to the [OPS Worker Permit webpage](#). They can also apply by mail. Applicants will be required to pass a background check, for more information please see the [Overview of the Background Check Process](#).

After a Worker Permit application has been approved, the applicant must submit a non-refundable worker permit fee of \$25. The Worker Permit is valid for five years from the effective date.

Who is an Independent Contractor?

In Oregon, workers may only be classified as independent contractors if they meet the provisions of laws and court decisions that define independent contractor and employer-employee relationships. If you are unsure whether you need to hire an employee or independent contractor, go to <http://oregon.gov/ic> for more information.

For some agencies, independent contractors are defined in ORS 670.600, which includes that an independent contractor must be free from direction and control, and they are customarily engaged in an “independently established business” 3 of 5 test.

Internal Revenue Service (IRS) Independent Contractor Definition

The Internal Revenue Service (IRS) looks to common law rules to determine whether an individual is an employee or an independent contractor. IRS Publication 15-A outlines the process for making the proper determination. Please [click here](#) for more information, or call 1-800-829-4933.

Employer Identification Numbers (EIN)

All employers, except certain sole proprietors, are required to obtain a [federal tax employer identification number](#) (EIN). If you plan to hire employees within the coming fiscal quarter, you will also need to apply for an Oregon Business ID number (BIN). You will need to supply your EIN as part of the BIN application process. If you do not plan to hire employees within the coming fiscal quarter, **do not get a BIN**.

- [Application for EIN](#) requires identification of responsible party
- [Change in Application](#) for Employer Identification Number
- [Use of Nominees](#) in the EIN Application Process
- [Updating Incorrect Business Entity Information](#)

If you have any questions regarding the federal tax identification number, contact your local IRS office or:

Internal Revenue Service

1220 SW Third Avenue

Portland, OR 97204

1-800-829-4933

[irs.gov/](https://www.irs.gov/)

- [Apply for BIN using form](#) – requires EIN number

If you have any questions regarding Oregon's BIN/payroll reference number, contact the [Oregon Department of Revenue](#).

Worker's Compensation Insurance - Who Needs Coverage?

All employers doing business in Oregon, with very few exceptions, are subject to the Oregon Workers' Compensation Law. Employers must obtain workers' compensation insurance before they employ. Failing to provide workers' compensation coverage will subject employers to penalties and liability for all claims costs if an employee is injured on the job.

Worker's compensation covers the costs of injured workers' claims. Claims costs include all medical expenses related to compensable accepted claims for injury, as well as payments to workers while temporarily or permanently disabled. It also provides payments to dependents if the worker dies as a result of occupational injury or disease.

This section provides you with basic information on who must have workers' compensation insurance, how to obtain it, and how the workers' compensation programs are financed.

For general questions regarding workers' compensation insurance, or if you know of a potential non-complying employer, contact:

Department of Consumer and Business Services

Workers' Compensation Division, Employer Compliance Unit

PO Box 14480

Salem, OR 97309-0405

503-947-7815

Email: workcomp.questions@dcbs.oregon.gov

Internet site: <https://wcd.oregon.gov/Pages/index.aspx>

Exempt Employees

Some workers do not have to be covered by workers' compensation. These workers are usually called "exempt" or "nonsubject" workers. If you are trying to determine whether you need workers' compensation insurance for a specific work situation, contact the Employer Compliance Unit at 503-947-7815.

Here are some of the most common exemptions:

- **Sole proprietors.** If you are a sole proprietor, you don't need workers' compensation coverage for yourself.
- **Independent contractors.** You don't have to provide workers' compensation coverage to independent contractors, though you may choose to do so.
- **Partners.** Partners don't need to be covered by workers' compensation insurance, unless the partnership is in the construction industry. However, the partners must have the right to make business decisions to be exempt.

In the construction industry, exemptions are only allowed if the partnership is registered with the Construction Contractors Board or Landscape Contractors Board. If the partnership is registered, and all partners are part of the same family, then all partners may elect to be exempt. Otherwise, the number of exempt partners is limited to:

1. Two partners, or
 2. One partner for each 10 employees, whichever is more.
- **Casual labor.** Casual labor is labor that costs less than a certain amount in any 30-day period. Before Jan. 1, 2020, this amount was \$500. As of Jan.,1 2022, the amount is \$1,000. The amount changes

every July 1 based on Oregon's average weekly wage. **NOTE:** This is *total payroll*, not the payroll for each individual worker.

If an employer's total payroll is always below this amount within any 30-day period, its workers are "casual" and do not have to be covered by workers' compensation. However, if its total payroll is equal to or greater than the total amount within any 30-day period, the employer must provide workers' compensation coverage.

Employers in the construction industry should be aware that Construction Contractors Board (CCB) and Landscape Contractors Board (LCB) rules don't allow a licensee to hire even casual labor while it is registered as not having workers.

- **Some corporate officers.** Corporate officers don't need to be covered by workers' compensation if they are:
 - 1) on the board of directors, and
 - 2) own at least 10 percent of the stock or an amount equal to the average held by all stockholders. The ownership requirement does not apply to most family-run farms.

In the construction and timber industries, this same rule applies if all corporate officers are family members. Otherwise, the number of exempt officers is limited to:

- 1) two corporate officers, or
 - 2) one corporate officer for each 10 employees, whichever is more.
- **Most limited liability company members.** Members of an LLC don't need to be covered by workers' compensation unless they are in the construction industry. Most members are exempt, except in the construction trade.

In the construction industry, exemptions are only allowed if the company is registered with the CCB or LCB, and the member must have a substantial ownership interest in the company. If an LLC is registered, and all members are part of the same family, then all members are exempt. Otherwise, the number of exempt members is limited to:

1. Two members, or
 2. one member per 10 employees, whichever is more.
- **Workers from out-of-state.** Employers from other states who temporarily bring their out-of-state employees into Oregon don't always need Oregon coverage. However, coverage is required if you hire any Oregon workers or if you come from a state that does not recognize Oregon's coverage in that state.

If sole proprietors, partners, corporations, or limited liability companies are working under a contract, they must also qualify as independent contractors in order to be exempt. For more information, contact the Workers' Compensation Division, Employer Compliance Unit at 503-947-7815.

How do I get Worker's Compensation Insurance Coverage?

In Oregon there are three methods to get workers' compensation insurance coverage: 1) through an insurance company, 2) by self-insurance, or 3) through a worker leasing company (also known as a professional employer organization, or "PEO.")

Insurance Companies: You can obtain insurance from any insurer authorized to provide workers' compensation in Oregon, of which there are over 300. Many of these insurers sell policies through agents. Often the agency that handles your other business insurance will also write your workers' compensation insurance. Some insurers will deal directly with you, and a few have made special arrangements to provide workers' compensation through business organizations or associations. The Department of Consumer and Business Services has a Small Business Ombudsman who will be glad to discuss different options with you. Call 971-673-2895 for assistance.

The Oregon Assigned Risk Plan: The Oregon Assigned Risk Plan is a mechanism to allow all Oregon employers who have been denied coverage by at least one insurer the ability to obtain workers' compensation insurance. The National Council on Compensation Insurance (NCCI) administers the plan. If you are turned down by at least one insurer and you do not owe another workers' compensation insurer money, you can apply

for coverage through NCCI. NCCI will make an assignment of your account to one of the Oregon assigned risk insurers. It is advisable to continue to “shop” for better rates after obtaining an assigned risk policy. You can start the application process through NCCI by calling toll free 1-800-622-4123 and asking for the Oregon desk. You can also visit NCCI’s website at www.ncci.com.

Self-insurance: You may be able to qualify as a self-insured employer. This option is usually only available to very large employers, because the employer must have the financial resources to pay for major claims.

You must be certified by the Workers’ Compensation Division (WCD) to be self-insured. To find out about the requirements for being certified as a self-insured employer, contact the WCD Self-Insurance Certification Program at 503-947-7057.

