



## Personal Income Tax Questions & Answers

### **What are the income thresholds for taxation?**

- Single filers - all Oregon taxable income over \$125,000 is taxed at a 1.5% rate. All income above \$250,000 is taxed at a 3% rate. In 2026, the rate increases by 0.8%.
- Joint filers - all Oregon taxable income over \$200,000 is taxed at a 1.5% rate. All income above \$400,000 is taxed at a 3% rate. In 2026, the rate increases by 0.8%.

### **Who will be automatically opted in?**

Employees making over \$200,000 annually from a single employer.

### **How do I opt out?**

Employees are required to notify their employer if they need to opt out based on their personal income tax situation.

### **How do I opt in if I don't meet the threshold for automatic deductions?**

Employees need to notify their employer if they need to opt in based on their income tax situation and filing status.

### **When is the tax due?**

The tax is due by April 15th the following year.

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## Taxpayers

### **How much will be deducted from my paycheck for this tax?**

Employers will automatically opt employees into withholding if they make over \$200,000 annually. Income above \$200,000 will be withheld at a rate of 1.5%. Income above \$400,000 will be withheld at a rate of 3%.

### **What if my employer won't deduct the tax from my paycheck?**

Withholding is voluntary for 2021, but the tax will still be owed by April 15, 2022. Employees are encouraged to withhold themselves based on their 2021 tax situation.

### **What if I don't withhold and end up owing the tax by the end of the year?**

All taxes owed must be remitted by April 15 of the following year. No penalties will be assessed as long as payment is made by April 15.

**What is the penalty for late or non-payment?**

5% of the balance of the tax due or paid after the original due date if the failure to remit is for a period less than four months, an additional 20% of the balance of the tax due or paid after the original due date if the failure to remit is for a period of four months or more, and an additional penalty of 100% of the balance of the tax due or paid after the original due date of all tax years if the failure to remit is for three or more consecutive tax years.

**What is the interest rate charged for late payments?**

10% annual interest.

**What is the penalty for underpayment?**

Underpayment is if a taxpayer fails to pay at least 90% of the total tax liability by the original due date. The penalty under subsection (C) is 5% of the tax underpayment, but not less than \$5.

**If I don't live in Multnomah County, am I subject to the tax?**

Only Multnomah County sourced income is subject to the tax if you live outside of Multnomah County. If you are working remotely (Outside of Multnomah County) for a Multnomah County employer, your income would not be subject to the tax. Example: If an employee works 50% of the time in Multnomah County, 50% of their income would be subject to the tax thresholds.

**What reporting or notification will I receive from the county and/or my employer of my remitted taxes?**

Your paystub will reflect any applicable withholding amount.

**I have two jobs, how do I know if I am subject to the tax?**

Look at your past or current year income - then determine if you are likely to owe. You can then estimate payments based on this amount.

**I have an employer outside of Multnomah County, but I live in Multnomah County, am I subject to the tax?**

Yes

**How will overpayments be refunded?**

At the taxpayers request, payments can be refunded or applied to the following tax year.

**My employer cannot withhold the tax, am I subject to a penalty?**

No, as long as payments are received by April 15th

**If I don't withhold enough during the year, will I face penalties? When would I pay the difference?**

All payments are due by April 15. Penalties will be assessed after the due date.

**I live out of state, but my employer is domiciled in Multnomah County. My income is not subject to Oregon income tax. Will my income be subject to the Preschool For All Tax?**

No, the Preschool For All Tax is only imposed on Oregon taxable income.

**I receive PERS income, am I subject to the tax?**

No, additional taxes cannot be imposed on PERS income by State Law.

**I am retired and receive retirement income, am I subject to the tax?**

Yes, but PERS income is not subject to the tax, but other qualified and non-qualified retirement income will be subject to the tax withholding thresholds.

**Am I required to file a separate tax return?**

Annually, April 15. You may make estimated payments during the tax year.

