



Frequently Asked Questions (FAQs) Employee Payroll Tax

This FAQ was created to provide answers to commonly asked questions about the Employee Payroll Tax.

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About the Employee Payroll Tax

1. Are employees required to register with the City of Eugene and file the Employee Payroll Tax?

No. The employer is required to withhold and remit the tax on your behalf. Employees do not have any filing requirements and the tax will be submitted by your employer.

2. Am I, as the employer, required to register with the City for the payroll tax if I have subject employees?

Yes. Employers and self-employed individuals with a physical address in the Eugene city limits that have employees subject to the Community Safety Payroll Tax will need to register. Employers can register quickly and easily through MUNIREvs.

3. As the employer I am already registered with the State of Oregon. Do I need to register again?

Yes. The City of Eugene's payroll tax is not connected with the State of Oregon. Employers will not be able to use the State of Oregon registration or associated BIN. Each business will be given an account number to use exclusively for the payroll tax.

4. When will the tax become effective?

The Community Safety Payroll tax will be effective January 1, 2021. Please see question 7 below for the tax due dates.

5. What is a business location for the purposes of the payroll tax?

The Employee Payroll Tax is applied to total subject wages paid to employees working for an employer located in the Eugene city limits. The key factor is the physical location of the employer, not where the work is performed, client locations, temporary job sites, or where the employee lives.

For this purpose, "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. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

6. How do I determine if the Business address is in the Eugene city limits?

Please use the City of Eugene online business [Address Search](#) tool on the homepage to see if an address is in the city limits. The Eugene city limits is not the same as the Eugene urban growth boundary or determined by certain ZIP codes. Your address may contain "Eugene," but still be outside the Eugene city limits. If the address is listed as "unincorporated," it is not in the City limits.

7. How often are returns and payments required to be submitted?

The Employee Payroll Tax is remitted on a quarterly basis. Quarterly returns and payments of tax are due on or before the last day of the month following the end of the quarter.

Quarter	Due Date
1st quarter (January to March)	April 30*
2nd quarter (April to June)	July 31*
3rd quarter (July to September)	October 31*
4th quarter (October to December)	January 31*

**When the due date falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.*

8. When will employees start seeing the tax withheld from their paycheck?

The Community Safety Payroll tax will be effective for pay periods beginning on or after January 1, 2021. The City of Eugene realized there would be a significant burden to withhold for only part of a pay period at the beginning of 2021. Therefore, for the first reporting quarter (due 4/30/2021) the payroll tax withholding requirement only applies to pay periods starting on or after January 1, 2021. For all subsequent reporting periods, the payroll tax refers to the date wages are paid, not earned.

About the Employee Payroll Tax

9. [What is the Community Safety Payroll tax and who is responsible for collecting and remitting the tax?](#) The payroll tax is paid by employers, employees, and the self-employed.

- The Employer Payroll Tax is applied to subject wages paid by an employer with a physical address in the Eugene city limits.
- The Employee Payroll Tax is applied to subject wages paid to an employee working for an employer located in the Eugene city limits.
- The Employer is responsible for paying the Employer Payroll Tax as well as withholding and remitting the Employee Payroll Tax on behalf of employees with subject wages.

Note – if the business is a Sole Proprietorship or Partnership, it may be subject to the Self-Employment Tax. See the Self- Employment tax FAQ for more information.

10. [As an employer, what do I need to file for the Employee Payroll Tax?](#)

The Employee Payroll Tax has two forms that need to be submitted quarterly (available in Document Library):

- [Form EUG-PY-2, Employee Payroll Tax Quarterly Return](#)
- [Form EUG-ED, Employee Payroll Tax Employee Detail](#)

11. [As an employer, am I required to report the payroll tax on a Form W-2? If so, how is that reported?](#)

Yes. Employers are required to report the subject wages and tax withheld for each employee. Report the total subject wages on Form W-2 provided to an employee in box 18 (local wages, tips, etc.), the payroll tax paid in box 19 (local income tax), and “EUG” in box 20 (locality name).

Payroll Tax Subjectivity

1. The employer is an S corporation and the owners work as employees. Are those wages subject to both the Employer and the Employee Payroll Taxes?

Yes. Owner/Employees of S-corporations are subject to the Employee Payroll Tax and their wages must be included in the Employer Payroll Tax. Owner/Officers of S-corporations who provide services are subject to the Employee Payroll Tax and their wages must be included in the Employer Payroll Tax. This is because working owner/officers of S-corporations have elected to be treated as employees of their businesses for tax purposes and are therefore subject to payroll taxes. Officers of S-corporations were not subject to the Employee Payroll Tax in tax year 2021. Note- for tax year 2021 S-corporation officer wages were subject to the Employer tax but not the Employee tax.

2. The employer does not have a physical location in Eugene, but I work from home in Eugene. Are those wages subject to the payroll tax?

No. The key factor is the physical location of the employer, not where the work is performed, client locations, temporary job sites, or where the employee lives.

