

# Portland (OR) & Vancouver (WA) Tax Comparison 2021\*

As of January 1, 2021



TAX	CLARK COUNTY, WA	MULTNOMAH COUNTY, OR	WASHINGTON COUNTY, OR	CLACKAMAS COUNTY, OR
<b>Oregon Corporate Income (Excise) Tax</b>	No Washington state assessed tax (OR tax would apply to businesses in WA that have apportionment in Oregon)	Greater of: (1) 6.6% on taxable income of \$1 million or less + 7.6% on taxable income greater than \$1 million; or (2) Minimum tax ranging from \$150 to \$100,000 based on Oregon sales (approx. 0.1% of sales)	Greater of: (1) 6.6% on taxable income of \$1 million or less + 7.6% on taxable income greater than \$1 million; or (2) Minimum tax ranging from \$150 to \$100,000 based on Oregon sales (approx. 0.1% of sales)	Greater of: (1) 6.6% on taxable income of \$1 million or less + 7.6% on taxable income greater than \$1 million; or (2) Minimum tax ranging from \$150 to \$100,000 based on Oregon sales (approx. 0.1% of sales)
<b>Washington Business &amp; Occupation (B&amp;O) Tax</b>	Gross receipts tax with various percentages and exclusions by classification: Retailing - 0.471% Wholesaling - 0.484% Manufacturing - 0.484% Service & Other Activities – generally 1.75% effective 4/1/2020 (1.5% for certain businesses) Other specialized classifications – various rates apply. Vancouver currently has no local B&O tax add on.	No OR B&O tax (OR businesses with sales in or to WA are subject to the WA B&O tax regime).	No OR B&O tax (OR businesses with sales in or to WA are subject to the WA B&O tax regime).	No OR B&O tax (OR businesses with sales in or to WA are subject to the WA B&O tax regime).
<b>Oregon Corporate Activity Tax</b>	There is no Corporate Activity Tax assessed by WA, however WA businesses with “commercial activity” in Oregon and “substantial nexus” in OR are subject to the OR Corporate Activity Tax.	\$250 plus 0.57% of Oregon “commercial activity” of more than \$1 million; taxpayers with less than \$1 million of Oregon commercial activity have no payment obligation, but do have a registration requirement if Oregon commercial activity exceeds \$750,000. An apportioned subtraction of 35% of the greater of labor costs or “cost inputs” (roughly cost of goods sold) is allowed.  This tax is in addition to the OR corporate income/excise tax. The tax is assessed on the seller, and is NOT a sales tax payable by the purchaser, though certain sellers may pass it on to purchasers via price increases.	\$250 plus 0.57% of Oregon “commercial activity” of more than \$1 million; taxpayers with less than \$1 million of Oregon commercial activity have no payment obligation, but do have a registration requirement if Oregon commercial activity exceeds \$750,000. An apportioned subtraction of 35% of the greater of labor costs or “cost inputs” (roughly cost of goods sold) is allowed.  This tax is in addition to the OR corporate income/excise tax. The tax is assessed on the seller, and is NOT a sales tax payable by the purchaser, though certain sellers may pass it on to purchasers via price increases.	\$250 plus 0.57% of Oregon “commercial activity” of more than \$1 million; taxpayers with less than \$1 million of Oregon commercial activity have no payment obligation, but do have a registration requirement if Oregon commercial activity exceeds \$750,000. An apportioned subtraction of 35% of the greater of labor costs or “cost inputs” (roughly cost of goods sold) is allowed.  This tax is in addition to the OR corporate income/excise tax. The tax is assessed on the seller, and is NOT a sales tax payable by the purchaser, though certain sellers may pass it on to purchasers via price increases.