Worker Leasing: Some employers opt to contract with a worker leasing company (also known as a PEO) to obtain their workers’ compensation coverage. By contract, the worker leasing company will take over your payroll, workers’ compensation insurance, and most other paperwork. Worker leasing companies must be licensed with the Workers’ Compensation Division of the Department of Consumer and Business Services to do business in Oregon. There are potential liabilities for your business when a worker leasing company is not licensed in Oregon. To ensure you are utilizing the services of a licensed worker leasing company, view the list of actively licensed companies by visiting the Worker Leasing Program web page at <http://wcd.oregon.gov/employer/worker-leasing/Pages/index.aspx> and then selecting the link on the right side of the page under “Resources.” If you do not have access to the website, you can call the Workers’ Compensation Division’s Employer Compliance Unit at 503-947-7815 to confirm a license.

Notice of Compliance

Once you purchase workers’ compensation insurance, is there anything else you need to do? Yes--Oregon law requires that the employer take a second step after buying the insurance. The employer must be sure the insurance company files proof of coverage with the Workers’ Compensation Division.

When proof of coverage has been filed, the Workers' Compensation Division mails the employer a Notice of Compliance certificate. The employer must post this notice where employees will see it. If an employer does not properly post this notice, the employer can be fined.

When you receive your Notice of Compliance, you know you have valid workers' compensation insurance in force. If you pay for your insurance and do not receive a Notice of Compliance within 30 days, check to be sure your insurance company has filed your workers' compensation insurance proof of coverage. If you have questions about your proof-of-coverage filing or the Notice of Compliance, call 503-947-7814.

Penalties for Noncompliance

If the Workers' Compensation Division discovers you do not have required workers' compensation coverage, you will be subject to a fine. The penalty for a first offense is two times the amount of premium you should have paid for insurance, with a minimum of \$1,000. If you continue to employ without coverage, the penalty could be up to \$250 per day of noncompliance with no limit on the total fine. The Workers' Compensation Division may seek a court injunction to force you to stay in compliance; if you disobey the injunction, you are subject to additional sanctions including possible jail time.

The expenses that result when a worker is injured can be even more costly than the penalties. By law, a noncomplying employer is financially responsible for the same benefits insured workers receive. The law requires that a certified claims agent process the claim and you pay the fee for this processing on top of the claim benefit costs. The total bill can be hundreds of thousands of dollars. Bankruptcy cannot protect you from certain noncomplying employer obligations. Business owners cannot avoid personal liability by forming a corporation or limited liability company, because corporate officers, directors, limited liability company members, and managers are personally liable for penalties and claim expenses. In addition, lawsuit protection does not apply to a noncomplying employer; an injured worker can also file civil suit against a noncomplying employer and collect whatever amount the court awards.

Worker's Compensation Assessments

Employers pay an assessment on workers' compensation insurance premiums through their insurer to the Department of Consumer and Business Services. This premium assessment pays certain costs of the department's operations.

Another assessment, the Workers' Benefit Fund (WBF) assessment, is used to fund the Workers' Benefit Fund maintained by the department. The WBF assessment rate is determined annually, and employers are notified by mail during the fall of the rate for the upcoming year. The total WBF assessment is calculated based on the number of hours or part of an hour each employee works. Half is withheld from the employee's wages and half is paid by the employer. The employer reports and pays the total amount with other state payroll taxes through Oregon's Combined Payroll Tax Reporting System.

The WBF assessment is used to fund programs that assist workers and the dependents of those workers. Part of this money is used to increase monthly payments to workers who are permanently and totally disabled and to surviving spouses and children of workers who have died as the result of an occupational injury or illness.

The WBF assessment is also used to encourage the employment or reemployment of previously injured or disabled workers. The Workers' Compensation Division offers two programs through its Employment Services Team to encourage and support the reemployment and early return to work of injured workers. The Employer-at-Injury and Preferred Worker programs offer work site modification, wage subsidy, premium exemption relief, and subsidy of the cost of tools, equipment, and other related items required for employment. Employers interested in hiring employees who qualify for the Preferred Worker Program (PWP) can contact the program directly by phone at 503-947-7588 or 1-800-445-3948 (toll-free), or email pwp.oregon@dcbs.oregon.gov.

Reports Due Each Quarter

All employers who are required by law or elect to carry workers' compensation insurance are required to report and pay the Workers' Benefit Fund assessment. You report and pay this assessment using Oregon combined payroll tax forms (Form OQ and Form OTC), along with other State payroll taxes administered by the Oregon Department of Revenue and Employment Department.

If you must report and pay withholding, unemployment, or transit taxes, see the section "File Combined Employer's Registration Form" for information on registering for this combined filing. If you are not subject to these other payroll taxes, but carry workers' compensation insurance in Oregon, the Workers' Compensation Division will register you for a State business identification number (BIN) and send you Oregon combined payroll tax forms for reporting and paying the Workers' Benefit Fund assessment. Employers generally must file these reporting forms quarterly by the last day of the month following the end of each calendar quarter. Some agricultural and domestic (in-home) employers are eligible to report their payroll taxes, including the WBF assessment, annually. See section, "[Workers' Benefit Fund \(WBF\) Assessment](#)" in this guide for more information.

The total assessment amount is due by the quarterly reporting date. Payments can be made electronically by logging into Revenue Online at www.oregon.gov/dor.

Log in, select "Withholding Payroll," and click on "I want to make an OTC payment."

To pay by mail, use paper Form OR-OTC-V. To order OR-OTC-V forms, go to <http://www.oregon.gov/employ/businesses/tax> or call 503-378-4988. Submit Form OR-OTC-V and payment to:

Oregon Department of Revenue,
PO Box 14800,
Salem, OR 97309.

Employers who file reports after the due date or who fail to pay their assessments on time may be subject to penalties, in addition to interest and assessment owed.

For more information on reporting and paying the WBF assessment, write or call:

Department of Consumer and Business Services
CSD Assessments Unit
PO Box 14480
Salem, OR 97309-0405
503-378-2372
Email: wbfassess.fabs@dcbs.oregon.gov
Internet site: <http://www.oregon.gov/DCBS/Pages/wbf.aspx>

Worker's Compensation Assistance

The Small Business Ombudsman for Workers' Compensation serves as an independent advocate for small businesses by providing information and assistance regarding workers' compensation insurance and claims processing matters. Contact the ombudsman in Salem by calling 971-673-2895, or visit <http://www.oregon.gov/DCBS/SBO/Pages/sbo.aspx>

The Secretary of State's Office of Small Business Assistance assists small businesses and nonprofits with questions, concerns, and complaints about state or local government. Contact them through their toll-free number, 1-844-469-5512, via email at Business.SOS@oregon.gov, or on the internet at <http://sos.oregon.gov/BusinessSOS>.

Oregon Minimum Wage

In 2016, the Oregon Legislature made significant changes to the state minimum wage law. In addition to a new "standard" state minimum wage rate, the law sets out separate wage rates that apply to employers who employ employees in an urban growth boundary (UGB) of a metropolitan service district in the state (currently, only the Portland metropolitan area has such an urban growth boundary), and to employers with employees in specific "nonurban" counties identified in the law. Minimum wage rates

have been established for the three minimum wage regions, increasing July 1 of each year through June 30, 2022. Effective July 1, 2023, the state “standard” minimum wage rate will be adjusted annually based on any increase to the U.S. City Average Consumer Price Index for All Urban Consumers, with the UGB rate set at \$1.25 per hour over the standard minimum wage rate, and the “nonurban county” rate at \$1.00 per hour less than the standard minimum wage. For information on the current or scheduled minimum wage rates, contact the [Bureau of Labor and Industries](#) (BOLI) at 971-673-0824 or TA.Email@boli.oregon.gov

Employee Health Insurance Assistance

Through special benefits and reforms, the State of Oregon is making health insurance more available and affordable for employers, their employees, and employees’ dependents.