Telecommuters (or remote workers) are not subject to the payroll tax if they work for an employer located outside the Eugene city limits, even if working from home within the City limits. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

3. The employer has a business location in Eugene and I work from home outside the city limits. Are those wages subject to the payroll tax?

Yes. The key factor is the physical location of the employer, not where the work is performed, client locations, temporary job sites, or where the employee lives.

Telecommuters (or remote workers) are subject to the employee tax to the extent that they work for an employer located in the Eugene city limits, even though the work may be performed outside the City limits. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

4. The employer is located outside of Eugene, but I travel to Eugene to meet with clients. Are those wages subject to the payroll tax?

No. The payroll tax is applied to subject wages paid to an employee working for an employer located in the Eugene city limits. The key factor is the physical location of the employer, not where the work is performed or the location of clients. Client locations do not qualify as a “business location” for the purposes of the payroll tax. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

5. The employer has various project sites located in the City, but my business is located outside of the City. Are those wages subject to the payroll tax?

No. The payroll tax is applied to wages paid to an employee working for an employer located in the Eugene city limits. The key factor is the physical location of the employer, not where the work is performed or the location of temporary job sites. Temporary job sites are not treated “business location” for the purposes of the Employee Payroll Tax. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

6. My employer has multiple locations both in and out of the City limits. Does the payroll tax only apply to the Eugene location(s)?

Yes. If an employer with a physical business location 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. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

7. Does the payroll tax apply to government agencies and their employees? How about nonprofit 501(c)(3) organizations?

Public employees are subject to the Employee Payroll Tax if they work at a public employer located in the Eugene city limits.

Public employers are exempt from the Employer Payroll Tax because intergovernmental taxation is prohibited. Without express authority, one government entity cannot tax another.

Payroll Tax Subjectivity

Nonprofit 501(c)(3) organizations are subject to the Employer Payroll Tax and their employees are subject to the Employee Payroll Tax.

8. [My employer is located outside of Eugene, but I often travel to Eugene to meet with clients. Am I subject to the tax?](#)

No. The payroll tax is applied to wages paid to an employee working for an employer located in the Eugene city limits. The key factor is the physical location of the employer, not where the work is performed or the location of clients. Client locations do not qualify as a “business location” for the purposes of the Employee Payroll Tax. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

9. [I work for a company that has project sites located in the City, but my employer is located outside of the City. Am I subject to the tax for my time at those sites?](#)

No. The payroll tax is applied to wages paid to an employee working for an employer located in the Eugene city limits. The key factor is the physical location of the employer, not where the work is performed or the location of temporary job sites. Temporary job sites are not treated as a “business location” for the purposes of the Employee Payroll Tax. Please refer to the [Business Location Overview](#) (available in Document Library) for examples.

Calculating the Employee Payroll Tax

1. What wages are subject to the Employee Payroll Tax?

The payroll tax is applied to the total subject wages paid by the employer all for services performed by an employee for an employer located in the Eugene city limits, including the cash value of all remuneration paid in any medium other than cash.

- This includes, but is not limited to salaries, fees, tips, bonuses, or commission on sales. Included in salaries are payments for sick time, vacation time and paid time off (PTO) used in place of the salary.
- If services are paid for in a medium other than cash, the fair market value of the thing taken in payment is the amount to be included as wages.
- “Subject wages” are those wages subject to Oregon Revised Statute (ORS) Chapter 316 withholding, or wages after pre-tax deductions.

2. Are there any exempt employee wages?

For the purposes of the payroll taxes, “wages” does not include the following types of remuneration:

- That is not subject to withholding under Oregon Revised Statute (ORS) Chapter 316.
- 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.
- For services performed by a duly ordained, commissioned or licensed minister of a church in the exercise of the minister’s ministry or by a member of a religious order in the exercise of religious duties required by such order, which duties are not commercial in nature.
- To persons temporarily employed as emergency fire fighters.
- To employees’ trusts exempt from taxation under section 401 of the Internal Revenue Code, as amended and in effect on December 31, 1996.
- If the remuneration is not wages under section 3121(a)(5)(I) of the Internal Revenue Code, as amended and in effect on December 31, 1996.
- To employees’ trusts exempt from taxation

3. What is the employee tax rate?

Due to the variable nature of payroll, please refer to the [Guide to Calculating the Employee Payroll Tax](#) and the [Tax Rate Charts](#) (available in the Document Library)

4. How do I calculate the Employee Payroll Tax?

The Employee Payroll Tax calculation is shown in the [Guide to Calculating the Employee Payroll Tax](#).

5. How do I determine the tax rate for supplemental payments that are not paid on the regular payday?

If an employee receives supplemental wages that are paid at a different time than an employee’s regular payday, use the daily pay period tax rate chart.

- Supplemental wages can include bonuses, commissions, or any other form of payment received in addition to the employee’s regular pay. You do not need go back and reconcile or recalculate the tax rate for another pay period.

6. I am a part-time employee. Is the Employee Payroll Tax rate calculated differently for me?

The employer will still use the tax rate charts. If the employee did not earn enough wages to be subject under the tax rate charts for the applicable pay period, those wages are exempt.

