



**City of Eugene**  
**Employer Payroll Tax**  
**Form EUG-PY-1 Instructions**

**2021**

**What is the Community Safety Payroll Tax?**

On June 10, 2019, the Eugene City Council passed the Community Safety Payroll Tax Ordinance (No. 20616) to provide on-going funding for critical services including police, fire and emergency medical services, municipal court, homeless services, and prevention services. The Community Safety Payroll Tax is effective **January 1, 2021**.

There are three components as part of the payroll tax - an *employer payroll tax*, an *employee payroll tax* and a *self-employment tax*.

- *Employer payroll tax* – This tax is applied to the total subject wages paid by an employer with a physical address in the Eugene city limits to employees that work for that employer located in the City.
- *Employee payroll tax* - This tax is applied to the total subject wages paid to an employee working for an employer located in the City of Eugene. See Form EUG-PY-2, *Employee Payroll Tax Quarterly Return*, and instructions for more information.
- *Self-employment tax* - This tax is applied to the self-employment earnings of individuals with a physical address in the Eugene city limits. This return is filed annually and not due until April 15, 2022 for calendar year filers. The Form EUG-SE and instructions will be made available on our website in the fall.

These instructions are for the Form EUG-PY-1, *Employer Payroll Tax Quarterly Return*. If claiming the reduced tax rate on a 4<sup>th</sup> quarter or final return, see the Form EUG-RTR, *Employer Payroll Tax Reduced Tax Rate*, and instructions for more information.

**MUNIREvs Tax Administration Service**

The City of Eugene has partnered with MUNIREvs, an online tax administration service, to provide online registration, filing, and payment options.

The service makes filing and paying easy with prepopulated forms, electronic notices and reminders, as well as filing and payment history all on an easy to use website.

Visit [eugene.munirevs.com](http://eugene.munirevs.com) to get registered and say good-bye to paper forms.

**Registration**

Every employer subject to the *employer payroll tax* as well as withholding and remitting the *employee payroll tax* must register with the City of Eugene.

To register, go to [eugene.munirevs.com](http://eugene.munirevs.com) and select “New Users - Register.” Follow the instructions and complete all required fields.

Once you have registered, you will receive a MUNIREvs account number that will be reported on all paper returns and vouchers submitted to the City.

**General Information**

*Business location.* “Business location” is defined as any physical location in the Eugene city limits to which an employer conducts business operations, including any real property, building, facility, or office owned, leased, or occupied by the employer. If you do not have a business location in the Eugene city limits, you are not subject to the tax.

To see if an address is in the city limits, visit our website at [eugene-or.gov/payrolltax](http://eugene-or.gov/payrolltax) and use our search by address tool. The Eugene city limits is not the same as the urban growth boundary nor determined by certain ZIP codes. If in an unincorporated part of Lane county, that address is not in the City limits.

*Multiple business locations.* If an employer with a physical address in the City has one or more business locations outside the City, no tax is owed by the employer or employee for those hours an employee works at an employer's business location that is outside the City.

*Subject wages.* Subject wages include all hourly wages, salaries, commissions, tips, bonuses, fees, and other items of value paid to employees after pre-tax deductions (or those items not subject to Oregon Revised Statute (ORS) Chapter 316 withholding).

*Exempt wages.* The following are exempt from the payroll tax –

- For domestic service in a private home.
- For casual labor not in the course of the employer's trade or business.
- To an employee whose services to the employer consist solely of seasonal labor in connection with the planting, cultivating or harvesting of agricultural crops.
- Individuals temporarily employed as emergency firefighters.

*Self-employed person with employees.* A self-employed person that is also an employer is **not** subject to the *employer payroll tax*, only the *self-employment tax*. However, as an employer you may be required to withhold and remit the employee tax. See Form EUG-PY-2, *Employee Payroll Tax Quarterly Return*, and instructions for more information.

## Tax Rate

The employer payroll tax rate is **0.0021** (or .21 percent).

**Exception** – If you employed two or less employees during the year, you may use a reduced tax rate of **0.0015** for the first \$100,000 of total subject payroll.

The reduced tax rate is applied only on **4<sup>th</sup> quarter or final returns**. See the Form EUG-RTR, *Employer Payroll Tax Reduced Tax Rate*, and instructions for more information on claiming the reduced tax rate.

## Due Date

The Form EUG-PY-1 and payment of tax are due on the last day of the month following the end of the quarter.

<u>Quarter</u>	<u>Due date</u>
1st quarter (January – March)	April 30
2nd quarter (April – June)	July 31
3rd quarter (July – September)	October 31
4th quarter (October – December)	January 31

If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

## Extensions to file

An extension of time to file the employee payroll tax quarterly return is not allowed. You must file the quarterly return and pay any tax due by the due date to avoid penalty and interest.

## Penalties and interest

*Penalties.* You'll owe a 5 percent late-payment penalty on any tax not paid by due date of the return.

If you file your return more than 30 days after the due date, a 20 percent late-filing penalty will be added; you'll owe a total penalty of 25 percent of any tax not paid. A 100 percent penalty is charged if

you don't file a return for twelve consecutive quarters by the due date of the third year.