The first step to considering whether to offer health coverage to your employees is to understand the health coverage options available in Oregon:

- **Employer-sponsored group coverage**
 - Small employers with 50 or fewer employees may be eligible for small group coverage.
 - If you have fewer than 25 FTE (full-time equivalent), you may be eligible for the Small Business Health Care Tax Credit (see below).
 - Large employers with more than 50 FTE must offer employer-sponsored health coverage to their employees that meets the [employer shared responsibility provisions](#) (go.usa.gov/xt335).
- **Individual health coverage**
 - Oregon Health Plan
 - Individuals and families who work part time may qualify for Oregon's Medicaid program, also called the Oregon

Health Plan, which is free coverage for low-income Oregonians.

- To find out more about the Oregon Health Plan visit OHP.Oregon.gov.

- Private health insurance

- People who are not offered employer-sponsored health coverage, Oregon Health Plan, or Medicare can purchase health coverage through a health insurance company or through the Marketplace.
- Financial help is available through the Marketplace to reduce the monthly premium and out-of-pocket costs.
- American Indians and Alaskan Natives may qualify for [additional savings and protections](https://go.usa.gov/xt339) (go.usa.gov/xt339) through the Marketplace.
- Oregonians can preview plans and savings available to them at OregonHealthCare.gov/WindowShop.

- Medicare

- Federal health coverage program through Social Security for people who are 65 or older, are on Social Security Disability for 24 months, or have end-stage renal disease (ESRD).
- For assistance with Medicare, contact the Oregon Senior Health Insurance Benefits Assistance (SHIBA) program at 800-722-4134 (toll-free) or visit SHIBA.Oregon.gov.

- **Association health plans**

- Association health plans allow many small- to medium-sized companies to come together under one health plan, potentially reducing costs and increasing benefit options.
- There are regulations around these entities and criteria to participate, but coverage is not regulated or guaranteed for essential health benefits or pre-existing conditions.

- **Health reimbursement arrangements**
 - HRAs allow employers to contribute pre-tax funds to help employees pay for medical expenses.

Small-group coverage

Small-group coverage is available year-round, unlike individual health insurance, which has a set enrollment window.

If you have at least one employee who receives a W-2, you can purchase coverage for yourself and your workers at any time. Small businesses with one to 50 employees can purchase a plan from any insurer offering a small-group plan in Oregon.

Note: Employees who are offered employer-sponsored coverage likely are not eligible for financial assistance through HealthCare.gov.

If you are not currently offering health insurance, but want to get an estimate of what offering coverage through a Marketplace certified plan may cost, use our [premium calculator](#). You can then use that information to use the [tax credit estimator](#) (go.usa.gov/xt33D).

If you need help getting more information about these plans or other available options, please contact a licensed agent. You can find a local agent at OregonHealthCare.gov/GetHelp.

Don't have employees?

An individual can apply for financial help and enroll in individual coverage through HealthCare.gov:

- During open enrollment, Nov. 1 to Dec. 15.
- Year round through the Oregon Health Plan.
- During a special enrollment period. This is a 60-day period that can be triggered by certain life events, such as getting married, having a baby, or losing other health insurance coverage.

Coverage for family members

Can your organization sponsor health coverage for additional family members? If not, the family may get a better deal through HealthCare.gov (possibly getting financial assistance) or through the Oregon Health Plan if they are eligible, rather than being offered full-cost coverage through a family member's employer. Being offered full-cost coverage through an employer would make the family members ineligible for any financial help through the Marketplace.

Get free help on Health Coverage

Health coverage experts are available to assist individuals and employers with evaluating their health coverage options, applying for coverage and financial help, and enrolling in health coverage. Find an expert near you at OregonHealthCare.gov/GetHelp or contact the Oregon Health Insurance Marketplace at 855-268-3767 (toll-free).

Health Care Tax Credit

Small businesses with fewer than 25 full-time employees may be eligible for the Small Business Health Care Tax Credit if they choose one of the small-group plans certified by the Oregon Health Insurance Marketplace. If your business qualifies, the tax credit may cover up to 50 percent of the employer paid premiums.

Tax-exempt nonprofits also qualify for a tax credit up to 35 percent of premiums paid. For nonprofits, the credit is actually a refund on quarterly payments made to the IRS for income tax withholdings or Medicare withholdings from employee wages.

Small Business Guide to Insurance and Worksite Safety

The Department of Consumer and Business Services regulates areas ranging from insurance to worksite safety that are important to small employers. As a business owner, understanding the types of insurance that can protect your investment and what you can do to promote worksite safety is key to your success. The [Oregon Small Business Guide to Insurance and Worksite Safety](#) provides an overview of these topics, along with contact information so you can easily obtain more detailed information.

Retirement and Savings Programs – OregonSaves

OregonSaves is the state of Oregon's retirement savings program that provides workers with an easy and automatic way to save for retirement. OregonSaves ensures that every worker in our state has the option to save, regardless of situation—that includes workers in industries that have typically been excluded from other programs and benefits.

Employees in the psilocybin ecosystem can currently sign up for OregonSaves as an independent saver. The OregonSaves account will automatically withdraw from their personal bank account and can help employees stay on an investment path that supports their retirement and long-term financial stability, including building wealth for future generations. OregonSaves accounts are connected to the individual account holder and travel with them from job-to-job, offering flexibility to those who have typically been shut out of easily saving for retirement because of non-traditional work situations.

At this time, we encourage all employers to share OregonSaves information with their employees. You can direct them to the “Savers” webpage at: <https://www.oregonsaves.com/savers>. More information and helpful resources can also be found at: <https://www.oregonsaves.com/help-resources/program-resources>.

Paid Leave Oregon

Paid Leave Oregon is a new program that allows workers in Oregon to take paid time off for some of life's most important moments that impact our families, health and safety.

What is Paid Leave Oregon?

What life events can employees take paid time off for?

- Family Leave – to care for a family member with a serious illness or injury, or to bond with a new child after birth, adoption or foster care placement.
- Medical Leave – during one's own serious health condition.
- Safe Leave – for survivors of sexual assault, domestic violence, harassment, or stalking.

When does Paid Leave Oregon start?

- Contributions start Jan. 1, 2023
- Benefits start Sept. 3, 2023
- Assistance grants start Sept. 3, 2023

Which employers and employees are covered?

Paid Leave Oregon covers almost every Oregon employer, and almost all employees in Oregon are eligible for benefits. This includes small and large employers, non-profits, charities, and faith-based organizations. Exceptions are:

- Federal employers and their employees
- Tribal governments and their employees (may choose coverage)
- Self-employed individuals or independent contractors (may choose coverage)

How is Paid Leave Oregon funded?

Employers and employees pay for paid Leave Oregon. Employers pay 40% and employees pay 60% of the contribution rate, which is 1

percent for 2023. (Visit the Paid Leave Oregon [website](#) for updated contribution rates as it may change from year to year).

- On Jan. 1, 2023, if you're an employee, you'll start seeing a small deduction from your paycheck. It will not be more than 0.6% of the employee's gross wages.
- Employers with 25 or more employees will also start paying into the program on Jan. 1, 2023. Small employers with less than 25 employees do not need to contribute, but will still need to collect and submit employees' share.

Employer responsibilities

All employers with employees working in Oregon are required to:

- Report quarterly employee wages for those working in Oregon and employee counts for both Oregon employees and those that work in other state(s) on the Oregon Quarterly Tax Report (Form OQ)*.
- Withhold and submit the employee portion of contributions (or cover some or all those contributions for their employees as an employer-offered benefit).
- Pay the employer portion of contributions (unless exempt from paying employer contributions as a small employer).
- Inform employees about Paid Leave Oregon.
- Restore employees to their position after taking paid leave if the employee has worked 90 consecutive days or more for the employer.
- Display the Paid Leave Model Notice Poster in each building or worksite in an area that is accessible to and regularly frequented by employees.
- Provide Model Notice Poster to remote-work employees by hand delivery, electronic delivery, or regular mail upon the employee's hire or assignment to remote work.

*Agricultural employers are required to report quarterly for Paid Leave Oregon purposes. Domestic employers may report annually for Paid Leave Oregon purposes.

Who is an Employee?

