

2005

EMPLOYER HANDBOOK

Multnomah County Personal Income Tax

Forms and instructions for employers who elect to withhold Multnomah County Personal Income Tax from the wages of their employees including:

WITHHOLDING TABLES

Calculate How Much to Withhold

FORM MC PC

Multnomah County Employer Payment Coupon and Employer Report/Registration

Employee Authorization to Withhold

Request Form to Withhold Multnomah County Income Tax from Wages

FORM MC WR

Multnomah County Annual Withholding Tax Reconciliation Report

To File and Pay Electronically – See pp. 10-16



**MULTNOMAH
COUNTY**

P.O. Box 279
Portland, OR 97207 - 0279
(503) 988-ITAX (503) 988-4829
www.multcotax.org



EMPLOYER HANDBOOK

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SUMMARY OF EMPLOYER RESPONSIBILITIES

Employers are not required to withhold Multnomah County Personal Income Tax from the wages of their employees. Also, an employer should only withhold the tax if authorized in writing by the employee. A sample authorization form is included in this handbook.

All employers who withhold any Multnomah County Personal Income Tax from the wages of their employees during a quarter must remit a payment of the taxes withheld for that quarter per the schedule below.

For all payments of withheld taxes that are remitted by mail, a completed Form MC PC *Multnomah County Employer Payment Coupon and Employer Report/Registration* must be enclosed along with the payment.

In addition to the remittance of withheld taxes, the employer must provide the employee with a Form W-2 by January 31st following year end. The employer must also file an annual report, FORM MC WR, with Multnomah County to summarize the taxes withheld during the previous calendar year. This report must be filed on or before March 31st following each calendar year.

SUMMARY OF DUE DATES

- **EMPLOYEE AUTHORIZATION TO WITHHOLD**

Withholding Period	Form Due Date
2005 Payroll	Prior to Withholding

- **FOR PAYMENT OF WITHHELD TAXES - FORM MC PC:**

Quarter	Quarter Ending Date	Payment/Form Due Date
1 st – Jan-Feb-March	March 31, 2005	April 30, 2005
2 nd – Apr-May-June	June 30, 2005	July 31, 2005
3 rd – Jul-Aug-Sep	September 30, 2005	October 31, 2005
4 th – Oct-Nov-Dec	December 31, 2005	January 31, 2006

- **PROVIDE EMPLOYEE WITH FORM W-2**

Year Ending Date	Form Due Date
December 31, 2005	January 31, 2006

- **FOR FILING OF ANNUAL REPORT - FORM MC WR:**

Year Ending Date	Form Due Date
December 31, 2005	March 31, 2006

If the due date is on a weekend or holiday, the payment/form is due the next working day.

IMPORTANT INFORMATION

What is the Multnomah County Personal Income Tax?

On May 20, 2003, Multnomah County residents passed Measure 26-48, which established a temporary three year personal income tax on County residents. The tax was effective January 1, 2003. The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer). The County has authorized employers to withhold the County income tax from the wages of County resident employees.

Where to File and Pay

Multnomah County ITAX
P.O. Box 279
Portland, OR 97207- 0279
www.multcotax.org

Contact Information

If you have questions, need assistance or otherwise need to contact someone regarding the Multnomah County Personal Income Tax, please call (503) 988-ITAX (4829), or go to our Website at www.multcotax.org.

Due Dates

If the due date is on a weekend or holiday, the report is due the next working day. Also, the filing of remittances and reports will be considered timely if they are *postmarked* on the due date.

- ⇒ **Form MC PC** *Multnomah County Employer Payment Coupon and Employer Report/Registration* and the remittance of any amounts withheld is due on the last day of the month following the end of a calendar quarter during which any Multnomah County Personal Income Tax amounts were withheld from employees' wages.

- ⇒ **FORM MC WR** *Multnomah County Annual Withholding Tax Reconciliation Report* is due on the last day of the third month (March 31st) following the end of the calendar year during which any amounts were withheld.

Ordering Forms

Using the forms in this handbook ensures faster and more accurate processing.

If you need additional copies of our forms (MC PC or MC WR), please call 503-988-ITAX (4829), or go to our Website at www.multcotax.org.

Tax Tables

The tax withholding tables compute Multnomah County withholding on wages at the 1.25% rate less the applicable Oregon standard deduction for joint and single filers along with a deduction for the exemption amount and are located at page 17 of the handbook.

2005 Withholding and the Tax Calculator

The Multnomah County Website has a tax calculator at www.multcotax.org which will allow employees to estimate their 2005 Multnomah County income tax. The employee may use the calculator to compute additional withholding per pay period if the employee has other outside income, like rent, interest or capital gains or a spouse that works but whose employer doesn't withhold.

Major Payroll Services and Paid Preparers

Many major payroll services like ADP, Ceridian, Paychex and Prime Pay are already set up for withholding of the Multnomah County income tax. Please contact them about having them withhold the tax for your company. If you use a paid tax preparer, please check to see if the preparer needs this handbook to file your reports.

