# Preschool For All Personal Income Tax FAQ

***Revised 10/06/2025***

**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 2027, 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 2027, 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 who wish to opt out from withholding should notify their employer by completing the METRO/MultCo OPT Form. If you opt out of withholding and have an annual PFA tax liability greater than $1,000, you will be required to make quarterly estimated payments to avoid quarterly underpayment interest from being assessed.

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

Employees should notify their employer if they need to opt in based on their income tax situation and filing status by completing the METRO/MultCo OPT Form.

**When is the tax due?**

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

**Will Metro and Multnomah County have combined reporting with the City of Portland?**

No, Multnomah County Preschool For All Personal Income Tax and Metro Supportive Housing Services will have separate withholding returns remitted to the City of Portland.

## 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%. See METRO/MultCo OPT Form form with tax tables

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

Employers located in Multnomah County will be required to withhold the tax from your paycheck beginning in 2022. Employer withholding is voluntary for 2021 and may be offered by certain employers who are able to get their systems ready. Individuals will be required to file a tax return and pay the 2021 tax by April 15, 2022. If an individual wishes to pay estimated taxes during 2021, this can be done through the Portland Revenue Online (PRO) website.

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

Withholding is voluntary for 2021, but the tax will still be owed by April 15, 2022. If a taxfiler's tax debt is greater than $1,000 annually, estimated quarterly payments are required. For the tax year 2021, no underpayment penalties will be assessed.

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

The Penalty is 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 not paying the full tax amount by the due date?**

Underpayment penalty is assessed 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. Quarterly underpayment interest may also be assessed if the tax liability is greater than $1,000.

**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 the Multnomah County PFA tax withheld for the pay period. The annual amount of tax withheld will also be reported as a separate line item on your W-2.

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

Look at your past or current year income and use the tax table. 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, Multnomah County residents will have 100% of their Oregon Taxable Income subject to the thresholds.

**What information do I need to give my employer?**

Employees will need to complete an METRO/MultCo OPT Form based on their tax situation.

**How will overpayments be refunded?**

When the taxpayer files their annual Personal Income Tax Return, they can request either that an overpayment is refunded or credited to the following tax year.

**I am self-employed and a resident of Multnomah County. How do I pay and calculate the tax?**

The tax will be calculated by completing the annual Personal Income Tax return and will be based on your Oregon Taxable Income minus any available deductions. To determine your approximate liability, you can use the PFA Individual Tax Calculator located here: PFA Personal Income Tax Calculator | Multnomah County (multco.us). The City of Portland administers the tax on behalf of Multnomah County, and the tax can be paid through the Portland Revenue Online (PRO) website or by mail.

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

For the tax year 2021, as long as the tax is paid in full by April 15, 2022, no penalties will be assessed. If a taxfiler owes more than $1,000 annually for the PFA tax, quarterly payments are required to avoid penalty.

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

As long as 90% of the tax owed or 100% of the prior year tax amount is paid by December 31st, there will not be an underpayment penalty assessed. The remaining tax owed must be paid by April 15th of the following tax year.

**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?**

PERS income is exempt from the tax, but if your other income exceeds the taxation threshold, you will be subject to the tax**.**

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

PERS income is exempt from the tax, but other qualified and non-qualified retirement income is subject to the tax. If your total taxable income exceeds the taxation threshold, you will be subject to the tax.

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

Yes, since this is a County tax, it will be a separate return from Federal and State.

**How often should the tax be remitted?**

If you have an annual tax liability of more than $1,000 and your employer doesn't withhold this tax from your paycheck, you will need to remit quarterly estimated payments. Your employer will need to remit withheld taxes on the same schedule that they remit state and federal withholding taxes.

**Who collects the tax?**

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

**When should I make estimated payments? Can I make my own estimated payments?**

If your annual tax liability is over $1,000, quarterly estimated payments are required. The threshold of Multnomah County taxable income to require estimated payments for single filer is $192,000 and for joint filers is $267,0000. Estimated payments can be made through the Portland Revenue Online (PRO) website or by mail.

**I am subject to the Multnomah County Business Income Tax (MCBIT), is there any tax credit for me as an individual taxpayer?**

Yes, please reference Pass-through Income in the PFA Tax Code.

**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?**

If your taxable income is below the taxation threshold, you are not required to file a PFA Personal Income Tax return

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

Yes, all Oregon Taxable Income is subject to the tax for residents of Multnomah County.

**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, all Oregon Taxable Income is subject to the tax for residents of Multnomah County.

**I have out of state income that is taxable in Oregon and is taxed in another state jurisdiction, 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

## Employers

**Which employees should I withhold the tax for?**

Employers are required to automatically withhold the tax for employees making over $200,000 unless an employee has submitted an opt out request. Additionally, employers are required to withhold for any employee who submits an opt in request in the amount designated by the employee, even if their income is below $200,000. An employee can opt in or opt out by completing the METRO/MultCo OPT Form.

**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. A letter template will be available on our PFA website for employers by 4/1/21.

**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.

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

Employers who withhold the PFA tax through payroll are required to file quarterly withholding returns and

an annual withholding reconciliation return. Employers must also submit W-2s for employees that had PFA taxes withheld and METRO/MultCo OPT Forms for employees who have opted in or opted out with the annual withholding reconciliation return.

**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?**

METRO/MultCo OPT Forms

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

The penalty is 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?**

The penalty is 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. Civil penalties may also apply.

**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 to withhold on the METRO/MultCo OPT Forms.

**When should I assess if I should withhold for an employee?**

Automatic withholding should be assessed when an employee is hired, gets a raise, or receives a bonus. It is suggested to review earnings annually to assess who needs to withhold**.**

**Do I withhold the tax every payroll cycle or wait until an employee has earned over $200,000?**

Withholding should be on every payroll cycle and remitted in alignment with State filing requirements.

**If earnings change during the year, how should withholding start?**

Refer to the tax tables and calculator on our PFA website and divide the higher withholding amount by the number of annual pay periods. Withhold that amount for the remaining pay periods of the year.
**How do I calculate withholdings for a mid-year hire?**

Employers are not required to ask employees about previous withholdings. Calculate withholding amount based on wage expected to be earned during remainder of the year and the number of pay periods that remain in year. The employee can elect for an employer to withhold more than the by submitting a METRO/MultCo OPT Form based on their personal tax situation.

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

No, there will need to be a total of five returns filed, including four quarterly withholding returns and one annual withholding reconciliation return.

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

Yes, but employers are encouraged to withhold as soon as possible.

**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, divide the annual tax amount by the number of pay periods in the year.

**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?**

Planned launch April 1, 2021.