

Metro Supportive Housing Services Income Tax Employer Withholding Requirements

Introduction

In May 2020 voters in greater Portland approved a measure to fund supportive housing services for people experiencing or at risk of experiencing homelessness. This program will provide funding for housing assistance and wraparound services, with the goal of ending chronic homelessness in the region. The program is funded by two separate taxes: a 1% personal income tax on taxable income above \$125,000 for individuals and \$200,000 for those filing jointly, and a 1% business income tax on net income for businesses with gross receipts above \$5 million. This tax became effective January 1, 2021, and will expire in 2030 unless reauthorized by Metro voters.

Employer Responsibilities

For calendar year 2021, payroll withholding is not required. However, an employer must offer to withhold the Metro personal income tax from employees' wages as soon as the employer's payroll system(s) are able to process the withholding. Metro understands the challenge of this transition and will not assess penalties if the withholding is not available in 2021.

Beginning in calendar year 2022, employers with a Metro location are required to withhold this tax from employees that work within Metro and earn \$200,000 or more during the calendar year. An employee may use the Metro OPT IN/OUT Form to elect in or out of withholding, or to designate a different withholding amount, based on their tax situation.

Withheld taxes are due the same time as federal and state taxes. Taxes should be remitted to the City of Portland, which administers this tax for Metro. As a responsible corporation officer or employee, you can be held personally responsible for unpaid withholding taxes owed by the business.

Quarterly and annual returns are due to the City of Portland per the schedule below.

The employer must provide the employee with a Form W-2 by January 31st following year end. The employer should report wages and personal income tax withheld in the local wages and local income tax boxes on the form, using locality name "Metro". If the employer also withholds for the Multnomah County Preschool for All tax, the local wages and local income taxes need to be reported separately for each jurisdiction.

Payment Due Dates

Metro Supportive Housing Services tax withholding payment due dates are the same as the dates for depositing federal and Oregon State withholding tax liabilities. New employers must deposit monthly until they have a lookback period* established.

Payment Due Dates for Metro Tax Withholding		
If your FEDERAL tax liability is:	Metro withholding tax payments are due:	
Less than \$2,500 for the quarter <i>Example: If your federal withholding tax liability is \$2,300 and your Metro income tax liability is \$150, you deposit quarterly.</i>	By the quarterly return due date	
\$50,000 or less in the lookback period* <i>Example: If your federal tax liability is \$5,000 and your Metro income tax liability is \$330, you deposit monthly.</i>	By the 15 th of the month following payroll	
More than \$50,000 in the lookback period*	Semi-weekly deposit schedule	
	If the day falls on a:	Then pay taxes by:
	Wednesday, Thursday or Friday	The next Wednesday
Saturday, Sunday, Monday or Tuesday	The next Friday	
<i>Example: If your federal tax liability is \$60,000 and your Metro income tax liability is \$4,000, you deposit semi-weekly.</i>		
\$100,000 in a single pay period <i>Example: If your federal tax liability is \$120,000 and your Metro income tax liability is \$8,000, you deposit the next business day.</i>	Within one banking day	
*The lookback period is the 12-month period that ended the previous June 30. For agricultural employers, the lookback period is the calendar year before the calendar year that just ended.		

Return Due Dates

Metro Supportive Housing Services Tax reporting due dates are the same as Oregon employer reports.

Filing Due Dates for Quarterly Returns		
Quarter	Quarter Ending Date	Return Due Date
1 st – Jan-Feb-Mar	March 31	April 30
2 nd – Apr-May-Jun	June 30	July 31
3 rd – Jul-Aug-Sep	September 30	October 31
4 th – Oct-Nov-Dec	December 31	January 31, subsequent year
Filing Due Dates for Annual Returns		
Year	Annual Ending Date	Return Due Date
January – December	December 31	January 31, subsequent year
If the due date is on a weekend or a holiday, the return is due the next business day.		

Where to File and Pay

The City of Portland is the Tax Administrator for this tax. The City administers multiple taxes, including taxes for other jurisdictions, and has the technical capability and capacity to administer this tax for Metro.

Employers can enjoy the benefits of filing and paying electronically with Portland Revenue Online (PRO) at Pro.Portland.gov.

Contact Information

If you have questions or need assistance, please contact the Tax Administrator at EmployerWithholding@portlandoregon.gov or (503) 865-4748.

If you would like to be added to a mailing list for updates regarding the Supportive Housing Services Tax, please visit: www.oregonmetro.gov/public-projects/supportive-housing-services/taxes-and-funding.