Easy, Free Electronic Filing

You may be able to file and pay your quarterly Multnomah County Employer Payment Coupon and Employer Report/Registration (Form MC PC) electronically. You may also submit the data required on Form MC WR electronically. Please refer to FILING ELECTRONICALLY on page 10 and ELECTRONIC PAYMENT OPTION on page 16.

Record Keeping

All payroll records must be kept at least five years after filing the required reports.

WITHHOLDING METHODS

Taxable Wages

The Multnomah County income tax is based on Oregon taxable income. Therefore, Multnomah County taxable wages will be the same as taxable wages for Oregon income tax purposes.

Withholding Methods

- ⇒ **Withholding Tables** Recommended withholding tables are located at page 17 of this handbook along with the computer formula to calculate the amount to be withheld per pay period using an automated payroll accounting system. The tables and formula are based on payroll frequency and includes a deduction for the appropriate Oregon standard deduction (Joint \$3,280 – Single \$1,640) and for the appropriate Multnomah County exemption (Joint \$5,000 – Single \$2,500).

- The employee will generally have the same filing status as they do for Oregon income tax withholding. Married filing joint, Head of Household and Qualifying Widow(er) are entitled to a \$3,280 standard deduction and a \$5,000 exemption. Single and Married Filing Separate are entitled to a \$1,640 standard deduction and a \$2,500 exemption.
 - **Note:** The standard deduction amount for Oregon is the 2003 standard deduction. The Multnomah County withholding tables will not be adjusted for any CPI change in the Oregon standard deduction for years 2004 and 2005.
- ⇒ **Flat Rate Withholding** An employer may also use a flat rate such as 1.25% or other appropriate rate for withholding purposes if authorized by the employee.
- ⇒ **Fixed Dollar Amount Withholding** An employer may also use a fixed dollar amount per pay period if authorized by the employee.

EMPLOYEE AUTHORIZATION TO WITHHOLD

Employees need to provide their employer with written authorization to withhold the Multnomah County income tax from their wages. A suggested Employee Authorization Form is located on page 24 and on our Website at www.multcotax.org. A copy of the signed authorization should be retained by the employer. It should not be forwarded to Multnomah County.

The Multnomah County income tax that is withheld should be reflected in an itemized statement furnished to the employee at the time of the payment of wages, salary or commission. The statement may be part of the check, draft or other instrument of payment or may be delivered separately from such instrument. The statement should sufficiently itemize the amount of Multnomah County income tax withheld.

The County ITAX Helpdesk (503) 988-ITAX (4829) is available to assist employees with questions about the Multnomah income tax and how to fill out their withholding authorization.

INSTRUCTIONS FOR FORM MC PC *Multnomah County Employer Payment Coupon and Employer Report/Registration*

Use this form to report and pay the taxes that were withheld from your employees' wages for the quarter. This form will automatically register an employer with the Multnomah County Personal Income Tax Department with the first payment received. *There is no need to file a separate employer registration form.* Also, use this form to report changes in your business including address changes.

Who Must File

You must file a Form MC PC after each quarter only if you had employee withholdings during the quarter.

Due Dates

Form MC PC and related payments are due on the last day of the month following the end of a calendar quarter during which any Multnomah County Personal Income Tax amounts were withheld from employees. **Please refer to the SUMMARY OF DUE DATES on page 3.**

Making Your MC PC Payments

To make sure your payments are correctly applied:

- Complete and send in a Form MC PC with every payment, when due.
- Enter the quarter (1, 2, 3, or 4) in the box to indicate the quarter in which the Multnomah County income tax was withheld from your employees.
- When making a payment for two or more quarters, submit a separate coupon for each quarter.

Send payments with Form MC PC coupons to:

Multnomah County ITAX
P.O. Box 279
Portland, OR 97207- 0279

Make your check payable to "**Multnomah County ITAX**"
Please do not staple or tape your payment to Form MC PC.

Payment Record

Retain records of payments made for each quarter for use when you file your Form MC WR *Multnomah County Annual Withholding Tax Reconciliation Report*.

Failure to File

If you don't file a quarterly report, you may receive an assessment(s) based on available information. Penalty and interest will be charged on the amount assessed.

Penalties

- You will be charged a 5 percent late payment penalty on any unpaid tax after the due date of the payment.
- You will be charged an additional 20 percent penalty on any tax due as of the due date if the tax remains unpaid for more than three months after the due date of the payment.
- You will be charged a 100 percent penalty on any tax due if Form MC PCs are not filed for three years in a row and the tax remains unpaid.

You will be billed for penalties due on unpaid balances. Please do not calculate and remit penalties with the Form MC PC.

Interest

You will be charged interest on any remaining tax left unpaid after the due date. Employers should not calculate interest due. You will be billed for interest due on unpaid balances. Please do not calculate and remit interest with the Form MC PC.

