

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have revenue impact, statement not yet issued

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Chris Allanach, Economist

Meeting Dates: 2/16

WHAT THE BILL DOES: Grants rule making authority to the Department of Revenue to require withholding of state income tax in certain cases if withholding is required for federal taxes. Applies to a person required to withhold and remit federal taxes under section 3402(t) of the Internal Revenue Code. Limits the amount of withholding to one percent of contract payment. Applies to contract payments made on or after January 1, 2013.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND: Employers residing in or doing business in Oregon must withhold tax from all wages paid to employees who are residents of Oregon, even for services performed and wages earned outside of Oregon. Employers must also withhold tax from all wages earned by nonresident employees for services performed in Oregon. Wages subject to Oregon withholding tax includes salaries, commissions, bonuses, wages, fees, or any other item of value paid to an individual for services as an employee.