



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

2021/2022

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 4th 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 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 and select “New Users - Register.” Follow the instructions and complete all required fields.

Once the business has registered, it 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 the business does not have a business location in the Eugene city limits, the business is not subject to the tax.

To see if an address is in the city limits, visit our website at 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 entities with employees are not subject to the quarterly Employer Payroll Tax for calendar year 2021. Due to updates to the Administrative Rules, for payroll periods that begin on or after January 1, 2022, an employing unit subject to the Self-Employment Tax with employees is responsible for paying both the quarterly Employee and Employer Payroll Tax as well as the annual Self-Employment Tax. See the Tax Treatment Charts for more information on this updated tax treatment.

Tax Rate

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

Exception – If the business employed two or less employees during the year, the business may be eligible for a reduced tax rate of **0.0015** for the first \$100,000 of total subject payroll. The reduced tax rate is applied only on **4th 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. The business must file the quarterly return and pay any tax due by the due date to avoid penalty and interest.

Penalties and interest

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

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

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 the business files and pays 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 the tax is not paid 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 the business needs to amend an Employer Payroll Tax return, use the Form EUG-PY-1 for the specific tax year. Check the “amended return” box and the quarter that being 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 addressed 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 the business employed two or less employees during the year, it 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 **4th 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 made for the quarter.

Line 5 – Penalty and interest.

Interest. Interest is owed on the amount of tax that was not 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 payment. Interest is calculated daily, based on a 365-day year.

The annual interest rate for 2021/2022 is 4 percent, or 0.0110 percent per day. To calculate the interest, count the number of days starting with the day after the due date and ending with the date of payment. Multiply the unpaid tax by the number of days, then multiply by 0.000110 (the daily rate converted to a decimal)

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• $\text{Tax} \times .000110 \times \text{Number of days}$.

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

Failure to pay. For the 3rd and 4th quarters, or any quarterly return filed after December 31, 2021, include a penalty for failure to pay if the business did not pay all of the tax by the due date.

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

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

- The return is filed more than 30 days after the due date; and
- The business did not pay all of the tax by the due date.

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

Failure to file and pay. If both penalties apply, the total penalty will be 25 percent of the tax that was not paid by the due date.

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

Line 7 – If the business submitted payments in excess of the tax to pay, it has overpaid. For 1st, 2nd, and 3rd quarters, any overpayment is applied as a credit to the immediately following quarter. The business will claim the overpayment credit as a prepayment on line 3 of the return for the next quarter.

The business may also request a refund for any overpayment. Check the “request refund” box and any overpayment will be sent back to the the business to the address on file.

Sign the return. Please sign and date the return before mailing. A signature is required even if the business files 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 the check or money order payable to “**City of Eugene**” and include it with Form EUG-PY-V payment voucher. On the check, write the following:

- The business daytime telephone number; and
- “Form EUG-PY-1”

Mail to: **City of Eugene**
PO Box 10087
Eugene OR 97440

Do not combine the 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 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 or by calling **888-751-1911**.

Please be sure to provide the account number if in need of assistance with a Eugene Payroll Tax question in all correspondence so MUNIREvs can assist 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.