Amended Reports or Adjustments

To amend data on Form MC PC, copy the original report, make the necessary changes on the copy, clearly write "Amended" at the top of the form, write a brief explanation of why you are amending your report, and mail to: Multnomah County ITAX at PO Box 279, Portland, OR 97207-0279.

PROVIDING EMPLOYEES WITH FORM W-2

An employer should provide a Form W-2 to each employee who was subject to Multnomah County income tax withholding. The Form W-2 should be in the federal required format and include the total local tax withheld for the year in box 19. Line 20 should show "Multnomah County" or an acceptable abbreviation such as "MULT CO" or "MULT." Inputting information into Box 18 Local wages is optional.

The W-2 should be provided to the employee by January 31, 2006 for any withholding during calendar year 2005. Multnomah County will accept any federal extension of time to provide Form W-2.

INSTRUCTIONS FOR FORM MC WR *Multnomah County Annual Withholding Tax Reconciliation Report*

Use this form to report withholding information for individual employees for the calendar year and to reconcile your Multnomah County Personal Income Tax withholding account.

Who Must File

You must file a Form MC WR if you have withheld Multnomah County Personal Income Tax for an employee at any point during a calendar year.

Due Date

MC WR is due on March 31st following the end of a calendar year during which any Multnomah County Personal Income Tax amounts were withheld from employees.

Please refer to the SUMMARY OF DUE DATES on page 3.

Filling Out the Form MC WR

For **each** employee who had Multnomah County Personal Income Tax withheld during the calendar year:

- Report the first and last name of the employee, their social security number, and the amount that was withheld from their wages.
- Report the total Multnomah County Personal Income Tax withheld for the year by totaling the individual amounts withheld for each employee.
- Report the amounts remitted each quarter with Form MC PC and then report the total remitted for the entire year.

If the Form MC PC amounts remitted do not agree to the total amount withheld per the individual employee detail schedule, please provide an explanation.

Signature

Sign and date Form MC WR on the signature line.

Penalties

Failure to file Form MC WR will subject the employer to the penalty prescribed in the ITAX Administrative Rules at §11-624(F) of at least \$100. You will be billed for penalties due. Please do not calculate and remit penalties with the Form MC WR.

Amended Form MC WR

To amend data on Form MC WR, copy the original report, make the necessary changes on the copy, clearly write "Amended" at the top of the form and write a brief

explanation of why you are amending your report, and mail to: Multnomah County ITAX at PO Box 279, Portland, OR 97207-0279.

Note: You are only required to file an amended Form MC WR if there is a change in the Multnomah County income tax withheld from any employee as reported to the County. You do not need to file an amended Form MC WR if there has been a change in the gross or taxable wages that were reported to the employee or the County.

FILE ELECTRONICALLY

If you are withholding Multnomah County income tax for 50 employees or more, you must submit the data required on the Form MC WR in a standard electronic format.

PART A – WHERE TO FILE

The electronic data file and accompanying coversheet should not be sent to the regular post office box. The electronic file should be mailed or sent by courier to:

Multnomah County – ITAX
Attn: Personal Income Tax Supervisor
111 SW Columbia, Suite 600
Portland, OR 97201

PART B – COVERSHEET

The data file should be accompanied by a coversheet which indicates the following information:

- Business Name
- Federal EIN
- Contact Person
- Business Street Address
- City
- State
- Postal Code
- Telephone number

Note: If you are a payroll service filing on behalf of more than one Multnomah County employer, only a single paper coversheet is required which identifies the transmitter and contact information (contact person, address and phone number).

PART C – DATA FILE INSTRUCTIONS

An electronically based file must be transmitted on one of two media: 3.5 inch 1.44 HD diskette (IBM/MS-DOS formatted) or CD-ROM (IBM/MS-DOS formatted). In the event that there are errors in reading the submitted file, the file will be rejected and returned to the transmitter for correction.

MMREF-1 (Preferred)

Most employers and payroll service companies use the MMREF-1 standard (SSA standard) to transmit their W-2 information. This will be the preferred method to receive W-2 Reconciliation for the Multnomah County income tax.

NOTE: Some employers have experienced difficulty using the LOCALITY field in the MMREF-1 file due to constraints in the software configuration for 2003. Please confirm that the LOCALITY field is populating correctly prior to sending the MMREF-1.

DAT FILE (Alternative)

This alternate standard will allow employers and payroll service companies to submit their W-2 data electronically independent of the MMREF-1. This standard has been derived from an IRS standard. Please follow the format below to submit W-2 data in this alternative format.

Data must be recorded in standard ASCII code.

Records must be a fixed length of 780 bytes per record.

Delimiter character commas must not be used.

Positions 779 and 780 of each record are reserved for use as carriage return/line feed (cr/lf).

File name must be MCWR.txt.

Diskette/CD-ROM will not contain multiple files.

A file will have only one Transmitter "T" record.

Media will be scanned by transmitter for viruses before submission.

Transmitter "T" Record

This record identifies the entity preparing and transmitting the file. The transmitter and the employer may be the same, but they need not be.

The first record of a file must be a Transmitter "T" record.