An employee is anyone who performs services for pay for another person or organization under any contract of hire, written or oral, express or implied. It also includes a home care worker. An employee does not include an independent contractor or a volunteer.

How to Register

Frances Online is Oregon's payroll contributions reporting system. It has replaced the Oregon Payroll Reporting System (OPRS) and the Employer Account Access (EAA) portal. Frances Online is where you, as an employer, will file your payroll report, including Paid Leave Oregon contributions. You can register and easily create an account today! To get help with questions or learn more about Frances Online, go to francesinfo.oregon.gov

Reports Due

In addition to the Oregon Combined Payroll Tax report, employers that are required to report Paid Leave Oregon employee and/or employer contributions, must report employee wage detail information and employee count. Reports are due quarterly, by the last day of the month following the end of each calendar quarter, for all employers except domestic employers. Domestic employer reports are due annually, by the last day of the month following the end of the calendar year.

Penalties

If an employer fails to file or complete all required reports or pay all required contributions prior to Sept. 1 of each year, the department will assess a penalty equal to 1 percent of the employee wages in the previous calendar year. The department will notify the employer using their preferred method, mail or electronically as indicated in the department's records, on or before Oct. 20 of the year. The penalty will become final on Nov. 10 immediately following the assessment.

Learn more about Paid Leave Oregon:

Website: paidleaveoregon.gov

Phone number: 833-854-0166 (toll-free)

[Contact form](#)

Combined Payroll Tax Requirements

Combined Employer's Registration

Before issuing any Oregon paychecks, an employer is required to register with the State of Oregon by filing a Combined Employer's Registration form with the Oregon Department of Revenue to receive a Business Identification Number (BIN). **If you are not an employer and have no imminent plans to hire, you do not need a BIN.** The Combined Employers Registration Form (Form 150-211-055) can be found in [PDF format](#). An EIN is required in order to get a BIN. **Incomplete registrations will not be processed.** If you do not have access to a computer, you can call the Department of Revenue at 503-945-8100 to request a copy of the form. Fax or mail the registration to the address at the bottom of the form (ORS 316.202 or OAR 150-316-0355).

Note: Employers must complete a new Combined Employer's Registration form (as well as a Business Change in Status Form) if the structure of the business changes from a sole proprietorship to corporation or partnership, if the business ceases to be an employer or closes altogether.

Within three weeks, the Department of Revenue will assign your business a Business Identification Number (BIN). The BIN is the employer's account number used for all payroll taxes that are a part of the Oregon Combined Payroll Tax Reporting System. The Employment Department will send you information on options to file your quarterly payroll reports. Oregon payroll taxes include withholding, transit district taxes, the statewide transit tax administered by the Department of Revenue, unemployment insurance taxes administered by the Employment Department, and the Workers'

Benefit Fund assessment administered by the Department of Consumer and Business Services.

Read the separate sections in this guide on withholding (see [Oregon Withholding Tax](#)), unemployment insurance (see [Oregon Unemployment Insurance Tax](#)), and transit taxes (see [Transit District Taxes](#)) to determine if wages you are paying are subject to these taxes. There are differences among each taxing agency in who is considered an employer and an employee. Some wages may be subject to one tax, but not to another. A reference chart (see [Tax Liability Reference Chart](#)) compares the liability for withholding, unemployment insurance, and transit taxes for certain types of wages.

In addition, read the sections in this guide on workers' compensation insurance (see [Obtain Workers' Compensation Insurance](#)) and the Workers' Benefit Fund assessment (see [Workers' Benefit Fund \(WBF\) Assessment](#)) to determine whether you need workers' compensation insurance and are subject to the Workers' Benefit Fund assessment. Even though the law may not require you to carry workers' compensation insurance, if you choose to carry coverage or your workers are provided with coverage under House Bill 3618 (2010), you and your covered workers are subject to the Workers' Benefit Fund assessment.

For State Withholding, TriMet Transit, Lane Transit, or Statewide Transit payroll tax information, contact:

By mail:

Oregon Department of Revenue
PO Box 14800
Salem, OR 97309-0920

In person:

955 Center Street NE, Room 135
Salem, OR 97301-2555
503-945-8100

On the internet:

www.oregon.gov/DOR

Email questions answered at:

payroll.help.dor@oregon.gov

The **Payroll tax - News** email list provides employers with complete and up-to-date payroll tax information. Employers can [subscribe to this email list](#). Representatives in the Business Division will send information to employers through this list.

For Unemployment Insurance tax information, contact:

By mail:

Oregon Employment Department
875 Union Street NE
Salem, OR 97310
503-947-1488

On the internet:

www.oregon.gov/EMPLOY/TAX

For Workers' Benefit Fund assessment information, contact:

By email: WBFAssess.Fabs@dcbs.oregon.gov

By phone: 503-378-2378

By mail:

Department of Consumer and Business Services
CSD Assessments Unit
PO Box 14480
Salem, OR 97309-0405

On the internet:

<http://www.oregon.gov/DCBS/Pages/wbf.aspx>

Note: Most corporations, whether they are C or S corporations, are required to file the Combined Employer's Registration form for purposes of withholding and unemployment insurance taxes. Why? Because corporate officers receiving any remuneration for their services to the corporation are considered employees of the corporation.

Reporting Combined Payroll Taxes

You must file Oregon combined payroll taxes by the due date for as long as you maintain an account (have an active BIN) as an employer with the Oregon Department of Revenue, Employment Department, or Department of Consumer and Business Services, even if you had no payroll for the reporting period. Payroll reports must be filed if you had payroll, even though there may not have been any tax withheld (ORS 316.202 or OAR 150-316-0355).

How to determine which filing requirement applies to your situation:

- **Quarterly reporting due dates.** Due dates are the same for your Oregon report as for the federal quarterly return (federal Form 941). If the due date falls on a weekend or a holiday, you may file by the following day that is not a weekend or holiday:

Quarter	Period Ending	Return Due date
1 st Jan-Feb-Mar	March 31	April 30
2 nd Apr-May-Jun	June 30	July 31
3 rd Jul-Aug-Sep	Sept. 30	Oct. 31
4 th Oct-Nov-Dec	Dec. 31	Jan. 31

- **Quarterly filing requirement.** Most Oregon employers are required to file and pay their Oregon payroll taxes quarterly. However, certain smaller agricultural and domestic (in-home) employers are eligible to file annually. (See below.)
- **Filing requirements for agricultural employers.** Agricultural employers who file federal Form 943 (Employer's Annual Tax Return for Agricultural Employees) may file their Oregon withholding tax reports quarterly. To report withholding taxes annually, an agricultural employer may not have any employees who are not classified as agricultural. State withholding tax deposits are due the same time as federal deposits.

Even when an agricultural employer reports withholding taxes annually, whether that employer reports other payroll taxes annually or quarterly depends on the following:

- If the employer is subject to transit taxes or the Unemployment Insurance tax, all state payroll taxes other than state withholding must be reported quarterly.
- If the employer reports withholding taxes annually, and is not subject to transit taxes or the Unemployment Insurance tax, but is subject to the WBF assessment, the WBF assessment may be reported annually.

- **Filing requirements for domestic (in-home) employers.** Many domestic employers are subject only to the Unemployment Insurance tax, and may file quarterly using Form OQ or annually using Form OA Domestic. If you wish to change your filing method from quarterly to annually (or vice versa), a written request is required. While Oregon income tax withholding is not required for household employees, this tax may be withheld if the household employee requests this of their employer and the employer agrees. In addition to domestic employers (e.g. sororities, fraternities, and in-home care providers) who are required by law or who choose to provide workers' compensation insurance for their workers, employers of all personal support workers who are eligible for workers' compensation insurance coverage under House Bill 3618 (2010) must report and pay the WBF assessment on whatever schedule is used for Unemployment Insurance taxes.
- **Annual reporting due date.** Form WA, Form STT-A, Form OA Domestic, and Form OQ for agricultural annual filers of the WBF assessment are due January 31 after the tax year.
- **Annual reconciliation (Form WR) due date.** Form WR is due January 31st and is required to be filed electronically through Revenue Online.
- **Statewide Transit Tax.** Most employers and payers are required to file the STT-1 and STT-2 quarterly. However, agricultural workers can file this form annually, and if some employers have a total tax for the year of \$50.00 or less, they can request to file annually. For more information, please visit <http://www.oregon.gov/DOR/programs/businesses/Pages/statewide-transit-tax.aspx>.

