

# Oregon Withholding Tax Formulas

Effective January 1, 2011

## **To Oregon employers:**

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The Oregon Withholding Tax Formulas include:

- Things you need to know.
- Phase-out information for high income employees.
- Additional formulas for the new 10.8-percent and 11-percent tax rates.
- Frequently asked questions.

For more information, call

**503-945-8091**

**or**

**503-378-4988**



**955 Center Street NE  
Salem OR 97301-2555**

# Things you need to know

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The updated Oregon Withholding Tax Formulas reflect the last phase of increasing the federal tax subtraction to \$5,950 and changes due to recently enacted legislation. Employees may notice a change in the amount of Oregon tax withheld. If your employee wishes to adjust for too much or too little tax withheld, refer them to publication 150-206-643, *Oregon Income Tax Withholding*, available at [www.oregon.gov/dor/business/](http://www.oregon.gov/dor/business/).

## You may be personally liable for withholding taxes.

As a corporation officer or employee, you can be held personally responsible for unpaid withholding taxes owed by the corporation. That's because Oregon laws ORS 316.162 and ORS 316.207 make it possible to transfer the liability for unpaid taxes from the corporation to the responsible officers and employees when the corporation fails to remit the tax withheld.

## Interested in Electronic Funds Transfer (EFT)?

Payments for combined payroll taxes can be made electronically using the Department of Revenue's Electronic Funds Transfer (EFT) program. A business must register with the department and indicate the Automated Clearing House payment type (ACH Debit or ACH Credit) they plan to use before starting payments.

The IRS has changed the rules on the use of the Electronic Federal Tax Payment System (EFTPS) for withholding payments. Oregon law states that if a business is required to use EFTPS for federal purposes, they must use EFT for Oregon purposes. If a change to the federal rules affect you and you must begin paying your federal taxes with EFTPS, then you must pay your Oregon taxes with EFT.

Even though many businesses are required to make their payments this way, employers may voluntarily participate in the EFT program. Additional information and registration materials are available from the department's internet site: [www.oregon.gov/dor/e-filing](http://www.oregon.gov/dor/e-filing) or you may call the EFT Help/Message Line at 503-947-2017 to receive a program guide.

## Alternative withholding method for supplemental wage payments

Employers may use a 9 percent flat rate to figure withholding on supplemental wages that are paid at a different time than an employee's regular payday. Supplemental wages include bonuses, overtime pay, commissions, or any other form of payment received in addition to the employee's regular pay.

### Have questions? Need help?

**General tax information** ..... [www.oregon.gov/dor](http://www.oregon.gov/dor)  
Salem ..... 503-378-4988  
Toll-free from an Oregon prefix ..... 1-800-356-4222

#### Asistencia en español:

En Salem o fuera de Oregon ..... 503-378-4988  
Gratis de prefijo de Oregon ..... 1-800-356-4222

#### TTY (hearing or speech impaired; machine only):

Salem area or outside Oregon ..... 503-945-8617  
Toll-free from an Oregon prefix ..... 1-800-886-7204

**Americans with Disabilities Act (ADA):** Call one of the help numbers above for information in alternative formats.

# Things you need to know

## Do I use rounding of withholding amounts?

When employers use the percentage method, the tax for the pay period may be rounded to the nearest dollar, but it's not required.

## When is my withholding due?

Due dates for paying Oregon withholding tax are the same as due dates for depositing your federal tax liability.