Transmitter "T" record is fixed length of 780 positions.

All alpha characters entered in the "T" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "T"
2-5	Tax Year	4	Required. Year for which income and withholding are being reported
6-14	Transmitter's Taxpayer ID number	9	Required. May be a SSN, ITIN, or EIN. No blanks, hyphens, or alpha characters are allowed
15-114	Transmitter Name	100	Required. Name of transmitter of file. Left justify and blank fill.
115-214	Transmitter Address	100	Required. Full mailing address of the transmitter. Left justify and blank fill
215 - 234	Transmitter City	20	Required. City of the transmitter. Left justify and blank fill
235-236	Transmitter State/Province	2	Required. Two alpha state/province code.
237-246	Transmitter Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.
247-250	Transmitter Postal Code Plus 4	4	Optional. Blank fill positions if not used
251-350	Transmitter Contact Name	100	Required. Person to contact if questions arise. Left justify and blank fill.
351-360	Transmitter Contact Phone Number	10	Required. Left justify
361-364	Test Indicator	4	Required if this is a test file. Enter the word "TEST". Otherwise blanks.
365-778	Reserved	414	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Withholding Employer "W" Record

The "W" record identifies the withholding employer.

Enter a "W" record after the initial "T" record on the file followed by the Recipient "Q" records, and a reconciliation "C" record.

Several "W" records for different withholding employers may appear on the same transmitter's file.

Withholding "W" record is fixed length of 780 positions. All alpha characters entered in the "W" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "W"
2	Return Type Indicator	1	Required. Values are: 0 (Zero) – Original 1 – Void 2 - Corrected
3-11	Employer's EIN	9	Required. EIN. No blanks, hyphens, or alpha characters are allowed
12-111	Employer's Name	100	Required. Name of employer. Left justify and blank fill.
112-211	Employer's Street Address 1	100	Optional. Attention line or care of line. Left justify and blank fill.
212-311	Employer's Street Address 2	100	Required. Mailing address of Employer. Left justify and blank fill.
312-331	Employer's City	20	Required. City of the transmitter. Left justify and blank fill
332-333	Employer's State/Province	2	Required. Two alpha state/province code.
334-343	Employer's Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.
344-347	Employer's Postal Code Plus 4	4	Optional. Blank fill positions if not used
348-447	Employer's Contact Name	100	Required. Person to contact if questions arise. Left justify and blank fill.
448-457	Employer's Contact Phone Number	10	Required. Left justify
458-461	Tax Year	4	Required. Four digit year of calendar year for which withholdings are being reported.
462-778	Reserved	317	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Recipient "Q" Record

The "Q" record contains the name and address information for the recipient of income and all data concerning the income paid and tax withheld.

All "Q" records for a "W" record must be written after the corresponding "W" record, followed by a reconciliation "C" record, and before the "W" record for another employer begins.

Recipient "Q" record is fixed length of 780 positions.

All alpha characters entered in the "Q" record must be upper case. Report tax withheld including cents.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "Q"
2	Return Indicator	1	Required. Values are: 0 (Zero) – Original 1 – Void 2 - Corrected
3-11	Recipient's TIN	9	Required. SSN or TIN. No blanks, hyphens, or alpha characters are allowed
12-111	Recipient's First Name	100	Optional. First name of recipient of file. Left justify and blank fill.
112	Recipient's Middle Initial	1	Optional. Middle initial of recipient of file. Blank fill.
113-212	Recipient's Last Name	100	Required. Last name of recipient of file. Left justify and blank fill.
213-312	Recipient's Street Address 1	100	Optional. Attention line or care of line. Left justify and blank fill.
313-412	Recipient's Street Address 2	100	Required. Mailing address of recipient. Left justify and blank fill.
413-432	Recipient's City	20	Required. City of the recipient. Left justify and blank fill
433-434	Recipient's State/Province	2	Required. Two alpha state/province code.
435-444	Recipient's Postal Code	10	Required. 5 digit zip code or foreign postal code. Left justify and blank fill remaining positions.
445-448	Recipient's Postal Code Plus 4	4	Optional. Blank fill positions if not used
449-460	County Withholding Amount	12	Required. The county tax amount withheld, include cents. Right justify and zero fill. e.g. 200.00 = 000000020000 e.g. 200.50 = 000000020050
461-778	Reserved	318	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Reconciliation "C" Record

The "C" record is a summary of the number of "Q" records for each employer and total county tax withheld.

The "C" record must be written after the last "Q" record for an employer. For each "W" record and group of "Q" records on the file, there must be a corresponding "C" record.