Reporting Options

- **Telephone (IVR)** - If you have no payroll or subject hours to report for all payroll tax programs, you can file a "no payroll/no hours worked" report by telephone, 24 hours a day, 7-days-a-week. Call 503-378-3981. The system does not issue a confirmation number and only accepts your report after you complete the entire call.

- **Paper** - Oregon Combined Payroll Tax Reports – If you do not have access to a computer and need to request a paper Oregon Combined Payroll Tax Report packet, call the Oregon Employment Department at 503-947-1488, or go to <http://findit.emp.state.or.us/tax/forms.cfm>.
- **Frances Online** - File your combined payroll taxes using the Oregon Employment Department's new, modernized system, Frances, providing one account to manage payroll reporting for both UI Tax and PFMLI contributions. More information is available at: <https://www.oregon.gov/employ/frances/Pages/default.aspx/>

Payroll Tax Filing Forms

Forms and filing instructions for filing payroll taxes can be ordered from the [Oregon Employment Department website](#). If you use a payroll service, you may not be familiar with this information. Lack of familiarity with this information is not a good reason for failure to file a report or failure to pay the tax by the due date. If you need filing information, call the Oregon Employment Department at 503-947-1488 or go to www.oregon.gov/payrolltax

Payment Address

Every December, the following year's supply of Form OTC (Oregon Combined Tax Payment Coupon) is mailed to registered employers who are not paying electronically. Send all payments directly to the Oregon Department of Revenue, PO Box 14800, Salem, OR 97309-0920. Send a coupon with every payment, including payments you make with reports. Do not substitute Form OTC with Form OQ. To learn more about paying electronically, see the Electronic Funds Transfer (EFT) section below.

Electronic Funds Transfer (EFT)

If you have an existing account set up with EFT you can pay through this process. We are not accepting new accounts. You can pay electronically

through Revenue Online. You can make EFT payments through Revenue Online, DOR's self-service site, or through your financial institution. To learn more about Revenue Online or to make an EFT payment, visit www.oregon.gov/dor.

You must pay your Oregon combined payroll taxes electronically if you pay your federal tax liability electronically. If you do not meet the federal requirements for mandatory participation in the EFT program, you may participate voluntarily.

Final Payroll

If you have stopped doing business or no longer have employees, you can close your Oregon combined payroll tax account. To close your account for withholding, unemployment insurance, and transit tax purposes, you must fill out the [Business Change in Status Form](#) and fax to 503-947-1700 or mail it to Employment Department, 875 Union Street NE Room 107, Salem, OR 97311-0030. The form is available online at <http://www.oregon.gov/DOR/programs/businesses/Pages/default.aspx>

Filing the Business Change in Status Form alone will not close your combined payroll tax account for purposes of the WBF assessment. You remain liable for reporting the WBF assessment so long as you have active workers' compensation insurance in Oregon. Not all businesses choose to cancel their workers' compensation insurance when they cease to have payroll (particularly if they anticipate it being temporary). Therefore, the Department of Consumer and Business Services cannot rely on the Business Change in Status Form alone to close your WBF assessment account.

If you have closed your business or no longer have employees and wish to cancel your workers' compensation insurance policy, you must contact your workers' compensation insurance company. Your WBF assessment account will remain open for as long as your workers' compensation insurance coverage is active and on file with the state of Oregon. If you have canceled your coverage or maintain coverage with no covered individuals, you can expedite termination of your WBF assessment reporting liability while you

have no coverage or no covered workers by completing the “Corrections and Changes Notification for WBF Assessment” form. This form is available from DCBS by calling 503-378-2372 or by going to https://wcd.oregon.gov/WCDForms/211_158.pdf.

Keep Your Records

Workers’ Benefit Fund assessment-related payroll records must be kept for the current and three previous years. All other payroll records (including withholding tax information) must be kept for at least six years after you file the reports.

Oregon Withholding Tax

The Oregon Department of Revenue is responsible for administering the state’s withholding tax program. The department understands that the many withholding laws, regulations, and requirements can be confusing for employers. The following information is intended to answer employers’ questions and concerns about withholding taxes. The department encourages you to call 503-945-8100 if you need additional information, or you may email questions to Payroll.help.dor@Oregon.gov.

Employers with employees who live or work in Oregon must:

- Withhold tax from employee wages at the time the wages are paid.
- Make payments using the same due dates for federal withholding tax and FICA tax deposits.
- File combined tax returns in addition to making the required payments.

According to Oregon law for withholding tax purposes, an employer is defined as:

- A person or an organization for whom a worker performs a service as an employee, or
- A person who has the right to hire and fire an employee, or
- A person who provides the tools and a place to work, or
- A person who directs and controls the work of another person, or
- An officer or employee of a corporation who is responsible to comply with withholding tax provisions of the income tax law, or
- A member or employee of a partnership who is responsible to comply with withholding tax provisions of the income tax law.

An employer may be an individual, corporation, partnership, estate, trust, association, joint venture, or other unincorporated organization. Religious, educational, charitable, and social organizations can also be employers, even though such organizations may be exempt from paying tax.

Government agencies—federal, state, or local—are required to withhold tax, file reports, and make payments the same as any other employer.

Oregon withholding tax law does not specifically exempt any type of employer, but it does exempt certain types of wage payments, (see [Oregon Withholding Tax/Exempt Wages](#) in this guide).

Oregon requires some employers to withhold state tax even though they do not have to withhold federal tax. For example, a worker may be recognized by the federal government as an independent contractor. However, that same individual may be regarded by the state as an employee, and the worker's employer is required to withhold state income tax.

To determine payment dates for Oregon withholding tax, these employers need to figure their federal withholding tax as if they were required to withhold it. To avoid calculating federal tax, employers may elect to pay Oregon withholding tax after each payroll.

Oregon-Based Employers

You must withhold tax from all wages paid to Oregon resident employees, including wages earned outside of Oregon.

You must also withhold tax from all wages paid to non-resident employees for work performed in Oregon. No Oregon withholding is required when a non-resident employee performs work outside of Oregon.

Employers who pay wages to Oregon residents may be relieved of the duty to withhold where it can be shown to the satisfaction of the department that each employee will receive \$300.00 or less from that employer in a calendar year (ORS 316.167 or OAR 150-316-0255).

Out-of-State Employers

You must withhold tax from all wages paid to Oregon residents earned in the state of Oregon.

Employers must also withhold tax from all wages earned by non-resident employees for services performed in Oregon, unless the earnings for the year will be less than the standard deduction for their filing status. (Non-resident employees earning over their standard deduction are required to file an Oregon Tax return).

Non-resident employees may earn less than the standard deduction in wages but still request withholding because they have additional Oregon income from other sources.

The Oregon Department of Revenue cannot require withholding when the services are performed for an out of state employer who does not have employees working in Oregon. However, we ask employers to register and withhold tax from wages paid to Oregon residents as a courtesy (ORS 316.167 or OAR 150-316-0255).

Taxable Wages

Employers must report all taxable wages on Oregon combined payroll tax reports. Wages subject to Oregon withholding tax include salaries,

commissions, bonuses, wages, tips, fees, or any other item of value paid to an individual for services as an employee. Property or services you give to an employee may also be taxable. Taxable items include; merchandise, stocks, bonds, room, board, or other considerations given in payment for the employee's services.

The value of meals or lodging furnished for the convenience of the employer is not taxable. In addition, a dwelling furnished to a minister or a rental allowance, if the allowance is used to rent or to provide a home for the minister, is exempt from withholding tax.

