

W-4 Information for Employers



www.oregon.gov/dor

New beginning January 1, 2019

Due to changes in federal tax laws, using federal Form W-4 allowances for Oregon withholding calculations may no longer result in the correct amount of withholding for Oregon tax purposes. The department has created Form OR-W-4, *Oregon Employee's Withholding Allowance Certificate*, for the purpose of determining adequate allowance claims for Oregon. Employees with and existing "Oregon-only" federal Form W-4 don't need to change their allowances for Oregon unless they revise their federal Form W-4 after January 1, 2019.

What form do my employees use to claim allowances for Oregon?

Employers should provide Form OR-W-4 to their employees for claiming Oregon withholding allowances anytime federal Form W-4 is used. The new Oregon Form OR-W-4 is available to be downloaded or ordered at www.oregon.gov/dor.

What do I do if my employee doesn't file an allowance certificate?

You should use "single, -0-" allowances for state purposes if you don't receive an allowance certificate from the employee. Allowances claimed on Oregon Form OR-W-4 should be used for state purposes only. If the employee only submits federal Form W-4, you can use allowances claimed on that form for state purposes but encourage the employee to complete Form OR-W-4 or their state withholding might not be adequate.

Can an employee have a different withholding amount for state than they do for federal?

Yes. The employee should indicate the desired number of state allowances on Form OR-W-4 and use federal Form W-4 to claim federal allowances.

Does the Department of Revenue require copies of allowance certificates?

Oregon Administrative Rule (OAR) 150-316-0290 requires employers to send a copy of Oregon Form OR-W-4 and federal Form W-4 to us within 20 days of receiving them if the employee claims:

- More than 10 allowances for state purposes;
- Exemption from withholding, and you expect the employee's income to be more than \$200 per week for both federal and state purposes; or
- Exemption from withholding for state purposes but not federal purposes.

If a hardcopy of the allowance certificates are unavailable, provide a report listing the following:

- Employee name.
- Social Security number (SSN).
- Employee's current address.
- Status and number of allowances or exempt for both federal and state purposes.
- Date the certificates signed or processed.
- Federal employer identification number (FEIN).

These copies or reports should be sent to:

W-4 Project Manager
Oregon Department of Revenue
PO Box 14560
Salem OR 97309

What conditions must be met for an employee to be allowed to claim exempt?

An employee is allowed to claim exempt for Oregon purposes if their compensation is exempt from Oregon tax under a provision of federal or state law. The employee may also claim exempt if they had a right to a refund of all state income tax withheld last year and they expect to have a right to a refund of all state income tax withheld in the current year. Internal Revenue Code (IRC) 3401, 3402; OAR 150-316-0280, 150-316-0290.

What is a Determination Letter and who receives a copy?

A *Determination Letter* is a document stating that we have changed the employee's status and/or allowances and instructs the employer to withhold state tax based upon the change. Both the employee and the employer receive a *Determination Letter*.

When you receive this letter from us, change the employee's status and/or allowances for state withholding purposes only. This determination stays in effect indefinitely. The employee may submit a new

Form OR-W-4 to us for review if their tax situation changes. Continue to withhold based on the *Determination Letter* unless you receive a new *Determination Letter*.

Is there any time that an employer wouldn't honor an exemption certificate as filed?

No. You should honor the Oregon Form OR-W-4 and federal Form W-4 filed by the employee unless you receive a *Determination Letter* from us or the IRS.

What authority does the Department of Revenue have to request personal income, dependent and/or tax deduction information from an employee? Does this apply to an employee claiming less than 11 withholding allowances?

Oregon Revised Statute (ORS) 314.425 authorizes the department to request any books, papers, accounts, or other information necessary to carry out any law

imposing tax on or measured by net income. ORS 316.167 requires withholding of tax from employees' wages by employers in payment of employees' taxes, determined by net income.

OAR 150-316-0290 provides that the employer shall send the department copies of employees' W-4 forms claiming "Exempt" or "Excessive" (over 10). It also provides that the department may make a written request of an employee for verification of the statements in the certificate. However, the department may require verification of any status and/or number of allowances claimed at its discretion.

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.