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<b>State Personal Income Tax</b>	None	Various brackets ranging from 4.75%-9.90% of taxable income, brackets adjusted annually for inflation.  OR full year residents may qualify for a reduced rate on up to \$5M of S corp, partnership or sole proprietorship income in which they materially participate and meet other requirements.	Various brackets ranging from 4.75%-9.90% of taxable income, brackets adjusted annually for inflation.  OR full year residents may qualify for a reduced rate on up to \$5M of S corp, partnership or sole proprietorship income in which they materially participate and meet other requirements.	Various brackets ranging from 4.75%-9.90% of taxable income, brackets adjusted annually for inflation.  OR full year residents may qualify for a reduced rate on up to \$5M of S corp, partnership or sole proprietorship income in which they materially participate and meet other requirements.
<b>City Business License Fee/ Business Income Tax</b>	\$200 + \$90 per employee FTE, annually (City of Vancouver)  Other cities within county charge nominal annual business license fee either as a set amount or based upon number of employee FTEs (i.e., Battle Ground, Washougal)	2.6% of net business income, \$100 minimum, annually (City of Portland)  Other cities within county charge nominal annual business license fee typically based upon number of employee FTEs (i.e., Gresham)	Certain cities within county charge nominal annual business license fee typically based upon number of employee FTEs (i.e., Beaverton, Hillsboro, Tigard, Tualatin)	Certain cities within county charge nominal annual business license fee typically based upon number of employee FTEs (i.e., Lake Oswego, Oregon City, West Linn, Wilsonville)
<b>County Business Income Tax</b>	None	2.0% of net business income, \$100 minimum, annually (rate increased to 2% effective 1-1-2020)	None	None
<b>Sales Tax (State and Local Combined)</b>	8.4% total; 8.5% eff. 4-1-2021. 6.5% state, 1.9% city/cty becoming 2% 4-1-2021 (7.7% for ltd. unincorp. Clark county locations)	None	None	None
<b>State Transit Tax</b>	None	0.10% withheld from all employee wages for Oregon residents and nonresidents performing services in Oregon	0.10% withheld from all employee wages for Oregon residents and nonresidents performing services in Oregon	0.10% withheld from all employee wages for Oregon residents and nonresidents performing services in Oregon
<b>Transit District Tax</b>	None	0.7837% employer payroll tax on wages paid for, or self employment earnings from, services performed within TriMet District Boundary	0.7837% employer payroll tax on wages paid for, or self employment earnings from, services performed within TriMet District Boundary	0.7837% employer payroll tax on wages paid for, or self employment earnings from, services performed within TriMet District Boundary
<b>Unemployment Insurance Tax</b>	Average rate estimate of 1.17% on the first \$56,500 in wages; rates range from 0.1%-5.7% with new employer rate of 90% for their industry average	Average rate of 2.26% on the first \$43,800 in wages; rates range from 1.2%-5.4% with new employer rate of 2.6%	Average rate of 2.26% on the first \$43,800 in wages; rates range from 1.2%-5.4% with new employer rate of 2.6%	Average rate of 2.26% on the first \$43,800 in wages; rates range from 1.2%-5.4% with new employer rate of 2.6%

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<b>Workers' Compensation</b>	Industrial Insurance average rate per hour worked \$0.64  Sample rates by industry: Misc. Manufacturing: \$0.7570 Metal/Mach Mfg \$1.0267 Dealers and Wholesalers: \$1.1053 Misc. Professional Services: \$0.2074	Broken down into three taxes: 1. Pure Premium averages \$1.00 per \$100 of payroll 2. 9.0% Premium Assessment fee of the annual total premium for insured employers, 9.1% for self-insured employers, 9.5% for self-insured employer groups 3. Workers Benefit Fund, paid to the state at 2.2 cents per worker hour worked	Broken down into three taxes: 1. Pure Premium averages \$1.00 per \$100 of payroll 2. 9.0% Premium Assessment fee of the annual total premium for insured employers, 9.1% for self-insured employers, 9.5% for self-insured employer groups 3. Workers Benefit Fund, paid to the state at 2.2 cents per worker hour worked	Broken down into three taxes: 1. Pure Prem\$1.00 per \$100 of payroll 2. 9.0% Premium Assessment fee of the annual total premium for insured employers, 9.1% for self-insured employers, 9.5% for self-insured employer groups 3. Workers Benefit Fund, paid to the state at 2.2 cents per worker hour worked
<b>Paid Family and Medical Leave</b>	Mandatory premium deduction of 0.4% of gross wages paid by employer (36.67%) and employee (63.33%)	None	None	None
<b>Minimum Wage</b>	\$13.69/hour	\$13.25/hour through 6/30/2021, \$14.00/hour thereafter	\$13.25/hour through 6/30/2021, \$14.00/hour thereafter (inside UGB); \$12.00/hour through 6/30/2021, \$12.75/hour thereafter (outside UGB)	\$13.25/hour through 6/30/2021, \$14.00/hour thereafter (inside UGB); \$12.00/hour through 6/30/2021, \$12.75/hour thereafter (outside UGB)
<b>Initial State Registration Fees</b>	\$180	\$100	\$100	\$100
<b>Annual State Registration Fees</b>	\$60	\$100	\$100	\$100
<b>Real Estate Transfer Taxes</b>	Graduated state rate ranging from 1.1%-3% (at \$3M or more) of sales price (or value on transfer of 50% or higher interest). An additional .5% local tax is due for all Clark Cty locations except Yacolt, which is .25%.	None	Rate of 0.1% of sales price	None
<b>Other Real Estate Taxes</b>	None	\$60 per unit Residential Rental Registration fee, annually (City of Portland)  Certain other cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Gresham)	Certain cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Beaverton, Hillsboro, Tualatin)	Certain cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Tualatin)