**Important** – The City is waiving the penalties for failure-to-pay and failure-to-file for the first two quarters of 2021 if you file and pay before January 1, 2022. Do not include penalty on returns filed for those quarters if filing before that date.

**Interest.** Interest is charged on any unpaid tax if you don't pay the tax by the due date. The interest period begins the day after the tax is due on all unpaid tax from the due date until the tax is paid.

### Amended returns

If you need to amend your tax return, use the Form EUG-PY-1 for the specific tax year. Check the "amended return" box and the quarter that you are amending. Include an explanation of the changes made with the return.

Complete the form with the amended information and report any tax paid with the original return on line 3, Prepayments.

### Form EUG-PY-1 instructions

Complete all fields in the name and address section. If the business name or address changed, the business closed, or the return is an amended return, check all boxes that apply.

Check the box for the appropriate quarter. Do not select multiple quarters. If filing a late return for a previous quarter, complete a separate return for that quarter.

### Line instructions

**Line 1 - Total subject wages.** Enter the total wages subject to the employer payroll tax. This includes all salaries, commissions, tips, bonuses, fees, and other items of value paid to employees, less pre-tax deductions.

**Note** – this amount should match the total subject wages reported on the Form EUG-ED, *Employee Detail Return*, that is filed for the *employee payroll tax*.

**Line 2 - Quarterly tax.** Multiply line 1 by **0.0021** and enter the result on line 2.

**Exception** - If you employed two or less employees during the year, you may use a reduced tax rate of **0.0015** for the first \$100,000 of subject wages.

The reduced tax rate is applied only on **4<sup>th</sup> quarter or final returns**. See the Form EUG-RTR, *Employer Payroll Tax Reduced Tax Rate*, and instructions for more information on claiming the reduced tax rate.

**Line 3 – Prepayments.** Fill in the amount of any advance payments you made for the quarter.

**Line 5 – Penalty and interest.**

**Interest.** You'll owe interest on the amount of tax that wasn't paid by the due date. Interest starts accruing on the day after the due date and continues to accrue every day, including the date of your payment. Interest is figured daily, based on a 365-day year.

The annual interest rate for 2021 is 4 percent, or 0.0110 percent per day. To figure your interest, count the number of days starting with the day after the due date and ending with the date of your payment. Multiply your unpaid tax by the number of days, then multiply by 0.000110 (the daily rate converted to a decimal) –

- Tax × .000110 × Number of days.

**Penalty. Important** – The City is waiving the penalties for failure-to-pay and failure-to-file for the first two quarters of 2021 if you file and pay before January 1, 2022. Do not include penalty on returns filed for those quarters if filing before that date.

**Failure to pay.** For the 3<sup>rd</sup> and 4<sup>th</sup> quarters, or any quarterly return filed after December 31, 2021, include a penalty for failure to pay if you didn't pay all your tax by the due date.

The penalty for failure to pay is 5 percent of your unpaid tax.

**Failure to file.** Include a penalty for failure to file a return if:

- Your return is filed more than 30 days after the due date; and
- You didn't pay all your tax by the due date.

The penalty for failure to file is 20 percent of your unpaid tax.

**Failure to file and pay.** If both penalties apply, your total penalty will be 25 percent of your tax that wasn't paid by the due date.

**Line 6 – Total amount due.** Include your check or money order payable to the City of Eugene. Write your daytime telephone number and "2021 Form EUG-PY-1" on your check and include the Form EUG-PY-V payment voucher.

**Line 7** – If you submitted payments in excess of the tax to pay, you overpaid. For 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarters, any overpayment is applied as a credit to the immediately following quarter. You will claim the overpayment credit as a prepayment on line 3 of the return for the next quarter.

You may also request a refund for any overpayment. Check the "request refund" box and any overpayment will be sent back to the you.

**Sign your return.** Please sign and date your return before mailing. A signature is required even if you file a -0- return.

If the return is prepared by a tax preparer, the preparer needs to sign on the signature line and include a phone number and the date they filled out the return.

## Payment instructions

Make your check or money order payable to "**City of Eugene**" and include it with Form EUG-PY-V payment voucher. On your check, write the following:

- Your daytime telephone number; and
- "Form EUG-PY-1"

*Mail to:*           **City of Eugene**  
                          **PO Box 10087**  
                          **Eugene OR 97401**

**Don't** combine your employer tax payment with any other tax payment made to the City of Eugene. Submit separate payment vouchers for the employer tax and the employee tax.

## Need assistance?

Contact us by email at [CSpayrolltaxhelp@eugene-or.gov](mailto:CSpayrolltaxhelp@eugene-or.gov) or by calling **541-682-5053**.

If you need assistance with our online tax administration MUNIREvs, including registering, filing, and paying online, email the MUNIREvs team at [support@munirevs.com](mailto:support@munirevs.com) or by calling **888-751-1911**.

Please be sure to provide your account number and you need assistance with a Eugene payroll tax question in all correspondence so MUNIREvs can assist you more promptly.

## Frequently Asked Questions

If you would like to learn more about the Community Safety Payroll Tax, please see our FAQs on [eugene-or.gov/payrolltax](http://eugene-or.gov/payrolltax).