Reconciliation "C" record is fixed length of 780 positions. All alpha characters entered in the "C" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "C"
2-9	Total Q records	8	Required. Total number of "Q" records for this employer. Right justify and zero fill.
10-15	Blank	6	Blank fill
16-30	Total County tax withheld	15	Required. The county tax amount withheld, include cents. Right justify and zero fill.
31-45	Total 1 st QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 1 st quarter. Right justify and zero fill.
46-60	Total 2 nd QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 2 nd quarter. Right justify and zero fill.
61-75	Total 3 rd QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 3 rd quarter. Right justify and zero fill.
76-90	Total 4 th QTR County tax withheld	15	Required. The county tax amount withheld, include cents for the 4 th quarter. Right justify and zero fill.
91-778	Reserved	688	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

End of Transmission "F" Record

The "F" record is a summary of the number of "W" records in the file.

The "F" record must be written after the last "C" record. End the file with a "F" record.

End of Transmission "F" record is fixed length of 780 positions.

All alpha characters entered in the "F" record must be upper case.

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	Required. Enter "F"
2-4	Total Employer "W" Records	3	Required. Total number of "W" records in the file. Right justify and zero fill.
5-778	Reserved	774	Blank fill
779-780	Carriage Return Line Feed	2	CR/LF characters

Excel Spreadsheet File (Alternative)

This alternate standard will allow employers and payroll service companies to electronically submit their required data using an Excel spreadsheet. The spreadsheet shall contain as a header the employer name and federal employer identification number along with the total amount of withholding that had been remitted for the calendar year. The required header information shall be entered in the following cells:

Employer Name Cell E4

Federal EIN Cell E6

Total Withholding Cell E8

The following columns should be headed as follows and contain the required information with the first data entry in the following cells:

A	B	C	D	E
Last Name	First Name	Social Security #	Amount Withheld	Running Total
Cell A12	Cell B12	Cell C12	Cell D12	Cell E12

A copy of the approved Excel Spreadsheet file shall be posted on the ITAX Website at www.multcotax.org.

ELECTRONIC PAYMENT OPTION

Important: The electronic payment option will be available for remitting payroll withholding amounts electronically for the 4th quarter of 2004 which is due on January 31, 2005. The electronic payment program is optional. Any withholding payments due for quarters in tax year 2004 and 2005 and not remitted electronically should be made by check and accompanied by a Form MC PC *Multnomah County Employer Payment Coupon*.

Provided that the required information on Form MC PC is contained in the ACH registration, Form MC PC will not be required if you pay through the electronic payment program.

Information on electronic payments will be available by January 1, 2005 and will be posted at: www.multcotax.org.



Income Tax Calculation for Withholding Married Filing Joint/Head of Household/Qualifying Widower & Single/Married Filing Separately

Wage		Withholding - Joint				Withholding - Single			
At Least	But Less Than	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period
0	50	0	0	0	0	0	0	0	0
50	100	0	0	0	0	0	0	0	0
100	150	0	0	0	0	1	0	0	0
150	200	1	0	0	0	2	1	0	0
200	250	1	0	0	0	2	1	1	0
250	300	2	0	0	0	3	2	2	0
300	350	2	0	0	0	3	2	2	0
350	400	3	1	1	0	4	3	3	1
400	450	4	2	1	0	5	4	3	1
450	500	4	2	2	0	5	4	4	2
500	550	5	3	3	0	6	5	5	3
550	600	6	4	3	0	7	6	5	3
600	650	6	4	4	0	7	6	6	4
650	700	7	5	4	0	8	7	7	4
700	750	7	5	5	1	8	7	7	5
750	800	8	6	6	1	9	8	8	6
800	850	9	7	6	2	10	9	8	6
850	900	9	7	7	3	10	9	9	7
900	950	10	8	8	3	11	10	10	8
950	1000	11	9	8	4	12	11	10	8
1000	1050	11	9	9	5	12	11	11	9
1050	1100	12	10	9	5	13	12	12	9
1100	1150	12	10	10	6	13	12	12	10
1150	1200	13	11	11	6	14	13	13	11
1200	1250	14	12	11	7	15	14	13	11
1250	1300	14	12	12	8	15	14	14	12
1300	1350	15	13	13	8	16	15	15	13
1350	1400	16	14	13	9	17	16	15	13
1400	1450	16	14	14	10	17	16	16	14
1450	1500	17	15	14	10	18	17	17	14
1500	1550	17	15	15	11	18	17	17	15
1550	1600	18	16	16	11	19	18	18	16
1600	1650	19	17	16	12	20	19	18	16
1650	1700	19	17	17	13	20	19	19	17
1700	1750	20	18	18	13	21	20	20	18
1750	1800	21	19	18	14	22	21	20	18
1800	1850	21	19	19	15	22	21	21	19
1850	1900	22	20	19	15	23	22	22	19
1900	1950	22	20	20	16	23	22	22	20
1950	2000	23	21	21	16	24	23	23	21
2000	2050	24	22	21	17	25	24	23	21
2050	2100	24	22	22	18	25	24	24	22

