

## General information

### What is Oregon income tax withholding?

Oregon income tax withholding refers to the amount of Oregon personal income taxes that are withheld from your paychecks to cover your anticipated Oregon tax liability for the year. By law, your employer must withhold a portion of your wages based on your allowances and send the funds to the Department of Revenue.

### How is the amount of Oregon income tax withholding determined?

You report your marital status, withholding allowances, and any additional amount you want withheld to your employer by completing Form OR-W-4. This information, along with Publication 150-206-436, *Oregon Withholding Tax Formulas*, which estimates the tax due on your wages, is used by your employer to withhold a specific amount per pay period.

If you have too much tax withheld, you may have a refund when you file your tax return. If you have too little tax withheld, you may owe tax when you file your tax return, including penalty and interest. See Publication OR-17 for penalty and interest information.

### Why has Oregon created Form OR-W-4?

In prior years, Oregon employees were able to use the federal Form W-4 to determine the number of Oregon allowances needed. However, due to federal tax law changes, the federal form no longer calculates the correct number of Oregon allowances. Form OR-W-4 will help you calculate allowances for Oregon income tax withholding.

Form OR-W-4 is designed to approximate the amount of tax you will need to have withheld for Oregon. Your 2019 tax return may still result in a tax due or refund. For a more accurate calculation, use the [Oregon Withholding Calculator](http://www.oregon.gov/dor) at [www.oregon.gov/dor](http://www.oregon.gov/dor) to calculate your allowances for Oregon.

### How often do I need to complete Form OR-W-4?

Complete a new Form OR-W-4 when you start a new job and whenever your personal or financial situation changes, affecting your tax situation. This includes changes in your income, marital status, and number of dependents.

## Specific information

**Two-earners or multiple jobs.** If you and your spouse work or if you have more than one job, do the following on the Form OR-W-4 for the highest paying job only:

- Enter the allowances from Worksheet C, line C5 on Form OR-W-4, line 2.

- Enter the additional per-period amount to withhold, if any, from Worksheet C, line C8 on Form OR-W-4, line 3.

For all other (lower-paying) jobs, skip the worksheets and claim **-0-** allowances on Form OR-W-4 line 2, and **-0-** additional amount to be withheld on line 3.

If you (including your spouse) have more than two jobs, use the online calculator for more accurate results.

**Wages or adjusted gross income (AGI) that exceed the threshold.** Do you expect to have wages or AGI on your 2019 return that are more than \$100,000 (or \$200,000 if using the married filing jointly or the qualifying widow(er) filing status)? Consider using the online calculator to determine the correct amounts to claim on your Form OR-W-4. Otherwise, skip the worksheets. Check the appropriate box on line 1 for your marital status and enter **-0-** on line 2. You may owe additional tax when you file your return.

**Helpful tip: AGI.** Your AGI is your total income minus federal adjustments to income. The amount on your 2018 federal Form 1040, line 7, may help you estimate your 2019 AGI.

**Mid-year changes.** If you're changing your allowances part-way through the year and you claimed too many allowances for the first part of the year, use the online calculator to determine the additional amount you need withheld to make up for the shortage you had during the first part of the year. Otherwise, you may owe tax, penalties, and interest when you file your return. See Publication OR-17 for penalty and interest information.

**Pension or annuity payments.** Form OR-W-4 can be used to designate the amount of withholding on your pension or annuity payments. Generally, whenever Form OR-W-4 or the instructions refer to jobs or wages, substitute these terms with "pension or annuity" or "pension or annuity payment."

If your pension or annuity payment is required to be withheld at a certain percentage, you are not able to claim allowances on Form OR-W-4, line 2; however, you are able to claim additional withholding on Form OR-W-4, line 3.

**Part-year and nonresidents.** If you're a part-year or nonresident of Oregon, complete the applicable worksheets based on amounts that will be included in the Oregon column of your Oregon return.

**Nonresident alien.** If you're a nonresident alien, you don't qualify to claim certain items on your Oregon return. Therefore, we recommend that you mark "Single" on Form OR-W-4, line 1 and enter **-0-** on line 2.

