

Withholding Taxes: Household Employees



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www.oregon.gov/dor

Does this information apply to me?

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

When is a household worker an employee?

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

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

Oregon income tax withholding is not required for household employees. However, you can withhold Oregon income tax if the household employee asks you to withhold and you **agree**. In order to determine withholding, the employee must complete a state Form OR-W-4, *Oregon Withholding Statement and Exemption Certificate*.

Oregon employer update for Oregon-only W-4

In December 2017, Congress passed the Tax Cuts and Jobs Act (TCJA), resulting in many changes to federal personal income taxes. In response, the IRS updated the federal Form W-4 worksheets in early 2018. This changed the number of allowances employees should claim, creating a disconnect between federal and state withholding that could leave employees owing money when they file their 2018 Oregon personal income tax return.

Starting on January 1, 2020, the above changes to federal tax laws mean that the federal Form W-4 may not provide the correct withholding for Oregon taxes. Department of Revenue created the Form OR-W-4 to help determine correct allowances for Oregon. If you

have questions about your withholding obligations as an employer, visit the withholding webpage at www.oregon.gov/dor/personal, and click on "Oregon withholding info and resources," or email us at: payroll.help.dor@oregon.gov. If your employees have questions about calculating or changing their Oregon income tax withholding, refer them to the OR-W-4 Instructions or the Oregon income tax withholding calculator, which is available on our website at www.oregon.gov/dor. They can also call us at 503-378-4988 for assistance.

How do I figure withholding?

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

If you don't have internet access and you need a copy of the *Oregon Withholding Tax Tables*, call 503-945-8100.

How do I report Oregon income tax withholding?

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

If you employ only household employees, you may file and pay the tax due annually using Form OA—Domestic, *Oregon Annual Tax Report*. This form is due January 31 of each year. You may make withholding payments during the year, or you may send your payment and Form OR-OTC-V, *Oregon Combined Tax Payment Coupon*, in with the Form OA.

When are withholding payments due?

Withholding tax payments are due the same day you make your FICA payment or your federal tax payment, regardless of the amount of your Oregon withholding tax.

Send payments with Form OR-OTC-V, *Oregon Combined Tax Payment Coupon*, directly to:

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

Send a coupon with every payment.

How do I close my Oregon withholding tax account?

If you no longer have employees, you can close your Oregon withholding tax account. Fill out the *Change in Status Report* included in your annual reporting packet and mail to:

Employment Department
875 Union Street NE
Salem OR 97311-0030

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

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

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

Should I report transit district payroll tax or Statewide Transit Tax?

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

Do you have questions or need help?

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

Contact us for ADA accommodations or assistance in other languages.