TAX	CLARK COUNTY, WA	MULTNOMAH COUNTY, OR	WASHINGTON COUNTY, OR	CLACKAMAS COUNTY, OR
<b>Personal Income Tax (Preschool for All)</b>	Applies to nonresident of Multnomah County based on earnings sourced to Multnomah County.	Effective 1-1-2021. Tax based on Mult Cty resident income, or Mult. Cty sourced income of nonresident. 1.5% of Oregon taxable income over \$125k single/\$200k joint, and an additional 1.5% (3% total) on income over \$250k single/\$400k joint.  Employer whldg voluntary 2021, mandatory 2022.  A subtraction is available to pass-through owners for income subject to the Multnomah County business income tax.	Applies to nonresident of Multnomah County based on earnings sourced to Multnomah County.	Applies to nonresidents of Multnomah County based on earnings sourced to Multnomah County.
<b>Metro (OR) Supportive Housing Services Business &amp; Personal Tax (Note: Metro boundary is not precisely the Mult/Clack/Wash county boundary)</b>	Tax will apply if there is Metro (1) sourced income for a nonresident of or business located outside the Metro jurisdiction.	Effective 1-1-2021. Applies a 1% tax on a.) personal income of residents of Metro (1) area or nonresidents with Metro sourced income (on such income over \$125k single/\$200k joint); and b.) business Metro sourced net income, including pass-through entities with gross receipts over \$5M from all sources. A subtraction is available to pass-through owners for income subject to this Metro 1% business income tax.  Withholding by businesses mandatory in 2022. Business owing \$1,000 or more owe estimates 15th of April, June, Sept, Dec.	Effective 1-1-2021. Applies a 1% tax on a.) personal income of residents of Metro (1) area or nonresidents with Metro sourced income (on such income over \$125k single/\$200k joint); and b.) business Metro sourced net income, including pass-through entities with gross receipts over \$5M from all sources. A subtraction is available to pass-through owners for income subject to this Metro 1% business income tax.  Withholding by businesses mandatory in 2022. Business owing \$1,000 or more owe estimates 15th of April, June, Sept, Dec.	Effective 1-1-2021. Applies a 1% tax on a.) personal income of residents of Metro (1) area or nonresidents with Metro sourced income (on such income over \$125k single/\$200k joint); and b.) business Metro sourced net income, including pass-through entities with gross receipts over \$5M from all sources. A subtraction is available to pass-through owners for income subject to this Metro 1% business income tax.  Withholding by businesses mandatory in 2022. Business owing \$1,000 or more owe estimates 15th of April, June, Sept, Dec.
<b>Long Term Care Tax</b>	Effective 2022. Employer must withhold from employee .58% of all gross wages (intended to fund state long term care trust program). Employees who demonstrate they have LT care insurance are exempt from the employer withholding. Self employed individuals are not required to pay into the system.	None	None	None

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<b>Other Real Estate Taxes</b>	None	\$60 per unit Residential Rental Registration fee, annually (City of Portland)  Certain other cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Gresham)	Certain cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Beaverton, Hillsboro, Tualatin)	Certain cities within county charge nominal annual license fee typically based upon number of residential units (i.e., Tualatin)
<b>Capital Gains Taxes</b>	None as of 1-1-2021. WA Gov. Inslee has proposed a 9% capital gains tax on federal net long term capital gains, effective 2022 forward. Residential real estate gains would be exempt from the new tax.	Capital gains are subject to Oregon personal income tax rates noted above. Federal gain exclusions are followed.	Capital gains are subject to Oregon personal income tax rates noted above. Federal gain exclusions are followed.	Capital gains are subject to Oregon personal income tax rates noted above. Federal gain exclusions are followed.
<b>Estate Taxes</b>	WA allows an exclusion of \$2,193,000 from the taxable estate. Rates of 10%-20% apply, maximum rate for values over \$9 million (16% or higher applies to estate values in excess of \$3M)	First \$1 million is exempt. Rates of 10-16% apply, maximum rate for values over \$9.5 million.	First \$1 million is exempt. Rates of 10-16% apply, maximum rate for values over \$9.5 million.	First \$1 million is exempt. Rates of 10-16% apply, maximum rate for values over \$9.5 million.

(1) Metro's jurisdiction for this tax includes the 24 cities and unincorporated portions of Multnomah, Clackamas and Washington counties. Cities/locations not part of Metro's jurisdiction include North Plains, Banks, Gaston, Canby, Estacada, Sandy, Sauvie Island, and Corbett.

*\*This is a very high level summary of the taxes noted. There are significant complexities associated with many of these taxes, and advice from a qualified tax professional is required to determine application to any taxpayer or fact pattern.*