- Note – if the employee is exempt from the Employee Payroll Tax, the subject wages must still be reported on the Form EUG-PY-ED, Employee Detail Return, with -0- in the tax column. The employer is subject to the Employer Payroll Tax for those wages.

7. Do I need to report employees with subject wages, but were exempt from the tax, on the Employee Detail Return?

Yes. Include the employee on the Form EUG-PY-ED, Employee Detail Return, provide the subject wages and -0- for the tax.

Filing and Paying the Employee Payroll Tax

1. If my employer is late filing or paying the Employee Payroll Tax, will I be held liable for the late filing and/or payment?

No. The employer is responsible for withholding the correct amount of Employee Payroll Tax from each employee. The employer is ultimately responsible for remitting and/or paying the Employee Payroll Tax

2. Are there penalties for Employers filing or paying late?

Yes. Employers will owe a 5 percent late-payment penalty on any tax not paid by due date of the return.

If the employer files the Employee Payroll Tax return more than 30 days after the due date, a 20 percent late-filing penalty will be added, and the Employer will owe a total penalty of 25 percent of any tax not paid.

Employers who knowingly fail to deduct and withhold the tax may be subject to a penalty of \$250 per employee, up to \$25,000 for each tax period, in addition to any other penalties or interest.

Interest is charged on any unpaid tax if the Employer does not 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.

3. I already pay the Lane Transit District payroll tax. Do I need to pay the Community Safety Payroll Tax as well?

Yes. The Lane Transit Tax and Community Safety Payroll Tax are separate taxes and not connected. Therefore, if the employer is subject to both taxes, the employer must pay both taxes.

4. Are extensions allowed to file a return?

The employer is not allowed an extension to file quarterly returns for the Employer Payroll Tax or Employee Payroll Tax. The employer must file the quarterly return and pay the tax by the due date to avoid penalty and interest.

5. Are estimated payments or prepayments required?

No. The employer does not need to submit estimated payments for the payroll taxes or Self-Employment Tax.

6. How can I make a prepayment?

Prepayments are made only through MUNIREvs. The City of Eugene will not be able to match mailed payments without returns and vouchers. Please do not send prepayment checks directly to our office.

7. What happens if my payment (check, online check, Credit Card, etc.) bounces?

The City of Eugene will charge an NSF Fee of \$20 for returned checks, and any returned online payments.

8. Where do I send my paper forms?

First verify that all forms that need to be processed have been completed and signed. Please send the paper form(s) with a completed voucher form and payment (i.e. check, cashier's check, or Money order) to the address on the voucher form. Please submit a separate check for each tax form. Please do not staple or otherwise bind any mailed payroll tax documents and/or payments.

9. If I file my form online, but do not want to pay online, can I mail in my payment?

Yes. Please put the business phone number on the check and mail it with a completed voucher form to the address on the voucher form. Failure to do this will delay processing of the payment.

10. What documents need to be mailed with my payment? Please supply the following information with payment:

1. Quarterly Employee Payroll tax return
2. Employee Detail Return
3. Voucher form for each payroll tax type
4. Check for each voucher form

11. What forms do I need to file and pay?

The tax forms that need to be filed are based on 1) the business entity type and 2) the federal return filed annually to report business operations of the employing unit. Please see the [Tax Treatment Charts](#) (available in Document Library) to determine which forms need to be filed.

Filing and Paying the Employee Payroll Tax

12. How can I make a payment using ACH Credit?

ACH Credit is automatically available to bulk filers. If the business is not a bulk filer and would like to use the ACH credit option to pay for the Community Safety Payroll Tax via MUNIREvs, then please do the following:

1. Log into the MUNIREvs website at www.eugene.munirevs.com



3. Go to the “Making Payments” section of the FAQs.
4. Click on “ACH Credit Form” in question 2 of the Making Payments FAQs.
5. Complete the ACH Credit Form.
6. Email the form to MUNIREvs.

13. How long does it take before I receive an approval on my ACH Credit application? Please allow 3-5 business days to process the ACH Credit request.

14. I made an error when filing my form. How can I fix the error?

Depending on the form, the business may be able to fix the error without contacting either the City of Eugene or MUNIREvs. Here are the most frequent scenarios:

- Employee list form error: If the employee list in the MUNIREvs system has been completed, and the error is in the list, click the “Cancel and Return to Employee List” button located at the bottom of the Employee Payroll Tax form. This is the only situation where the taxpayer updating the MUNIREvs system is able to fix an error without contacting the City of Eugene or MUNIREvs. Such errors may be in any column of the Employee List.
- Employer form error: If the employer form was submitted and/or paid in error for a prior quarter within three years of the original filing, then send an amended return to the City of Eugene showing what should have been filed. Please follow the instructions to the Employer Payroll Tax for completing the return.
- Self-Employed form error: If the self-employed form was submitted and/or paid in error for a prior quarter within three years of the original filing, then send an amended return to the City of Eugene showing what should have been filed. Please follow the instructions to the Self-Employment Tax for completing the return.