**Who collects the tax?**

The City of Portland Revenue Division is collecting the tax on behalf of the County.

**I do not live in Multnomah County, but I make under the threshold (\$125,000 single filing and \$200,000 jointly) in Multnomah County, am I required to file anything for the Preschool For All Personal Income Tax?**

No, if you don't owe the tax, you are not required to file anything for the Preschool For All Personal Income Tax.

**If a Multnomah County resident makes 100% of their income outside Multnomah County, is their total income subject to the tax?**

Yes

**If a Multnomah County resident makes a portion of income within Multnomah County, would their total Oregon taxable income be subject to the tax?**

Yes

**I have out of state income that is taxable in Oregon, how does this affect my taxes?**

For income that is subject to out of state income tax, a credit will be given for any taxes due for the Preschool For All Personal Income Tax.

**I have additional questions about the Preschool for All tax. Who should I contact?**

Please email [pfatax@multco.us](mailto:pfatax@multco.us) with additional questions. This document and the Preschool for All website <https://multco.us/preschool> will be updated as new information becomes available.

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## Employers

**How do I know what employees to withhold the tax from?**

Employers should automatically deduct for employees making over \$200,000 and any employee that opts in. If an employee makes over \$125,000 in Oregon taxable income and is a single filer, it is up to them to opt in and pay the tax.

**How do I notify employees of the new tax?**

Employers are required to offer in writing to withhold starting in 2021 once their systems are updated to handle withholding. In 2022 withholding becomes mandatory.

**How do I know how much tax to deduct from each employee paycheck?**

Employees can direct a specific amount to withhold or employers should automatically withhold 1.5% on wages over \$200,000 annually. The Administrator will provide withholding tables.

**What form do I have to provide the Tax Administrator?**

Employers are required to provide the tax administrator an annual report by the end of January the following year.

**What tax reporting do I have to provide to employees?**

Withholding should be reflected on paystubs & W-2 at year end.

**What information do I need from my employees to calculate the tax owed?**

Opt in/out form

**What is the penalty for late payments?**

5% of the balance of the tax due or paid after the original due date if the failure to remit is for a period less than or equal to four months; An additional 20% of the balance of the tax due or paid after the original due date if the failure to remit is for a period greater than four months; and An additional penalty of 100% of the balance of the tax due or paid after the original due date of all years if the failure to remit is for three or more consecutive years.

**What if I don't withhold from employees?**

Multnomah County employers are required to withhold starting in 2022.

**What if I fail to remit tax withholdings?**

5% of the balance of the tax due or paid after the original due date if the failure to remit is for a period less than or equal to four months; An additional 20% of the balance of the tax due or paid after the original due date if the failure to remit is for a period greater than four months; and An additional penalty of 100% of the balance of the tax due or paid after the original due date of all years if the failure to remit is for three or more consecutive years.

**What is the interest rate charged for late payments?**

10% annual interest.

**Is the employer liable if the employee opts out, but is actually subject to the tax?**

No, the debt is owed by the individual.

**Can an employee withhold a greater amount than what they owe based on their salary?**

Yes, employees can request a specific amount or percentage withholding.

**Does the annual reconciliation count as the fourth quarter reporting?**

No, there will need to be a total of 5 returns filed. 4 Quarterly reports and 1 annual report detailing individual taxpayer information.

**Is withholding voluntary for 2021 even if payroll is configured mid-year?**

Yes, withholding is voluntary for 2021. All taxes owed will be due April 15th 2022 to avoid penalties.

**Should we report employee-level details on our quarterly reports?**

No, this level of detail is only required annually and should be filed by the end of January.

**Should withholdings be annualized across each pay period?**

Yes.

**What is the taxable wage definition?**

Multnomah County follows the State of Oregon's definition of taxable wages: ORS 316.162

**When will the City of Portland be able to accept remitted taxes?**

The planned launch is April 2021.

**I have additional questions about the Preschool for All tax. Who should I contact?**

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