Definitions

The terms “employer”, “employee” and “wages” have the same definitions as they do for purposes of wage withholding under ORS Chapter 316.

Penalties

When an employer fails to remit in whole or in part any tax withheld at the time required under this section, the Tax Administrator will assess a late payment penalty.

1. Five percent of the balance of the tax paid after the original due date if the failure to remit is for a period less than or equal to four months will be assessed;
2. An additional 20 percent of the balance of the tax paid after the original due date if the failure to remit is for a period greater than four months; and,
3. An additional penalty of 100 percent of the balance of the tax paid after the original due date of all tax years if the failure to remit is for three or more consecutive tax years.

The Administrator may waive all or any part of the penalty imposed under this subsection on a showing by the employer that there was reasonable cause for the failure to remit the withheld taxes or any portion of the withheld taxes and that the employer acted in good faith to file and remit the taxes withheld.

Interest

You will be charged interest on any remaining tax left unpaid after the due date. You will be billed for interest due on unpaid balances. Please do not calculate and remit interest prior to receiving a bill for any interest due.

Rounding

When calculating tax to withhold and reporting the taxes withheld, employers can round to the nearest dollar using banker’s rounding rules or they can use exact amounts.

Withholding Calculation

Employers must calculate withholding as shown below for employees who work within Metro and earn \$200,000 or more annually. These calculations do not consider marital or tax filing status. Employees may use the Metro OPT form to elect a different withholding amount based on their taxable income and tax filing status.

Step 1 – Calculate subject wages

Subject wages are the employee's wages minus the Oregon deduction for federal tax withheld, the Oregon standard deduction, and the Metro income exemption.

- The federal tax adjustment in the formula can't be more than \$7,250 per year in 2022, based on the Oregon personal income tax laws. This deduction phases out as noted below.
- The standard deduction amount for 2022 is \$4,840. Metro withholding calculations do not consider marital or tax filing status and use the higher standard deduction amount.
- The Metro income exemption is \$200,000. Metro withholding calculations do not consider marital or tax filing status and use the higher income exemption amount.

Step 2 – Calculate Metro withholding

The Metro withholding amount is 1% of subject wages.

Example: An employee has wages of \$300,000. The deduction for federal withholding is \$0 (phased out), the standard deduction is \$4,840, and the Metro income exemption is \$200,000, so subject wages are \$95,300 = (\$300,000 – \$0 – \$4,840 – \$200,000). The amount of annual Metro withholding would be \$953 (\$95,300 * 1%).

You can figure Metro withholding for this employee as follows:

1	Wages	\$300,000
2	Less Oregon deduction for federal withholding	(\$0)
3	Less Oregon standard deduction	(\$4,840)
4	Less Metro income exemption	(\$200,000)
5	Subject wages	\$95,160
6	Tax to withhold (0.01 x subject wages)	\$951.60

To figure withholding per pay period, take the annual "tax to withhold" and divide by the number of pay periods. In the example above this would be:

- Monthly: \$951.60 / 12 = \$79.30
- Semi-monthly: \$953 / 24 = \$93.65
- Bi-weekly: \$951.60 / 26 = \$36.60
- Weekly: \$953 / 52 = \$18.30

Alternative withholding for supplemental payments – Supplemental payments include bonuses, commissions, or other payment made in addition to the employee's regular pay. Employers may exclude supplemental payments from the withholding calculation above, as these payments may not be known at the time of calculation. If an employee is subject to Metro tax withholding under the withholding calculation above, supplemental payments must have withholding applied at 1% of the payment. If an employee is not subject to Metro tax withholding, has opted out, or has opted in at an employee designated withholding amount, no withholding is required on supplemental payments.

Metro Withholding Formula

Step 1: Calculate subject wages

Subject wages = Wages – OR deduction for federal withholding – OR standard deduction – Metro income exemption

Step 2: Calculate Metro withholding

Withholding = Subject wages * 1%

Phase out of Oregon deduction for federal withholding

Wages are:	Deduction is:
≥ \$200,000 and < \$250,000	\$7,250
≥ \$250,000 and < \$260,000	\$5,800
≥ \$260,000 and < \$270,000	\$4,350
≥ \$270,000 and < \$280,000	\$2,900
≥ \$280,000 and < \$290,000	\$1,450
≥ \$290,000	\$0

Note: Metro withholding calculations do not consider marital or tax filing status and use the higher Oregon phase out table based on married filing status.

Oregon standard deduction

Wages are:	Deduction is:
All wages	\$4,840

Note: Metro withholding calculations do not consider marital or tax filing status and use the higher Oregon standard deduction amount.