Also, an employer must withhold tax:

- On wages paid when an employer-employee relationship exists between a married couple.
- On wages paid to minors for bona fide personal services rendered to their parents.
- On payments by a corporation, including S corporations and professional corporations, to a corporate officer for services, including guaranteed wage payments for services.

Reimbursable Expenses

Reimbursable expenses paid to an employee are not subject to withholding tax, but you must specifically identify such payments when wages and reimbursement of expenses are in a single payment. If an employee received a definite hourly, weekly, or monthly salary, you must withhold tax on the entire amount, even though the amount includes an estimate of expenses. Only reimbursement based on actual expenses is exempt from withholding tax.

Withholding on Distributions from IRAs, Annuities, and Compensation Plans

The withholding of taxes from commercial annuities, employers, deferred compensation plans, and individual retirement plans is mandatory. However, an individual may elect to have no withholding, unless the payments are wages (ORS 316.189).

The payee gives a completed Form OR-W-4 showing Oregon withholding exemptions to the payer. The payer treats the payments as wages and figures Oregon withholding using the tax tables furnished by the Oregon Department of Revenue. The amount of withholding per payee must be \$10 or more. Withholding rate for lump sum distributions (this is a one-time only distribution) is eight percent. The payer will issue 1099Rs to payees at the end of the year.

Payers of a plan must register to withhold by completing the “Registration Report, Withholding on IRAs, Annuities, and Compensation Plans” form (150-211-054). If you have a business identification number for employee payroll, you will need a separate BIN to report and pay withholding on your distributions. You can download the Registration Report from www.oregon.gov/DOR.

What about Farm Workers?

Employees, who plant, cultivate, or harvest seasonal agricultural crops, are subject to withholding once they earn \$300 in a calendar year from a single employer. When the amount is \$300 or more, the entire amount, including the first \$300, is subject to withholding tax. A seasonal agricultural crop requires an annual, or less-than-annual, season to mature. The crop is harvested at the end of its season.

Employers must withhold tax on all wages of regular farm employees, even though part of their work may involve planting, cultivating, or harvesting. Employers must withhold tax on all wages paid for such seasonal activities as canning or other food processing, logging, and sheep shearing. Those activities are not connected with planting, cultivation, or harvesting seasonal agricultural crops.

Labor connected with the following is not considered seasonal agricultural crops:

- a. Forest products;
- b. Landscaping;
- c. Nursery stock as defined in ORS 571.005 unless planted, cultivated, and harvested within an annual period;
- d. Raising, shearing, feeding, caring for, training, or management of livestock, bees, poultry, fur bearing animals, or wildlife.

Exempt Wages

The withholding law exempts wages paid for certain kinds of services and labor. **However, the wages may be subject to Oregon income tax.** If you are not sure whether the wages you pay are exempt from withholding, call the Oregon Department of Revenue, 503-945-8100, option 2, option 1. The following is a list of the kinds of services and labor specifically exempted.

- a. Domestic services in a private home, local college club, or local chapter of a college sorority or fraternity. Write clearly “domestic” on the wage statement (Form W-2, copy 1). This exemption does not apply to wages paid to an employee who performs both domestic and business services for the same employer.
- b. Casual labor that is not in the regular course of the employer’s business. You are required to withhold tax for substantial labor that is not related to your business, such as the construction of a private home.
- c. Persons temporarily employed as emergency forest firefighters.
- d. Employee trusts exempt from tax under provisions of the federal Internal Revenue Code.
- e. Seamen who are exempt from garnishment and attachment under Title 46 of the United States Code.
- f. Active service in armed forces.

- g. Employees of air carriers who earn less than 50 percent of their compensation in Oregon, unless they are Oregon residents.
- h. Nonresident employees engaged in interstate commerce (e.g. railroad, trucking, or bus employees) having regularly assigned duties in more than one state.
- i. Services real estate salespeople provide to real estate brokers. Oregon follows federal law in permitting real estate brokers to treat salespeople as self-employed individuals. However, the broker and salesperson must have a contract that provides that the individual is not an employee for Oregon tax purposes. A real estate salesperson's income from commissions on sales is not subject to withholding by the broker.
- j. Services provided by direct sellers of consumer products. See ORS 316.209.
- k. A seasonal farm laborer whose total annual income from a single employer is less than \$300. When the amount is \$300 or more, the entire amount, including the first \$300, is subject to withholding tax. The employer may elect to withhold 2 percent of the total wages without considering any withholding exemptions.
- l. Duly ordained, commissioned, or licensed ministers of a church, when performing the duties of the ministry, and members of a religious order when performing religious duties required by the order.
- m. To or on behalf of an employee, a beneficiary of an employee or an alternate payee under or to an eligible deferred compensation plan that, at the time of the payment, is a plan described in section 457(b) of the Internal Revenue Code and that is maintained by an eligible employer described in section 457(e)(1)(A) of the Internal Revenue Code.
- n. Nonresident individual working on one of the following hydroelectric dams: The Dalles, McNary, John Day, or Bonneville.
- o. Nonresident individual working on a vessel operating on the navigable waters of more than one state.

- p. Independent contractors as defined in ORS 670.600. See the section “[Who Is An Independent Contractor?](#)” for independent contractor standards. For additional information go to www.Oregon.gov/ic.

How to Compute and Pay Withholding Tax

The Oregon Department of Revenue reviews withholding tables annually. To figure the amount of tax to withhold from an employee’s wages:

- Use the Oregon Withholding Tax Tables. This information is available on the internet at <http://www.oregon.gov/DOR/forms/Pages/default.aspx>. If you do not have internet access, you may call 503-945-8091 or 503-378-4988.
- For computer payroll systems, use the percentage formula in the Oregon Withholding Tax Tables, available on the internet at <http://www.oregon.gov/DOR/forms/Pages/default.aspx>.

Allowances

When figuring withholding tax, use the number of allowances claimed by an employee on Form OR-W-4 or IRS Form W-4 or W-4P. If an employee did not file a Form W-4 or W-4P, use single -0- allowances.

Do not use the allowances on Form OR-W-4 or W-4 if the Oregon Department of Revenue or the IRS tells you not to use the allowances.

The law requires employers to send a copy of Form OR-W-4 to the Oregon Department of Revenue, PO Box 14560, Salem, OR 97309, within 20 days after receiving it if the employee claims:

- More than 10 allowances for federal or state purposes, or
- Exemption from withholding, and the employee’s income is expected to exceed \$200 per week for both federal and state purposes, or
- Exemption from withholding for state purposes but not federal purposes.

Note: You must honor the Form OR-W-4 or W-4 filed by the employee until you receive a determination letter from the Department of Revenue or the IRS.

Voluntary Withholding for Civil Service Annuitants

Civil Service annuitants who prefer voluntary withholding of state income tax from their retirement pay may make the request in writing to: Office of Personnel Management, PO Box 961, Washington, DC 20044-0001.

Alternatively, civil service annuitants may call 1-800-409-6528 and use the Interactive Voice Response unit to execute the request. The amount of withholding per annuitant must be \$10 or more, per payment period.

Voluntary Withholding for Retired Members of the Armed Forces

Members of the armed services may elect to have state income taxes withheld from their retirement pay. State taxes will be withheld upon request to the appropriate retirement pay office of a service branch. The amount of withholding per retiree must be \$10 or more per payment period. For more information, call 503-945-8100. Refer to OAR 150-316-0320.

Common Pay Agent

Oregon law does not allow combined payroll taxes to be reported by a Common Pay Agent as defined in IRC Section 3504.

Payment Due Dates

Due dates for paying Oregon withholding tax are the same as due dates for depositing your federal tax liability. New employers must deposit monthly until they have a lookback period.*

GUIDELINES FOR OREGON WITHHOLDING PAYMENT DUE DATES

If your total federal tax liability is:	Oregon withholding tax payments due:
• Less than \$2,500 for the quarter	within 30 days after the end of the quarter
• \$50,000 or less in the lookback period*	by the 15 th of the month following payroll
• More than \$50,000 in the lookback period*	Semiweekly Deposit Schedule <u>If the day falls on a: Then pay taxes by:</u> Wednesday, Thursday, <u>and/or Friday..... the next Wednesday</u> Saturday, Sunday, <u>Monday, and/or Tuesday . the next Friday</u>
• \$100,000 in a single pay period*	within one banking day

*The lookback period is the 12-month period that ended the preceding June 30. The lookback period for agricultural employers is the calendar year prior to the year just ended.