If your federal tax liability is:	Oregon withholding tax payments are due:		<b>Payrolls paid in:</b>  <b>Quarter 1</b> January, February, March  <b>Quarter 2</b> April, May, June  <b>Quarter 3</b> July, August, September  <b>Quarter 4</b> October, November, December
<ul style="list-style-type: none"> <li>Less than \$2,500 for the quarter → by the quarterly report due date</li> </ul> <p>Example: If your Federal Tax Liability is \$2,300 and your State Income Tax Liability is \$1,500, you deposit quarterly.</p>			
<ul style="list-style-type: none"> <li>\$50,000 or less in the lookback period* → by the 15th of the month following payroll</li> </ul> <p>Example: If your Federal Tax Liability is \$5,000 and your State Income Tax Liability is \$2,500, you deposit monthly.</p>			
<ul style="list-style-type: none"> <li>More than \$50,000 in the lookback period* → <b>Semiweekly Deposit Schedule</b></li> </ul>	<i>If the day falls on a:</i> Wednesday, Thursday, and/or Friday	<i>Then pay taxes by:</i> the following Wednesday	
	Saturday, Sunday, Monday and/or Tuesday	the following Friday	
<p>Example: If your Federal Tax Liability is \$60,000 and your State Income Tax Liability is \$25,000, you deposit semi-weekly.</p>			
<ul style="list-style-type: none"> <li>\$100,000 in a single pay period* → within one banking day</li> </ul> <p>Example: If your Federal Tax Liability is \$120,000 and your State Income Tax Liability is \$75,000, you deposit within the next business day.</p>			
<p><u>New Business</u> Per federal rules, all new businesses should deposit monthly until a lookback period is available; this is the same for the State of Oregon. See Publication 15 Circular E, page 20.</p> <p>* The lookback period is the 12-month period that ended the preceding June 30. The lookback period for agricultural employers is the calendar year prior to the calendar year just ended.</p>			

## When do I file my withholding?

Employers with household employees, or employers who file federal Form 943 for agricultural employment, may file annual returns, Oregon Form WA for agricultural employees and Form OA for domestic employees. All other employers must file a quarterly tax report, Oregon Form OQ.

As long as you are registered as an employer, you must file an *Oregon Combined Tax Report*, Form OQ, even if you have no payroll during the reporting period.

# Computer formula

To figure Oregon withholding amounts, you may use the formulas shown below. If you use your own formula, it must be approved by the Oregon Department of Revenue before use.

To use the formulas for each payroll period, you must figure a 'base wage' (BASE) amount. The base is the employee's wage minus the federal tax withheld minus standard deduction. The federal tax adjustment in the formula can't be more than \$5,950 per year in 2011. That's because Oregon personal income tax law limits the amount of federal income tax that is subtracted from federal adjusted gross income (AGI). For payroll periods of less than a year, the limit on federal tax withheld changes to reflect the shorter payroll period.

For example, the monthly federal withholding maximum is \$496 = (\$5,950/12). For a single employee who (1) is earning \$3,850 per month and (2) is claiming two allowances, federal withholding might be \$525. But only \$496 may be subtracted. Standard deduction is prorated in the same fashion. On the monthly basis it is \$165 = (\$1,980/12). So the base is \$3,189 = (\$3,850 - \$496 - \$165).

Once you figure the base, use the base in the formulas below to compute your Oregon withholding (WH).

**Example 1:** A single employee has an annual wage of \$15,000 and claims one allowance. If the federal withholding for this employee is \$969, and standard deduction is \$1,980, then the base is \$12,051 = (\$15,000 - \$969 - \$1,980). The amount of annual Oregon withholding from the table below would be \$868.

$$\begin{aligned} \text{WH} &= \$660 + [(\text{BASE} - \$7,750) \times .09] - (\$179 \times \text{Allowances}). \\ \text{WH} &= \$660 + [(\$12,051 - \$7,750) \times .09] - \$179 \times 1 = \$868 \end{aligned}$$

You can figure Oregon withholding for this employee as follows:

1. Wage.....	\$15,000
2. Less federal withholding.....	- \$969
3. Less standard deduction.....	- \$1,980
4. BASE .....	\$12,051
5. Amount of BASE over \$7,750.....	\$4,301
6. Tax on first \$7,750 of BASE.....	\$660
7. Tax on excess (0.09 × \$4,301) .....	\$387
8. Total tax from rates (lines 6 + 7) .....	\$1,047
9. Less personal exemption credit (\$179 × 1).....	- \$179
10. Net tax to be withheld .....	\$868