Wage		Withholding - Joint				Withholding - Single			
At Least	But Less Than	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period	Weekly Pay Period	Two Week Pay Period	Twice Monthly Pay Period	Monthly Pay Period
2100	2150	25	23	23	18	26	25	25	23
2150	2200	26	24	23	19	27	26	25	23
2200	2250	26	24	24	20	27	26	26	24
2250	2300	27	25	24	20	28	27	27	24
2300	2350	27	25	25	21	28	27	27	25
2350	2400	28	26	26	21	29	28	28	26
2400	2450	29	27	26	22	30	29	28	26
2450	2500	29	27	27	23	30	29	29	27
2500	2550	30	28	28	23	31	30	30	28
2550	2600	31	29	28	24	32	31	30	28
2600	2650	31	29	29	25	32	31	31	29
2650	2700	32	30	29	25	33	32	32	29
2700	2750	32	30	30	26	33	32	32	30
2750	2800	33	31	31	26	34	33	33	31
2800	2850	34	32	31	27	35	34	33	31
2850	2900	34	32	32	28	35	34	34	32
2900	2950	35	33	33	28	36	35	35	33
2950	3000	36	34	33	29	37	36	35	33
3000	3050	36	34	34	30	37	36	36	34
3050	3100	37	35	34	30	38	37	37	34
3100	3150	37	35	35	31	38	37	37	35
3150	3200	38	36	36	31	39	38	38	36
3200	3250	39	37	36	32	40	39	38	36
3250	3300	39	37	37	33	40	39	39	37
3300	3350	40	38	38	33	41	40	40	38
3350	3400	41	39	38	34	42	41	40	38
3400	3450	41	39	39	35	42	41	41	39
3450	3500	42	40	39	35	43	42	42	39
3500	3550	42	40	40	36	43	42	42	40
3550	3600	43	41	41	36	44	43	43	41
3600	3650	44	42	41	37	45	44	43	41
3650	3700	44	42	42	38	45	44	44	42
3700	3750	45	43	43	38	46	45	45	43
3750	3800	46	44	43	39	47	46	45	43
3800	3850	46	44	44	40	47	46	46	44
3850	3900	47	45	44	40	48	47	47	44
3900	3950	47	45	45	41	48	47	47	45
3950	4000	48	46	46	41	49	48	48	46
4000	4050	49	47	46	42	50	49	48	46
4050	4100	49	47	47	43	50	49	49	47
4100	4150	50	48	48	43	51	50	50	48
4150	4200	51	49	48	44	52	51	50	48
4200	4250	51	49	49	45	52	51	51	49
For Wages of \$4,250 or more, use 1.25% of amount over \$4,250 plus		51	49	49	45	52	51	51	49

COMPUTER FORMULA FOR WITHHOLDING

To figure Multnomah County withholding amounts in an automated payroll accounting system, you may use the formulas shown below. The withholding formula is based on the payroll frequency. It also includes a deduction for the appropriate Oregon standard deduction (Joint \$3,280 – Single \$1,640) and for the appropriate Multnomah County exemption (Joint \$5,000 – Single \$2,500).

Married Filing Jointly/Head of Household/Qualifying Widower

Weekly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 52) - 3280 - 5000] \times .0125/52$

Two Week Pay Period

Withholding per payroll period = $[(\text{Wages} \times 26) - 3280 - 5000] \times .0125/26$

Twice Monthly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 24) - 3280 - 5000] \times .0125/24$

Monthly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 12) - 3280 - 5000] \times .0125/12$

Single/Married Filing Separately

Weekly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 52) - 1640 - 2500] \times .0125/52$

Two Week Pay Period

Withholding per payroll period = $[(\text{Wages} \times 26) - 1640 - 2500] \times .0125/26$

Twice Monthly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 24) - 1640 - 2500] \times .0125/24$

Monthly Pay Period

Withholding per payroll period = $[(\text{Wages} \times 12) - 1640 - 2500] \times .0125/12$

Alternative Withholding Method for Wage Payments

Employers may use a 1.25% percent flat rate to figure withholding on supplemental or irregular wages that are paid at a different time than an employee's regular payday. Some employers may find this a convenient alternative. Supplemental or irregular wages include bonuses, overtime pay, commissions, or any other form of payment received in addition to the employee's regular pay. Note: If authorized by the employee you may withhold at the rate of 1.25% or withhold a fixed dollar amount per pay period.



2005 Tax Calculator

Note: Calculator is live at
www.multcotax.org

This calculator should be used as a guide and is not a substitute for accounting, legal, or other professional services. We assume no liability for the reader's reliance on this information. Before implementing any of the ideas contained in this publication, consult a professional advisor to determine whether they apply to your unique circumstances.