Alternative Payment Method

Multi-state employers who find federal withholding methods create a burden for them that other similar employers do not share, may request a different method of withholding tax payments in writing to Withholding Manager, Department of Revenue, 955 Center Street NE, Salem, OR 97301-2555. Include the following information: business name of employer, Oregon business identification number, nature of burden, remedy requested, and proposed effective date of modified withholding method. You cannot use the proposed alternative withholding method until the Department of Revenue approves the request in writing and designates a date of a change. Refer to ORS 316.191.

Annual Withholding Reconciliation Report

All Oregon employers must electronically file an Oregon Annual Withholding Reconciliation Report (Form OR-WR). This report is due by the last day of January after the tax year. If you stop doing business during the year, this report is due within 30 days from your final payroll. ORS 316.202(3) and OAR 150-316-0359(3)

W-2 and 1099 Forms

Preparing Annual Wage and Tax Statement

Employers must prepare the annual wage and tax statement (Form W-2) on the combined six-part federal-state form or an approved substitute form. Employers must give each employee three copies of the W-2 Form no later than January 31 of the next year.

If an employee leaves the service of an employer before the close of the calendar year and the employee requests a copy of the wage statement, the employer must provide that wage statement to the employee within 30 days from the last payment of wages.

If you need to correct a W-2 Form after it has been distributed, you must distribute the corrected statement and all copies the same way you distributed the original. If a W-2 Form is destroyed or lost, give the employee a substitute copy and clearly write on the form “**Reissued by employer.**”

Reporting W-2 information

All business and payroll service providers are required to report W-2 information electronically. Refer to OAR 150-316-0359.

The Oregon Department of Revenue will follow the same file specification for the W-2 information as the Social Security Administration. You can prepare and file W-2 forms or check names and social security numbers online with the [Social Security Administration](#).

The transmittal due date is January 31 of the current year. Form W-2 must be filed electronically only; paper W-2s or other forms of media are not accepted. The Oregon Department of Revenue will assess penalties against an employer if W-2 information isn't received in a timely fashion by the department or if the Form W-2 is submitted with incorrect or incomplete information.

The department may grant an exception to the filing requirement if the payer can prove undue hardship. Undue hardship is based on the facts and circumstances specific to each payer and determined on a case-by-case basis.

You can [view more information online](#).

Reporting 1099 Information

Businesses with one or more of any one type of information return (1099-MISC, 1099-K, 1099-NEC, 1099-G, 1099-R, and W-2G) are required to file electronically (OAR 150-314-0140).

The Oregon Department of Revenue will follow the same file specification for the 1099 information as the Internal Revenue Service. View information on [Filing Information Returns Electronically](#).

The transmittal due date is January 31 of the current year for W-2s and 1099s with information in Box 7; all other 1099s are due by March 31. The forms are filed electronically only; paper returns or other media are not accepted. The Oregon Department of Revenue will assess penalties against an employer if an information return isn't received in a timely fashion by the department or if an information return is submitted with incorrect or incomplete information.

You can [view more information online](#).

Penalties and Interest

Employers act as trustees for their employees' withheld taxes. As a trustee, you are subject to the same penalty and interest for late payments or for

failure to file personal income tax that applies to individuals. To avoid penalty and interest, make your withholding payments when they are due and file your Oregon combined tax reports by the due date.

Interest:

- You will be charged interest on any remaining tax not paid by the due date. Interest rates are subject to change annually.

Penalties:

- You will be charged a 5 percent late-payment penalty on any unpaid tax after the payments due date.
- You will be charged an additional 20 percent penalty on any unpaid tax as of the due date and if FORM OQ is filed more than one month late.
- You will be charged an additional 25 percent penalty if DOR determines and assesses the tax that should have been reported by the due date.
- You will be charged a 100 percent penalty on unpaid tax due if Forms OQ are not filed for three consecutive years, or 12 consecutive quarters depending on how you file.

Failure to File

Only numerical information entered in the state withholding tax column on the Oregon combined payroll tax report will be considered a filed return for that tax by the Oregon Department of Revenue. If you enter something other than a number in a state withholding tax column or leave that column blank, we will conclude you are not filing a return for purposes of state withholding tax.

If an employer is subject to, but does not file a return for, state withholding, the Oregon Department of Revenue will assess tax based on the best information available for the period. Penalty and interest will be charged on the amount assessed. The department may issue a warrant and garnishment to enforce collection. The amount may become a lien against any property you own or purchase.

Dishonored Checks or Electronic Payments

The Oregon Department of Revenue may assess a penalty of \$25 up to \$500 on dishonored checks or electronic payments. This is in addition to all other penalties. This penalty shall be imposed only if the employer has submitted a prior dishonored check or electronic payment. Refer to ORS 305.228.

Bonding Requirements

An employer whose withholding tax payment is delinquent may be required for one year to post a bond in an amount equal to the amount of tax due. The Department of Revenue may file a motion with the Oregon Tax Court to revoke business licenses of companies or individuals who refuse to comply with filing and payment requirements. For more information on bonding requirements, refer to OAR 150-316-0250.

The Director of the Department of Revenue may ask other state agencies to suspend licenses per ORS 305.385.

Liability

Employers are liable for the tax required to be withheld from wages. Corporate officers, partners, or responsible employees may be personally liable for any withholding tax a corporation or partnership fails to pay. Closing a business does not end an individual's liability; individuals may remain liable for the periods during which the business paid wages even after the business has closed.

A lender, surety, or other person supplying funds to an employer to pay employee wages also may be liable for the withholding tax under certain conditions.

More Information

If you have questions about Oregon withholding tax payments or returns, contact:

Oregon Department of Revenue
Business Division
PO Box 14800
Salem, OR 97309-0920

Internet: www.oregon.gov/DOR/programs/businesses/Pages/default.aspx

Email: payroll.help.dor@oregon.gov

Phone: 503-945-8100

DEPARTMENT OF REVENUE OFFICES

Cash payments can be made at any of these offices.

<u>Office</u>	<u>Office Address</u>
Bend	951 SW Simpson Ste. 100
Eugene	1600 Valley River Dr. Ste. 310
Gresham	1550 NW Eastman Pkwy. Ste. 220
Medford	3613 Aviation Way Ste. 102
Portland	800 NE Oregon St. Ste. 505
Salem Field	955 Center Street NE

Oregon Unemployment Insurance Contributions

The entire cost of unemployment insurance is supported by employers. It is based on the contributions levied on their subject payrolls. Certain nonprofit organizations and governmental units may reimburse instead of paying the contributions. Funds collected by the Employment Department to finance unemployment insurance are designated by law as “taxes” or “contributions.” All contributions collected from Oregon employers are deposited in a trust fund exclusively to pay for benefits to unemployed

workers. Special Payroll Tax Offsets may be authorized by the Oregon Legislature. These are not deposited as contributions in the Unemployment Insurance (UI) Trust Fund, but rather are collected as part of the UI Tax rate.

Subject employers must:

- Get a Business Identification Number (BIN):
- Complete and send a [Combined Employer's Registration Form](#) to the Oregon Department of Revenue.
- File quarterly reports. Employers who employ domestic (in-home) workers may file annual reports.
- Pay contributions when due.
- Maintain adequate payroll records.
- Inform the Employment Department of any change in status.
- Inform the Employment Department of any change in address using the Business Contact Change Form.

Who is an Employee?