**Example 2:** A married employee earns \$3,300 per month and claims two allowances. If the employee's monthly federal withholding is \$246 and monthly standard deduction is \$330, then the BASE is \$2,724 = (\$3,300 - \$246 - \$330). The amount of Oregon monthly withholding is \$194.

$$\begin{aligned} \text{WH} &= \$95 + [(\text{BASE} - \$1,292) \times 0.09] - (\$15 \times \text{Allowances}). \\ \text{WH} &= \$95 + [(\$2,724 - \$1,292) \times 0.09] - (\$15 \times 2) = \$194. \end{aligned}$$

**Example 3:** A single employee earns \$130,000 a year and claims four allowances on her federal W-4. Because the employee makes more than \$125,000 annually, the employee's subtraction for federal withholding is limited. For example, if the employee's federal tax withheld is \$9,368 for the year, they may only subtract \$3,550 of that amount.

**Example 4:** A married employee earns \$175,000 a year and claims four allowances on his federal W-4 but he requests his employer to withhold at the higher single rate even though he is married. Because his annual income is higher than \$145,000 which is the final step in the phase-out for the single withholding rates, his employer would not give any subtraction for federal tax withheld.

A list of questions and answers about the withholding formula is on page 9.

## Use the formula that matches your payroll period:

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### Annual wages up to \$50,000

#### Annual wages formula:

**BASE = wages – federal tax withheld (not to exceed \$5,950) – standard deduction (\$1,980[S]/\$3,960[M])**

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#### Single with less than 3 allowances—use standard deduction (\$1,980 [S])

If BASE is:

At least	But Not Over	
0 -	3,100	WH = 179 + [BASE × 0.05] – (179 × allowances)
3,100 -	7,750	WH = 334 + [(BASE – 3,100) × 0.07] – (179 × allowances)
7,750 -	125,000	WH = 660 + [(BASE – 7,750) × 0.09] – (179 × allowances)

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#### Married, or single with 3 or more allowances—use standard deduction (\$3,960 [M])

If BASE is:

At least	But Not Over	
0 -	6,200	WH = 179 + [BASE × 0.05] – (179 × allowances)
6,200 -	15,500	WH = 489 + [(BASE – 6,200) × 0.07] – (179 × allowances)
15,500 -	250,000	WH = 1,140 + [(BASE – 15,500) × 0.09] – (179 × allowances)

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### Monthly formula for wages up to \$4,167 per pay period:

**BASE = wages – federal tax withheld (not to exceed \$496) – standard deduction (\$165[S]/\$330[M])**

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#### Single with less than 3 allowances—use standard deduction (\$165 [S])

If BASE is:

At least	But Not Over	
0 -	258	WH = 15 + [BASE × 0.05] – (15 × allowances)
258 -	646	WH = 28 + [(BASE – 258) × 0.07] – (15 × allowances)
646 -	10,417	WH = 55 + [(BASE – 646) × 0.09] – (15 × allowances)

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#### Married, or single with 3 or more allowances—use standard deduction (\$330 [M])

If BASE is:

At least	But Not Over	
0 -	517	WH = 15 + [BASE × 0.05] – (15 × allowances)
517 -	1,292	WH = 41 + [(BASE – 517) × 0.07] – (15 × allowances)
1,292 -	20,833	WH = 95 + [(BASE – 1,292) × 0.09] – (15 × allowances)

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## Use the formula that matches your payroll period:

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### Twice-a-month formula for wages up to \$2,083 per pay period:

**BASE = wages – federal tax withheld (not to exceed \$248) – standard deduction (\$83[S]/\$165 [M])**

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#### Single with less than 3 allowances—use standard deduction (\$83[S])

If BASE is:

At least	But Not Over	
0 -	129	WH = 7 + [BASE × 0.05] – (7 × allowances)
129 -	323	WH = 13 + [(BASE – 129) × 0.07] – (7 × allowances)
323 -	5,208	WH = 27 + [(BASE – 323) × 0.09] – (7 × allowances)

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#### Married, or single with 3 or more allowances—use standard deduction (\$165 [M])

If BASE is:

At least	But Not Over	
0 -	258	WH = 7 + [BASE × 0.05] – (7 × allowances)
258 -	646	WH = 20 + [(BASE – 258) × 0.07] – (7 × allowances)
646 -	10,417	WH = 47 + [(BASE – 646) × 0.09] – (7 × allowances)

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### Every two-week formula for wages up to \$ 1,923 per pay period:

**BASE = wages – federal tax withheld (not to exceed \$229) – standard deduction (\$76[S]/\$152[M])**

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#### Single with less than 3 allowances—use standard deduction (\$76 [S])

If BASE is:

At least	But Not Over	
0 -	119	WH = 7 + [BASE × 0.05] – (7 × allowances)
119 -	298	WH = 13 + [(BASE – 119) × 0.07] – (7 × allowances)
298 -	4,808	WH = 25 + [(BASE – 298) × 0.09] – (7 × allowances)

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#### Married, or single with 3 or more allowances—use standard deduction (\$152 [M])

If BASE is:

At least	But Not Over	
0 -	238	WH = 7 + [BASE × 0.05] – (7 × allowances)
238 -	596	WH = 19 + [(BASE – 238) × 0.07] – (7 × allowances)
596 -	9,615	WH = 44 + [(BASE – 596) × 0.09] – (7 × allowances)

## Use the formula that matches your payroll period:

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### Weekly formula for wages up to \$962 per pay period:

**BASE = wages – federal tax withheld (not to exceed \$114) – standard deduction (\$38[S]/\$76[M])**

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#### Single with less than 3 allowances—use standard deduction (\$38 [S])

If BASE is:

At least	But Not Over	
0 -	60	$WH = 3 + [BASE \times 0.05] - (3 \times \text{allowances})$
60 -	149	$WH = 6 + [(BASE - 60) \times 0.07] - (3 \times \text{allowances})$
149 -	2,404	$WH = 12 + [(BASE - 149) \times 0.09] - (3 \times \text{allowances})$

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#### Married, or single with 3 or more allowances—use standard deduction (\$76 [M])

If BASE is:

At least	But Not Over	
0 -	119	$WH = 3 + [BASE \times 0.05] - (3 \times \text{allowances})$
119 -	298	$WH = 9 + [(BASE - 119) \times 0.07] - (3 \times \text{allowances})$
298 -	4,808	$WH = 21 + [(BASE - 298) \times 0.09] - (3 \times \text{allowances})$

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### Daily formula for wages up to \$192 per pay period:

**BASE = wages – federal tax withheld (not to exceed \$23) – standard deduction (\$8[S]/\$15[M])**

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#### Single with less than 3 allowances—use standard deduction (\$8[S])

If BASE is:

At least	But Not Over	
0 -	12	$WH = 1 + [BASE \times 0.05] - (1 \times \text{allowances})$
12 -	30	$WH = 2 + [(BASE - 12) \times 0.07] - (1 \times \text{allowances})$
30 -	481	$WH = 3 + [(BASE - 30) \times 0.09] - (1 \times \text{allowances})$

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#### Married, or single with 3 or more allowances—use standard deduction (\$15 [M])

If BASE is:

At least	But Not Over	
0 -	24	$WH = 1 + [BASE \times 0.05] - (1 \times \text{allowances})$
24 -	60	$WH = 2 + [(BASE - 24) \times 0.07] - (1 \times \text{allowances})$
60 -	962	$WH = 5 + [(BASE - 60) \times 0.09] - (1 \times \text{allowances})$

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# Use the formula that matches your payroll period:

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## Annual wages of \$50,000 or higher

### Annual wages formula:

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$1,980[S]/\$3,960[M])**

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#### Single with less than 3 allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$1,980[S])**

[S] PHASE OUT =

wages ≥ \$50,000 and <\$125,000	= \$5,950
wages ≥ \$125,000 and <\$130,000	= \$4,750
wages ≥ \$130,000 and <\$135,000	= \$3,550
wages ≥ \$135,000 and <\$140,000	= \$2,350
wages ≥ \$140,000 and <\$145,000	= \$1,150
wages ≥ \$145,000	= \$0