**Exemption from withholding.** If you're exempt from withholding, skip the worksheets. Complete line 4 and sign Form OR-W-4. See additional instructions for line 4 on page 2 of the instructions.

## Form OR-W-4 line instructions

Type or clearly print your name, Social Security number (SSN), and home address.

**Note.** You must enter an SSN. You can't use an individual taxpayer identification number (ITIN).

**Line 1.** If you anticipate using the single, married filing separately, or head of household filing status when you file your 2019 return, mark "Single."

If you anticipate using the married filing jointly, or qualifying widow(er) filing status when you file your 2019 return, mark "Married." If you meet the married filing jointly qualifications, but want to withhold at the higher "single" rate, mark "Married, but withholding at the higher single rate."

For the qualifications of each filing status, see federal Publication 501, *Exemptions, Standard Deduction, and Filing Information*.

**Line 2.** Complete all applicable worksheets. Use the allowances from **Worksheet A**, line A4, **Worksheet B**, line B15, or **Worksheet C**, line C5.

**Line 3.** If you choose to have an additional amount withheld from your pay, enter the amount that you want withheld from each paycheck. If you completed **Worksheet C**, line C8 may direct you to claim an additional amount per paycheck.

**Line 4.** If you're claiming **exemption from withholding**, you must meet one of the below requirements:

- Your wages must be exempt from Oregon taxation, or
- You must meet the qualification for having no tax liability.

To claim exemption due to **no tax liability**, you must meet **both** of the following conditions:

- Last year you had the right to a refund of **all** Oregon tax withheld because you had **no tax liability**, and
- This year you expect a refund of **all** Oregon income tax withheld because you expect to have **no tax liability**.

To claim exempt, enter the corresponding code from the following **Exemption chart** on line 4a. Only enter one exemption code. Also write "Exempt" on line 4b.

### Exemption chart

| Exemption  | Code |
|--|------|
| Air carrier employee   | A    |
| American Indian enrolled tribal member living and working in Indian country. | B    |
| Amtrak Act worker  | C    |
| Casual laborer   | D    |
| Domestic service worker  | E    |

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|--|---|
| Hydroelectric dam worker at the Bonneville, John Day, McNary, or The Dalles dams.  | F |
| Military pay for nonresidents stationed in Oregon and their spouses, residents stationed outside Oregon, and service members whose Defense Finance and Accounting Services (DFAS) address is outside Oregon. | G |
| Minister who is duly ordained, commissioned, or licensed and performing duties in their ministry, or a member of a religious order performing duties required by their order.                                | H |
| Nonresident alien who is exempt from federal withholding and has submitted federal Form 2833 or other specially required documentation with their employer to claim federal withholding exemption.           | I |
| Real estate salesperson under a written contract not to be treated as an employee.   | J |
| Waterway worker  | K |
| No tax liability. See above for definition.  | L |

**Sign and date Form OR-W-4.** Submit Form OR-W-4 (page 1) to your employer. Don't complete the employer's name, FEIN, and address boxes; your employer will complete these. Keep the worksheets (pages 2-4) with your tax records.

## Worksheet instructions

### Worksheet A—Personal allowances

**Line A3. Dependents.** List the total of all qualifying children and qualifying relatives you are able to claim as a dependent on your Oregon return. See the "Exemption credit" section of Publication OR-17 for qualifications.

### Worksheet B—Deductions, adjustments, credits, and nonwage income

**Line B1.** If you have large amounts of nonwage income, such as interest, dividends, or self-employment income, consider making estimated tax payments using Publication OR-ESTIMATE. Otherwise, you may owe additional tax.

**Line B2. Additions** are items the federal government doesn't tax but Oregon does. See Publication OR-17 for a list of additions and instructions.

**Line B4.** Enter your anticipated 2019 Oregon **deductions**. If you don't know your anticipated 2019 deductions, enter the standard deduction for your anticipated filing status.

The 2019 **standard deduction** for each filing status is:

- \$2,270 for single or married filing separately.
- \$3,655 for head of household.
- \$4,545 for married filing jointly or qualifying widow(er).

If you qualify for an **additional standard deduction amount** because you or your spouse are age 65 or older or blind, and you don't plan to itemize your deductions, enter your total

estimated standard deduction amount for 2019. See Publication OR-17 for standard deduction information.