An employee is any person under any contract of hire unless the services are specifically excluded from coverage under the law. Individuals who meet the statutory definition of an independent contractor are not employees and their compensation for services is not taxable wages. The definition of an independent contractor recognized by the Employment Department and Department of Revenue is in Oregon Revised Statute 670.600, which lists standards that must be met to be considered an independent contractor. Individuals who do not meet the standards are employees, and their compensation for services is taxable wages. See the section, "[Who is an Independent Contractor?](#)" in this guide for more information, or visit www.oregon.gov/IC .

The definition of “employee” for this tax comes from Oregon Revised Statute 657, which differs from common law and federal law. Taxable payroll is determined by law and may change from year to year. If you are uncertain whether to report a worker, call the Employment Department at 503-947-1488. For current information on taxable payroll, you can contact the Employment Department at 503-947-1488, or visit the website at www.oregon.gov/EMPLOY/TAX.

Unemployment Tax Rates

Unemployment Tax Rates are assigned in accordance with Oregon Law. New employers are assigned a “base rate” until they have had sufficient “experience” to qualify for an “experience rate”-based tax rate. This usually takes about three years. The 2021 Oregon Legislature passed House Bill 3389, which holds experience ratings for employers to their established 2020 experience rate for years 2022, 2023, and 2024. If an employer was at the base rate in 2020, they will retain that rate through the 2024 cycle.

Taxable payroll includes payroll for a maximum of 12 calendar quarters proceeding July 1 of each year. The first two quarters for which the employer is subject are not included in this computation.

Taxable payroll and the amount of unemployment benefits paid directly affect the tax rate. Each time a former employee collects unemployment insurance benefits, the employer account is charged, unless charges are “relieved.” Lower tax rates are assigned to employers whose unemployment charges are low in comparison to taxable payroll. Request a quarterly statement of charges from the Employment Department by calling 503-947-1488.

An employer’s experience rate may include the charges and payroll of all or part of any business or trade that has been transferred, sold or acquired. Tax rates are transferred from a former business if the new owner obtains all or part of a trade or business including employees; such transactions must be reported to the Employment Department, Contributions Section within 60 days of the date that the transaction became final.

Nonprofit Organizations

Nonprofit organizations are subject to Employment Department law. Each account is established as taxpaying. If the organization qualifies under Section 501(c)(3) of the Internal Revenue Code (IRC), it may choose to reimburse the trust fund for the amount of benefits paid instead of paying tax on its payroll.

A nonprofit organization that qualifies and elects to reimburse must post a bond or deposit with the Employment Department in an amount determined by statute (ORS 657.505). Once a nonprofit employer has exercised either option, it must remain in effect for two full calendar years. After that time period, a nonprofit employer may change options by filing a written request by January 31 of the year in which they wish to change their option.

If you would like more information about differences between the two programs, you may contact the Employment Department at 503-947-1488.

Religious Organizations

Religious organizations including schools, churches, and religious orders that qualify as subject employers under Employment Department law must pay state unemployment contributions on compensation paid to lay employees and clergy. As nonprofit organizations, religious organizations may elect to reimburse the fund instead of paying contributions if they qualify under section 501(c)(3) of the Internal Revenue Code.

Corporations

Corporations must pay unemployment insurance contributions on all compensation for services, including compensation received by corporate officers and shareholders. S corporations and professional corporations (PCs) are like all other corporations for unemployment insurance purposes.

Family-owned corporations may elect not to pay unemployment insurance contributions on corporate officers who are directors, have a substantial ownership interest, and are members of the same family. A single member

corporate officer/director is eligible for the exclusion.. To elect the exclusion, a Corporate Officer Exclusion (Form 2578) must be submitted to the Employment Department. If approved, the exclusion will be effective the first day of the calendar quarter in which the request is submitted.

Limited Liability Companies and Limited Liability Partnerships

Employment Department law excludes limited liability companies (LLCs) and limited liability partnerships (LLPs) from paying unemployment insurance contributions on compensation paid to their members and partners, regardless of their filing status with the IRS as a disregarded entity. LLC members may elect for UI coverage by submitting a written [Election to Cover](#) form or reporting their wages on their quarterly payroll report.

Reports Due Each Quarter

In addition to the Oregon Combined Payroll Tax report, employers subject to the Unemployment Insurance contributions must report employee wage detail information. Reports are due by the last day of the month following the end of each calendar quarter.

Delinquent Contributions and Late Reports

Employers who file reports after the due date, who file incorrectly formatted reports, or who fail to pay contributions in a timely manner may be subject to various penalties. These penalties are in addition to interest and contributions owed.

The reimbursement payments are due by the last day of the month following the month in which the statement is mailed. Those employers on the reimbursing basis are subject to the same penalties and interest as taxpaying employers.

Change in Organization or Sale

Employers must notify the Employment Department of any change in the ownership of a business. Changes included in this requirement are sale of a business, dissolution of a partnership, formation of a new partnership, discontinuance of a corporation, dissolving of a corporation, death of an owner or partner, closing of a business, or any other type of change. The [Business Change in Status Form](#) should be completed and mailed in when a change of this nature occurs.

Employer Ceases to be Subject to UI Contributions

An employer who is subject to Unemployment Insurance (UI) contributions and ceases to have sufficient employment or payroll to meet the requirements of ORS Chapter 657, may file a [Business Change of Status Form](#) to close the account and discontinue reporting and paying UI contributions. The exemption will continue until the employer again qualifies as an employer as defined in ORS 657.

Education and Resources

Oregon Tax Program Seminars

Outreach and Education programs can be scheduled for groups of employers or tax preparers. These seminars are designed to increase knowledge of the tax programs administered by the Employment Department (Unemployment Insurance Contributions), the Department of Revenue, and the Department of Consumer and Businesses Services. For more information on scheduling a seminar, call 503-947-1544.

Labor Market Information

The Oregon Employment Department has a team of Workforce Analysts who collect and analyze labor market information for individual businesses,

who can then apply the information to their everyday business decisions. Their focus is to provide information as requested by Oregon businesses related to the labor market in general, and they can provide specific occupational supply and demand data or do an analysis of a business's wage levels relative to the labor market. Workforce Analysts are also available to create customized reports for specific businesses when the data is available. The research division also publishes and distributes information that has been gathered through surveys sent to employers. Businesses can use this labor market information to identify challenges and opportunities. Economic development planners, educators and training providers, job applicants, legislators, and the news media also regularly rely on this information to learn about workforce issues that affect Oregonians.

You can visit the **State of Oregon's Payroll Taxes** website at www.oregon.gov/EMPLOY/TAX, or call: 503-947-1488, TTY: 771, or fax 503-947-1487.

The Oregon Employment Department also maintains a nationally recognized website where employers can find local, regional, and statewide information. This includes business ownership characteristics, competitive wage rates, inflation indexes, projected future employment for jobs, and how changes in the economy affect them. Research staff are on hand to show businesses how to retrieve such data—and how to apply it directly to their venture. [Visit their website.](#)

STEP 9 – ONGOING REGISTRATION REQUIREMENTS

After you have established your business and fulfilled the initial requirements, you will want to make sure that you keep your reporting and registration obligations current. Businesses registered with the Secretary of State, Corporation Division must file [renewals](#) and if needed, [update their registration](#) information while they are doing business in Oregon.

Psilocybin businesses will need to apply to renew their license with Oregon Psilocybin Services and pay licensing fees on an annual basis. The Oregon Psilocybin Services Section will provide e-mail renewal notices to licensees and provide information about how to renew. As part of the renewal process, licensees will need to report on the progress made with their social equity plans.

Nonprofit organizations that engage in charitable activities need to file annual reports with the Oregon Department of Justice (DOJ) Charitable Activities Section, and the Internal Revenue Service. For more information, visit our [Nonprofit Services](#) online.

Please be aware that small businesses are frequent targets for scams involving business registration and renewals, tax filings, and more. The Secretary of State maintains a list of [scams reported to the agency](#) and advice on how to avoid being taken in.

Appendix A: Oregon Counties Map and the Oregon Blue Book

[Explore the Oregon Blue Book's Local Government webpage](#) where you will find a clickable map of Oregon counties, lists of incorporated cities, and links to each of Oregon's local government web pages where you can find contact information and more.