1. Taxable Wages Subject to Withholding	<input type="text"/>	1.
2. 2004 Oregon State Taxable Income	<input type="text"/>	2.
3. Filing Status FROM LINE 12 OR 28 OF YOUR OREGON FORM 40S OR 40	<input type="checkbox"/> MARRIED 5,000 <input type="checkbox"/> SINGLE 2,500	
4. How Often Are You Paid?	<input type="checkbox"/> MONTHLY 12 <input type="checkbox"/> SEMI-MONTHLY 24 <input type="checkbox"/> BIWEEKLY 26 <input type="checkbox"/> WEEKLY 52	
5. Exemption Amount	<input type="text"/>	5 = 3
6. Multnomah County Taxable Income	<input type="text"/>	6 = 2 - 5
7. Tax Rate	1.25%	7
8. 2005 ESTIMATED MULTNOMAH COUNTY TAX	<input type="text"/>	8 = 6 X 7
9. Total Number of Pay Periods in 2005	<input type="text"/>	9 = 4
10. Expected Withholding Per Pay Period-From Withholding Tables	<input type="text"/>	10
11. Number of Pay Periods Remaining in 2005	<input type="text"/>	11
12. 2005 EST. MULTNOMAH COUNTY TAX WITHHOLDING	<input type="text"/>	12 = 10
13. 2005 ESTIMATED MULTNOMAH COUNTY TAX	<input type="text"/>	13 = 8
14. 2005 EST. MULTNOMAH COUNTY TAX WITHHOLDING	<input type="text"/>	14 = 12
15. 2005 MULTNOMAH COUNTY ADJUSTMENT	<input type="text"/>	15 = 13 - 14
16. 2005 MULTNOMAH COUNTY ADJUSTMENT	<input type="text"/>	16 = 15
17. Number of Pay Periods Remaining in 2005	<input type="text"/>	17 = 11
18. ADDITIONAL REQUESTED WITHHOLDING PER PAY PERIOD	<input type="text"/>	18 = 16 / 17

TAX CALCULATOR INSTRUCTIONS

Do I need to file a Multnomah County Personal Income Tax (ITAX)?

Multnomah County residents passed Measure 26-48 which established a personal income tax on County residents. The tax is effective January 1, 2003. The County has authorized employers based in Multnomah County to withhold the County income tax from the wages of County resident employees.

The tax is 1.25% of Oregon taxable income after deducting an exemption (\$5,000 for joint filers and \$2,500 for a single filer.) The enclosed withholding tables compute Multnomah County withholding on wages at the 1.25% rate less the applicable Oregon standard deduction for joint and single filers along with a deduction for the exemption amount.

Withholding of the Multnomah County Resident Income Tax from employees wages is not mandatory and an employer should only withhold the tax if authorized by the employee.

Is taxable income the same as wage income?

No. The payroll tax withholding is based only on your income from wages. The County tax is based on taxable income as reported to the state of Oregon (line 28 of Form 40 or line 12 of Form 40S). Oregon taxable income includes wages plus other forms of income (e.g. capital gains, rental income, dividends and interest). You will also receive the benefit of your Oregon standard deduction or Oregon itemized deductions, whichever is higher and an exemption amount. You may authorize additional payroll withholding (catch up adjustment) in order to make up for the tax on wages in prior months which were not subject to withholding or to cover additional non-wage income.

This Tax Calculator will allow you to estimate the Multnomah County Income Tax you will need to pay at year end. This form will also allow you to calculate the catch up adjustment for the lack of withholdings for previous payroll periods or to cover non-wage income. You may want to visit our Website, www.multcotax.org. An active Web based calculator will automatically compute your estimated Multnomah County income tax and expected withholding amounts based on your individual circumstance.

⇒ **Reminder: Don't forget to change your withholdings again in January if you are withholding to cover prior payroll periods.**

Tax Calculator, Line by Line Instructions

Line 1 Gross Wages Subject to Withholding. Multnomah County residents should enter all 2005 wages which are subject to withholding. If your employer is not going to withhold enter 0 on line 1.

Line 2 2004 Oregon State Taxable Income. Enter your state of Oregon taxable income taken from line 12 of Form 40S or line 28 of Form 40. Note: If you are aware that you will have significantly different income in 2005 – Use your estimated 2005 Oregon taxable income.

Line 3 Filing Status Use the same filing status you claimed on your state of Oregon income tax return.

Line 4 How often are you paid?

You are paid	monthly	if you have	12	pay periods per year
You are paid	semi-monthly	If you have	24	pay periods per year
You are paid	biweekly	If you have	26	pay periods per year
You are paid	weekly	If you have	52	pay periods per year

Line 5 Exemption Amount. The calculator will compute your exemption amount based on the filing status you selected in line 3 above. You are entitled to the following exemptions depending upon your filing status:

Married Filing Joint, Head of Household, Qualifying Widower.

Use the “Married” status for line 3. Your exemption amount is \$5,000.

Single, Married Filing Separate. Use the “Single” status.

Your exemption amount is \$2,500.

Line 6 Multnomah County Taxable Income. This calculation takes your Oregon taxable income and reduces it by the exemption amount.

Line 7 The tax rate is 1.25%

Line 8 2005 Estimated Multnomah County Tax. This amount is calculated by multiplying your Multnomah County Taxable Income (line 6) by the 1.25% tax rate on line 7.

Line 9 Total Number of Pay Periods in 2005. This amount is calculated based on “How often are you paid?” in line 4 above.