If BASE is:

At least	But Not Over	WH =
7,750 - 125,000		$481 + [(BASE - 7,750) \times 0.09] - (179 \times \text{allowances})$
125,000 - 250,000		$11,033 + [(BASE - 125,000) \times 0.108] - (179 \times \text{allowances})$
250,000		$24,533 + [(BASE - 250,000) \times 0.11] - (179 \times \text{allowances})$

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#### Married, or single with 3 or more allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$3,960[M])**

[M] PHASE OUT =

wages ≥ \$50,000 and <\$250,000	= \$5,950
wages ≥ \$250,000 and <\$260,000	= \$4,750
wages ≥ \$260,000 and <\$270,000	= \$3,550
wages ≥ \$270,000 and <\$280,000	= \$2,350
wages ≥ \$280,000 and <\$290,000	= \$1,150
wages ≥ \$290,000	= \$0

[S] PHASE OUT =

wages ≥ \$50,000 and <\$125,000	= \$5,950
wages ≥ \$125,000 and <\$130,000	= \$4,750
wages ≥ \$130,000 and <\$135,000	= \$3,550
wages ≥ \$135,000 and <\$140,000	= \$2,350
wages ≥ \$140,000 and <\$145,000	= \$1,150
wages ≥ \$145,000	= \$0

If BASE is:

At least	But Not Over	WH =
15,500 - 250,000		$961 + [(BASE - 15,500) \times 0.09] - (179 \times \text{allowances})$
250,000 - 500,000		$22,066 + [(BASE - 250,000) \times 0.108] - (179 \times \text{allowances})$
500,000		$49,066 + [(BASE - 500,000) \times 0.11] - (179 \times \text{allowances})$

## Monthly formula for wages of \$4,167 and higher per pay period:

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### Single with less than 3 allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$165[S])**

[S] PHASE OUT =

wages	≥\$4,167 and	<\$10,417 =	\$496
wages	≥\$10,417 and	<\$10,833 =	\$396
wages	≥\$10,833 and	<\$11,250 =	\$296
wages	≥\$11,250 and	<\$11,667 =	\$196
wages	≥\$11,667 and	<\$12,083 =	\$96
wages	≥\$12,083	=	\$0

If BASE is:

At least	But Not Over	WH =	
646	- 10,417	WH =	$40 + [(BASE - 646) \times 0.09] - (15 \times \text{allowances})$
10,417	- 20,833	WH =	$919 + [(BASE - 10,417) \times 0.108] - (15 \times \text{allowances})$
20,833		WH =	$2,044 + [(BASE - 20,833) \times 0.11] - (15 \times \text{allowances})$

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### Married, or single with 3 or more allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$330[M])**

[M] PHASE OUT =

wages	≥ \$4,167 and	<\$20,833 =	\$496
wages	≥\$20,833 and	<\$21,667 =	\$396
wages	≥\$21,667 and	<\$22,500 =	\$296
wages	≥\$22,500 and	<\$23,333 =	\$196
wages	≥\$23,333 and	<\$24,167 =	\$96
wages	≥\$24,167	=	\$0

[S] PHASE OUT =

wages	≥\$4,167 and	<\$10,417 =	\$496
wages	≥\$10,417 and	<\$10,833 =	\$396
wages	≥\$10,833 and	<\$11,250 =	\$296
wages	≥\$11,250 and	<\$11,667 =	\$196
wages	≥\$11,667 and	<\$12,083 =	\$96
wages	≥\$12,083	=	\$0

If BASE is:

At least	But Not Over	WH =	
1,292	- 20,833	WH =	$80 + [(BASE - 1,292) \times 0.09] - (15 \times \text{allowances})$
20,833	- 41,667	WH =	$1,839 + [(BASE - 20,833) \times 0.108] - (15 \times \text{allowances})$
41,667		WH =	$4,089 + [(BASE - 41,667) \times 0.11] - (15 \times \text{allowances})$

## Use the formula that matches your payroll period:

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### Twice-a-month formula for wages of \$2,083 and higher per pay period:

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#### Single with less than 3 allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$83[S])**

[S] PHASE OUT =

wages	≥ \$2,083 and	< \$5,208 =	\$248
wages	≥ \$5,208 and	< \$5,417 =	\$198
wages	≥ \$5,417 and	< \$5,625 =	\$148
wages	≥ \$5,625 and	< \$5,833 =	\$98
wages	≥ \$5,833 and	< \$6,042 =	\$48
wages	≥ \$6,042	=	\$0

If BASE is:

At least	But Not Over	WH =	
323 -	5,208	WH =	20 + [(BASE – 323) × 0.09] – (7 × allowances)
5,208 -	10,417	WH =	460 + [(BASE – 5,208) × 0.108] – (7 × allowances)
10,417		WH =	1,022 + [(BASE – 10,417) × 0.11] – (7 × allowances)

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#### Married, or single with 3 or more allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$165 [M])**

[M] PHASE OUT =

wages	≥ \$2,083 and	< \$10,417 =	\$248
wages	≥ \$10,417 and	< \$10,833 =	\$198
wages	≥ \$10,833 and	< \$11,250 =	\$148
wages	≥ \$11,250 and	< \$11,667 =	\$98
wages	≥ \$11,667 and	< \$12,083 =	\$48
wages	≥ \$12,083	=	\$0

[S] PHASE OUT =

wages	≥ \$2,083 and	< \$5,208 =	\$248
wages	≥ \$5,208 and	< \$5,417 =	\$198
wages	≥ \$5,417 and	< \$5,625 =	\$148
wages	≥ \$5,625 and	< \$5,833 =	\$98
wages	≥ \$5,833 and	< \$6,042 =	\$48
wages	≥ \$6,042	=	\$0

If BASE is:

At least	But Not Over	WH =	
646 -	10,417	WH =	40 + [(BASE – 646) × 0.09] – (7 × allowances)
10,417 -	20,833	WH =	919 + [(BASE – 10,417) × 0.108] – (7 × allowances)
20,833		WH =	2,044 + [(BASE – 20,833) × 0.11] – (7 × allowances)

## Every two-week formula for wages of \$1,923 and higher per pay period:

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### Single with less than 3 allowances

BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$76[S])

[S] PHASE OUT =

wages	≥ \$1,923 and	< \$4,808 =	\$229
wages	≥ \$4,808 and	< \$5,000 =	\$183
wages	≥ \$5,000 and	< \$5,192 =	\$137
wages	≥ \$5,192 and	< \$5,385 =	\$90
wages	≥ \$5,385 and	< \$5,577 =	\$44
wages	≥ \$5,577	=	\$0

If BASE is:

At least	But Not Over	WH =	
298 -	4,808	WH =	$18 + [(BASE - 298) \times 0.09] - (7 \times \text{allowances})$
4,808 -	9,615	WH =	$424 + [(BASE - 4,808) \times 0.108] - (7 \times \text{allowances})$
9,615		WH =	$944 + [(BASE - 9,615) \times 0.11] - (7 \times \text{allowances})$

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### Married, or single with 3 or more allowances

BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$152[M])

[M] PHASE OUT =

wages	≥ \$1,923 and	< \$9,615 =	\$229
wages	≥ \$9,615 and	< \$10,000 =	\$183
wages	≥ \$10,000 and	< \$10,385 =	\$137
wages	≥ \$10,385 and	< \$10,769 =	\$90
wages	≥ \$10,769 and	< \$11,154 =	\$44
wages	≥ \$11,154	=	\$0

[S] PHASE OUT =

wages	≥ \$1,923 and	< \$4,808 =	\$229
wages	≥ \$4,808 and	< \$5,000 =	\$183
wages	≥ \$5,000 and	< \$5,192 =	\$137
wages	≥ \$5,192 and	< \$5,385 =	\$90
wages	≥ \$5,385 and	< \$5,577 =	\$44
wages	≥ \$5,577	=	\$0

If BASE is:

At least	But Not Over	WH =	
596 -	9,615	WH =	$37 + [(BASE - 596) \times 0.09] - (7 \times \text{allowances})$
9,615 -	19,231	WH =	$849 + [(BASE - 9,615) \times 0.108] - (7 \times \text{allowances})$
19,231		WH =	$1,887 + [(BASE - 19,231) \times 0.11] - (7 \times \text{allowances})$

## Use the formula that matches your payroll period:

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### Weekly formula for wages of \$962 and higher per pay period:

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#### Single with less than 3 allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$38[S])**

[S] PHASE OUT =

wages	≥ \$962 and	<\$2,404 =	\$114
wages	≥\$2,404 and	<\$2,500 =	\$91
wages	≥\$2,500 and	<\$2,596 =	\$68
wages	≥\$2,596 and	<\$2,692 =	\$45
wages	≥\$2,692 and	<\$2,788 =	\$22
wages	≥\$2,788	=	\$0

If BASE is:

At least	But Not Over	WH =	
149 -	2,404	WH =	9 + [(BASE – 149) × 0.09] – (3 × allowances)
2,404 -	4,808	WH =	212 + [(BASE – 2,404) × 0.108] – (3 × allowances)
4,808		WH =	472 + [(BASE – 4,808) × 0.11] – (3 × allowances)

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#### Married, or single with 3 or more allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$76 [M])**

[M] PHASE OUT =

wages	≥\$962 and	<\$4,808 =	\$114
wages	≥\$4,808 and	<\$5,000 =	\$91
wages	≥\$5,000 and	<\$5,192 =	\$68
wages	≥\$5,192 and	<\$5,385 =	\$45
wages	≥\$5,385 and	<\$5,577 =	\$22
wages	≥\$5,577	=	\$0

[S] PHASE OUT =

wages	≥ \$962 and	<\$2,404 =	\$114
wages	≥\$2,404 and	<\$2,500 =	\$91
wages	≥\$2,500 and	<\$2,596 =	\$68
wages	≥\$2,596 and	<\$2,692 =	\$45
wages	≥\$2,692 and	<\$2,788 =	\$22
wages	≥\$2,788	=	\$0

If BASE is:

At least	But Not Over	WH =	
298 -	4,808	WH =	18 + [(BASE – 298) × 0.09] – (3 × allowances)
4,808 -	9,615	WH =	424 + [(BASE – 4,808) × 0.108] – (3 × allowances)
9,615		WH =	944 + [(BASE – 9,615) × 0.11] – (3 × allowances)

## Daily formula for wages of \$192 and higher per pay period:

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### Single with less than 3 allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$8[S])**

[S] PHASE OUT =

wages	≥\$137 and	<\$481 =	\$23
wages	≥\$481 and	<\$500 =	\$18
wages	≥\$500 and	<\$519 =	\$14
wages	≥\$519 and	<\$538 =	\$9
wages	≥\$538 and	<\$558 =	\$4
wages	≥\$558	=	\$0

If BASE is:

At least	But Not Over	WH =	
30 -	481	WH =	$2 + [(BASE - 30) \times 0.09] - (1 \times \text{allowances})$
481 -	962	WH =	$42 + [(BASE - 481) \times 0.108] - (1 \times \text{allowances})$
962 -		WH =	$94 + [(BASE - 962) \times 0.11] - (1 \times \text{allowances})$

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### Married, or single with 3 or more allowances

**BASE = wages – federal tax withheld (not to exceed [PHASE OUT]) – standard deduction (\$15[M])**

[M] PHASE OUT =

wages	≥ \$137 and	<\$962 =	\$23
wages	≥\$962 and	<\$1,000 =	\$18
wages	≥\$1,000 and	<\$1,038 =	\$14
wages	≥\$1,038 and	<\$1,077 =	\$9
wages	≥\$1,077 and	<\$1,115 =	\$4
wages	≥\$1,115	=	\$0

[S] PHASE OUT =

wages	≥\$137 and	<\$481 =	\$23
wages	≥\$481 and	<\$500 =	\$18
wages	≥\$500 and	<\$519 =	\$14
wages	≥\$519 and	<\$538 =	\$9
wages	≥\$538 and	<\$558 =	\$4
wages	≥\$558	=	\$0

