



OR PFML Taxability Guide

The IRS has not yet presented any guidance on the tax treatment of PFML benefits, so the information below is based on Standard Insurance Company's interpretation of guidance from the State of Oregon. Future IRS guidance may impact or change the tax treatment of these benefits.

All employers and employees should consult their own tax advisors regarding the tax consequences of OR PFML contributions and benefits.

Under an Equivalent Plan, both large employers (25 or more employees) and small employers (fewer than 25 employees), will contribute at least 40% of the contribution* and the employee will contribute up to 60% of the contribution rate of 1% on a post-tax basis. Employers may elect to pay all or a portion of the employee's part of the contribution.

The contribution rate and employee maximum wage subject to contributions are set by the state no later than November 15th of each year.

In a [December 2022 memo](#), Oregon's Department of Revenue provided guidance on contributions, and the taxation of OR PFML benefits. Based on our interpretation of the memo, the Standard's Equivalent Plan will treat taxability in accordance with the following guidelines:

Contributions to the plan-

OR PFML employee contributions are made post-tax and thus are included in wages subject to Oregon income tax withholding. If an employer elects to pay all or a portion of the employee's part of the contribution those contributions are considered taxable wages to the employee.

Taxability of benefits-

OR PFML benefits for family leave and safe leave are fully taxable. OR PFML medical leave benefits are partially taxable based on the ratio of employer (pre-tax) contributions to total contributions (employer and employee) required by the state.

Any change in an Equivalent Plan employer's administration of premium contributions must be reported to The Standard.

Links:

- [Paid Leave Oregon contributions](#)
- [Paid Leave Oregon Taxability Fact Sheet](#)
- [Paid Leave Oregon Equivalent Plan Guidebook](#)
- [Paid Leave Oregon other resources](#)

*Small employers meeting their OR PFML obligations under the state plan are not required to remit the employer's portion of the contribution.

This publication is not intended as legal or tax advice. Please consult with a tax advisor or legal counsel for additional information and/or guidance.