Line 10 Expected Withholding Per Pay Period From the Withholding Tables. This amount is automatically calculated based on the withholding tables located at page 17 of this handbook and on the county Website at www.multcotax.org. The calculation is computed by dividing your annual pay by the number of your pay periods in a year and then determining the proper withholding amount based on your filing status.

Tax Calculator, Line by Line Instructions (Continued)

- Line 11** **Number of Pay Periods remaining in 2005.** Enter the number of pay periods for which your employer will withhold in 2005. If your employer is not going to withhold from your wages enter 0 on line 11.
- Line 12** **2005 Estimated Multnomah County Tax Withholding.** The form calculates the total amount of withholding for the year. It takes the amounts calculated in line 10 by the number of remaining pay periods in line 11.
- Line 13** **2005 Estimated County Tax.** This amount is calculated above in line 8.
- Line 14** **2005 Estimated Multnomah County Tax Withholding.** This amount is calculated in line 12 above.
- Line 15** **2005 Multnomah County Adjustment.** This is the total additional amount you should withhold for 2005 in order to “catch up” your withholding for the year 2005. Reminder: If your catch up adjustment is related to prior payroll periods in which no withholding occurred, you will need to reduce your withholding by the adjustment amount at the end of the year.
- Important: If your employer is not withholding sufficient Multnomah County income tax from your wages, you may wish to consider making a prepayment of the tax using Form MC ES. This estimated tax form is available on the Website at www.multcotax.org. A prepayment of the tax in 2005 will qualify as a 2005 itemized deduction. If you itemize your deductions, the payment in 2005 will reduce your 2005 federal and state of Oregon taxable income. If you make a payment in 2006, it will be an itemized deduction in 2006.**
- Line 16** **2005 Multnomah County Adjustment.** Amount from line 15 above.
- Line 17** **Number of Pay Periods Remaining in 2005.** This is the number you input above on line 11.
- Line 18** **Additional Requested Withholding Per Pay Period.** This is the additional amount of withholding needed per pay period to “catch up” your withholding for 2005. You should enter this amount in Box 2 of your *Employee Request to Withhold Multnomah County Resident Income Tax form*. Note: Your additional requested withholding cannot exceed your net wages per payroll period.



Employee Authorization to Withhold Multnomah County Resident Income Tax Instructions

What is the Multnomah County Personal Income Tax (ITAX)?

Ballot Measure 26-48 established a personal income tax on residents of Multnomah County. The tax is 1.25% of Oregon **taxable income** reduced by an exemption (\$2,500 for a single tax filer and \$5,000 for Joint filer). **The tax is effective January 1, 2003** and will be in place through calendar year 2005.

Is taxable income the same as wage income?

No. The payroll tax withholding is based only on your income from wages. The County tax is based on taxable income as reported to the state of Oregon (line 28 of Form 40 or line 12 of Form 40S). Oregon taxable income includes wages plus other forms of income (e.g. capital gains, rental income, dividends and interest). You will also receive the benefit of your Oregon standard deduction or Oregon itemized deductions, whichever is higher and an exemption amount. You may authorize additional payroll withholding (catch up adjustment) in order to make up for the tax on wages in prior months which were not subject to withholding or to cover additional non-Multnomah County income.

Purpose of this form:

This form will authorize your employer to withhold taxes from your wages based on County withholding tables (Box 1). You may also authorize additional withholding for each pay period (Box 2). If you only want to withhold based on the tables – check Box 1. If you want additional taxes withheld – check both Box 1 and Box 2.

Employees may want to consider having additional taxes withheld. Withholding tables are annual tables designed to withhold enough tax over a full year so that on April 15th, the employee isn't left with a substantial tax to pay. If you are starting to withhold after several pay periods in the calendar year have passed, you may wish to consider additional withholding to "catch up".

In addition, employees may owe more tax as a result of having outside income (capital gains, rental income, dividends, interest, etc.) or a working spouse who does not withhold. Employees may want to take advantage of the fact that Multnomah County income tax withheld in 2005 may be a deduction to federal and state taxable income for the 2005 tax year.

If the employee determines additional tax should be withheld, the employee may estimate the approximate additional tax and divide the additional tax by the number of pay periods left in 2005 to determine the additional tax to be withheld. Example: A joint tax filer has estimated the total tax to be paid as \$750.00. The tax filer is paid bi-weekly and will only have withholding for 11 pay periods (approximately 42% of year). It is estimated that an additional \$435.00 would be due. In this case the taxpayer may elect to have an additional \$40.00 withheld per paycheck to approximately equal the Multnomah County income tax due on April 15.

The Multnomah County income tax calculator will allow you to calculate the amount of additional estimated Multnomah County income tax you will need to pay on April 15th. This tax calculator is located at the Multnomah County Website at www.multcotax.org and will automatically calculate the necessary additional withholding per pay period.

Reminder: If your employer did not offer withholding for all of 2004, you may wish to reduce or eliminate your additional withholding in January 2005 because you will be able to withhold for the entire year.

www.multcotax.org

(503) 988-ITAX