If BASE is:

At least	But Not Over	WH =	
60 -	962	WH =	$4 + [(BASE - 60) \times 0.09] - (1 \times \text{allowances})$
962 -	1,923	WH =	$85 + [(BASE - 962) \times 0.108] - (1 \times \text{allowances})$
1,923		WH =	$189 + [(BASE - 1,923) \times 0.11] - (1 \times \text{allowances})$

# Frequently asked questions about the withholding computer formula

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- 1. Does the federal withholding amount subtracted include FICA?**  
No.
- 2. What standard deduction amount should be entered for the Oregon formula?**  
For employees claiming single status, use \$1,980 divided by the number of pay periods. For employees claiming married status, use \$3,960 divided by the number of pay periods. For single employees with three or more allowances, use \$3,960 divided by the number of pay periods.
- 3. What do you do if the federal tax withholding exceeds \$5,950 on an annual basis?**  
Use \$5,950 (or the phased-out amount for high-income earners).
- 4. What phase-out amount for federal tax withheld should I enter if my employee is Married, but wishes to be withheld at the higher Single rate?**  
Use the Single phase-out amounts.
- 5. Why does the title state “Annual wages up to \$50,000.00” but both of the annual formulas go up to either \$125,000.00 & \$250,000.00?**  
The formulas use the base which is wages – federal tax withheld – standard deduction. While it is true that wages up to \$50,000 will never result in a base of \$125,000 or \$250,000, there is not an exact base amount that corresponds to wages of \$50,000 due to differences in federal withholding. Therefore, the entire range of base values for the 9% bracket is provided.
- 6. What phase-out amount should I use if my employee claims single with three or more exemptions?**  
Use the Single phase-out amounts. Only use Married phase-out amounts for employees who check the “Married” box on the W-4.
- 7. What is the difference between twice a month and every two weeks?**  
The twice-a-month formula (often referred to as semi-monthly) is based upon 24 pay periods a year. The every two weeks or biweekly formula is based upon 26 pay periods a year.
- 8. Is there a straight percentage method that can be used instead of the formula?**  
No. Even though Oregon’s top tax rate is 11 percent, employees usually pay less than the highest rate due to the federal tax subtraction, the standard deduction, and the personal exemption credit. The actual percentage they pay depends on a number of factors.
- 9. If the withholding amount is negative, what do I use?**  
Zero, however, you should check your calculations to make sure your entries are correct.
- 10. Does my computer program need to allow for subtracting federal withholding from gross wages?**  
Yes, up to \$5,950 on an annual basis.
- 11. Is the personal exemption credit subtracted before or after the other calculations?**  
After.
- 12. Is the format of the Oregon withholding formula similar to that for the federal formula?**  
Yes; however, the tax brackets and rates are different. In addition, the Oregon formula requires subtracting the personal exemption credit after the other calculations.
- 13. What should I do if my “canned” computer package cannot use the Oregon withholding formula?**  
Most of the newer packages are flexible enough to use the Oregon formula. Usually you need to answer a menu of questions about items such as subtracting federal withholding and how to subtract the personal allowance. Some of the older packages do not allow for subtracting federal withholding or for subtracting the personal credit allowance after the other calculations. If your package does not accommodate the Oregon formula, you should contact the publisher of the package.
- 14. Do my employees need to adjust their W-4?**  
Maybe.  
If your employee feels like the formulas don’t accurately reflect their tax situation, they can change their withholding rate by updating the federal W-4 and writing “For Oregon Only” at the top. Your employee may go to [www.oregon.gov/dor/business/](http://www.oregon.gov/dor/business/) to find more information on Oregon Income Tax Withholding (150-206-643).
- 15. Can employees use different W-4 withholding information (allowances, etc.) for Oregon withholding than they do for federal withholding?** Yes, employees can fill out a different W-4 with different information for Oregon. They should indicate the change and write “For Oregon Only” at the top of the W-4.