

Community News

New taxes you can expect in Oregon for 2018

The Oregon Department of Revenue is reminding Oregon businesses and employers, out-of-state businesses with employees or customers in Oregon and vehicle and bicycle buyers to make sure they're ready for four new taxes starting in 2018.

The 2017 Legislature created four tax programs to help fund a statewide transportation package: the bicycle excise tax, the vehicle privilege tax, the vehicle use tax and the statewide transit tax.

"We're communicating directly with affected sellers about new taxes relating to some bicycles and vehicles, which begin Jan. 1, 2018," said Eric Smith, Business Division administrator for the department. "There will be more outreach to employers about the new statewide transit tax as we approach its start date of July 1, 2018," he said.

Bicycle excise tax

Oregon's bicycle excise tax is a flat tax of \$15 paid by the consumer at the point of sale. To be taxed, a bike must meet all of the following criteria:

- Be a new bicycle.
- Have two or more wheels that are 26 inches or larger.
- Be exclusively human powered and designed for use on the ground.
- Have a retail purchase price of \$200 or more.

Sellers must provide an invoice, receipt, or other proof-of-sale document that has a separate line showing the amount of tax paid by the consumer. They must also report and remit the taxes collected from sales of taxable bicycles to Revenue at the end of each calendar quarter.

The first return, covering sales from January through March, will be due by April 30, 2018. Consumers who don't pay the tax at the time of purchase must report the purchase and pay the tax directly to the Department of Revenue by the 20th of the month following the month of purchase.

Vehicle privilege tax

Oregon's vehicle privilege tax applies to dealers selling new vehicles in Oregon. The tax is on the privilege of selling and equals one-half of one percent (.005) of the retail sales price of the new vehicle. Sales of new vehicles, which must not have been previously registered in Oregon, include:

- Vehicles with 7,500 miles or fewer and a gross vehicle weight rating (GVWR) of 26,000 lbs. or less.
- Recreational vehicles and motorcycles.
- Lease sales of new vehicles.

Dealers must report and pay the tax based on their sales at the end of each calendar quarter. The first return, covering sales from January through March, will be due by April 30, 2018. Although a lawsuit has been filed in

relation to distribution of the vehicle privilege tax, it doesn't change a dealer's responsibility to report and pay the privilege tax on their sales beginning Jan. 1, 2018.

Vehicle use tax

Oregon's vehicle use tax applies to vehicles purchased outside of Oregon by Oregon residents or for use in Oregon. It applies to any vehicle which, if purchased in Oregon, would qualify for the vehicle privilege tax. The tax may be paid by the out-of-state dealer or the consumer, and it equals one-half of one percent (.005) of the retail sales price of the taxable vehicle.

Only some out-of-state dealers will be required to collect and remit the use tax. Others will choose to do so. If a dealer doesn't collect the tax from the consumer at the point of sale, the consumer must report and pay it directly to Revenue.

Upon payment, the consumer will receive a certificate showing they paid the tax, which the DMV will need to register or title the vehicle in Oregon. The deadline for reporting and paying is the 20th day of the month following the month of purchase. Dealers who collect the tax must report and remit it at the end of each calendar quarter. Their first returns, covering sales from January through March, will be due by April 30, 2018.

Statewide transit tax

The statewide transit tax takes effect on July 1, 2018. It will be one-tenth of one percent (.001) of the wages of Oregon residents--regardless of where they're working -- and non-residents who work in Oregon. Payers of annuities and other periodic payments under ORS 316.189 also must withhold one-tenth of one percent (.001) of these payments. Employers who fail to deduct, withhold and remit the tax to the department will be subject to standard penalties.

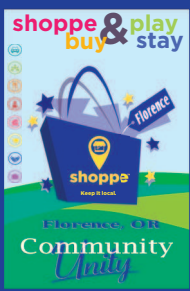
In addition, employers who knowingly fail to deduct and withhold the tax are subject to an additional penalty of \$250 per employee, up to \$25,000. Oregon residents working for certain out-of-state employers must self-report and pay the tax when they file their personal income tax return, if their employer chooses not to withhold it.

All new taxes

More information about the transportation-related taxes can be found at oregon.gov/dor.

Affected sellers and employers can register, report taxes, and make payments through the department's new web application, Revenue Online.

They can visit www.oregon.gov/dor for more information and to sign up for a Revenue Online account.



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