**Itemized deductions** include items such as: medical expenses in excess of 10% of your adjusted gross income, qualifying home mortgage interest, charitable contributions, state and local taxes (limited to \$10,000, and excluding Oregon income taxes), and certain miscellaneous deductions. If you plan to itemize your deductions, enter your estimated **Oregon itemized deductions**. See Schedule OR-A for additional information.

**Line B7. Adjustments to income** are claimed on your federal return and reduce your federal taxable income. See federal Form 1040 instructions for details on claiming adjustments to income on your federal return and see Publication OR-17 for details on claiming these items on your Oregon return.

**Subtractions** are items the federal government taxes but Oregon doesn't. See Publication OR-17 for a list of subtractions and instructions. **Don't** include your federal tax subtraction.

**Line B10.** Divide line B9 by \$2,700. Round to one decimal place. For example, round 4.84 to 4.8 and 4.85 to 4.9. This calculation converts the amount from line B9 to allowances.

**Line B11. Credits** reduce the amount of tax you must pay. Standard and carryforward credits can reduce your tax down to zero but can't be refunded to you. Refundable credits, however, can reduce your tax down to zero and also result in a refund of any remaining amount. See Publication OR-17 for a list of credits and instructions.

Enter an estimate of the credits you will claim on your 2019 Oregon return. **Don't** include your exemption credits.

**Line B12.** Divide line B11 by \$206. Round using one decimal place. For example, round 4.84 to 4.8 and 4.85 to 4.9. This calculation converts the amount from B11 to allowances.

**Line B13.** Add lines B10 and B12. Round down to a whole number by eliminating the decimal value. For example, round 4.3 or 4.8 to 4 and round -3.3 or -3.7 to -3.

**Example 1.** Roger entered -3.1 on line B10. He entered 2.4 on line B12. He will enter -0- on line B13 ( $-3.1 + 2.4 = -0.7$ , which rounds down to -0-).

**Line B15.** If the result on line B15 is less than zero, consider making quarterly estimated tax payments to avoid a tax liability and penalties and interest when you file your return. See Publication OR-ESTIMATE for information on how to make quarterly estimated payments.

## Worksheet C—Two earners / multiple jobs

**Line C5.** For your highest paying job, enter the result of **Worksheet C**, line C5 on Form OR-W-4, line 2. All lower paying jobs should claim zero allowances.

**Line C8.** For your highest paying job, enter the result of **Worksheet C**, line C8 on Form OR-W-4, line 3. Round to the nearest whole dollar. All lower paying jobs should claim zero as the additional amount to have withheld.

**Example 2.** Todd is completing this form in January and has entered \$824 on line C7. For his highest paying job, he is paid every two weeks and has 25 paychecks left for the year. Todd will enter \$33 on line C8 and Form OR-W-4, line 3 ( $\$824 \div 25 = \$32.96$ , which is rounded up to the nearest whole dollar).

## Employer instructions

Enter the business name, federal employer identification number (FEIN), and address. Keep this form with your records.

You're required to send Form OR-W-4 to the Department of Revenue within 20 days of receiving it if the employee claims any of the following:

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

Send form(s) to:

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

For additional information regarding Form OR-W-4, see Publication 150-211-602, *W-4 Information for Employers*.

## Additional resources

For additional information, refer to the following publications:

- Publication 150-206-436, *Oregon Withholding Tax Formulas*.
- Publication OR-17, *Oregon Individual Income Tax Guide*.
- Publication OR-ESTIMATE, *Instructions for Estimated Income Tax*.
- Publication 150-211-602, *W-4 Information for Employers*.
- Federal Pub. 501, *Exemptions, Standard Deduction, and Filing Information*.
- Federal Form 2833, *Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual*.
- Federal Form 1040 Instructions.

## Do you have questions or need help?

[www.oregon.gov/dor](http://www.oregon.gov/dor)  
(503) 378-4988 or (800) 356-4222  
[questions.dor@oregon.gov](mailto:questions.dor@oregon.gov)

Contact us for ADA accommodations or assistance in other languages.