Guide · High earners  9 min read

# Living in Washington and Working in Oregon: How Your Income Is Taxed

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Updated October 30, 2026 · Written for washington residents who commute to, travel to or used to work in Oregon, including Vancouver-area tech, healthcare and professional employees

**The short answer**

If you live in Washington and work in Oregon, Oregon taxes the wages you earn for days you physically work in Oregon, and nothing you earn working from home in Washington. There's no reciprocity agreement between the two states, and Washington has no wage tax, so nothing offsets the Oregon tax. Oregon calculates tax on your whole household income as if you lived there, then charges you the Oregon share, so Oregon wages in a high-income household are taxed at close to the 9.9% top rate (over $125,000 single, $250,000 joint). RSUs are split by where you worked between grant and vest, and commuting into the Portland area can add Metro and Multnomah County income taxes.

## Which wages Oregon can tax

Oregon taxes nonresidents on income from Oregon sources. For an employee, that means pay for work done while physically in Oregon. A day you work from your home in Vancouver, Camas or Ridgefield is a Washington day, even when your employer and your office are in Portland.

- Commute into an Oregon office every workday: essentially all your wages are Oregon wages.
- Hybrid, three days a week in Oregon: about 60% of your wages, based on the actual days you worked there.
- Fully remote from Washington for an Oregon employer: none of your wages.

Occasional work trips to Oregon: those days count.

Keep a record of where you worked each day: your calendar, badge data or a simple spreadsheet. Oregon can ask you to support your day count, and a log rebuilt from memory in April is weak evidence.

## Why your Oregon wages are taxed at your household rate

Nonresidents file Form OR-40-N. Oregon first calculates tax on your total federal income, including a spouse's Washington wages and your investment income, as if all of it were Oregon income. It then multiplies that tax by your Oregon percentage: Oregon-source income divided by total income.

The effect is that your Oregon wages are taxed at your household's average Oregon rate, not the rate they'd carry on their own. Oregon's top rate of 9.9% starts at $125,000 of taxable income for single filers and $250,000 for joint filers, so for a high-income household that average rate gets close to 9.9%.

Example: one spouse earns $100,000 working fully in Portland, the other earns $400,000 working remotely from Washington. Oregon computes tax on about $500,000, roughly $45,000, and charges 20% of it, about $9,000. That's about 9% of the Oregon wages. If the $100,000 had been the household's only income, the Oregon tax would have been about 7.7%.

## RSUs and stock options when you've worked in both states

RSUs are wages when they vest. If you worked in Oregon for part of the time between grant and vest, part of each vest is Oregon income. The usual method counts workdays: your Oregon workdays from grant to vest, divided by your total workdays over the same period, times the value of the shares at vest. Oregon's rule for stock options (OAR 150-316-0165) uses the same workday ratio, measured from grant to exercise.

This cuts both ways. If you moved from Portland to Vancouver last year, vests over the next few years still carry Oregon income for the Oregon days in their vesting period, even though you no longer live or work there. If you only started commuting into Oregon recently, older grants carry less Oregon income than your W-2 may show.

Employers get this wrong in both directions, especially after a move or a change to hybrid work. The Oregon wages on your W-2 are a starting point, not the answer. Your return should use the allocation you can support with your workday records.

Gains after a vest or an exercise are investment income, not wages. Oregon doesn't tax them for a Washington resident. Washington's capital gains tax may, if the gains are long-term and above the annual deduction; our Washington guide covers that tax.

## Portland-area local income taxes

If your Oregon work happens inside the Portland metro area, two local income taxes apply to nonresidents who travel in to work, on the income from work performed there. Days you telework from your home in Washington don't count.

| Tax | Rate | Applies to taxable income over |
|---|---|---|
| Metro Supportive Housing Services | 1% | $128,000 single, $205,000 joint (2026, now indexed for inflation) |
| Multnomah County Preschool for All | 1.5%, plus another 1.5% above $250,000 single or $400,000 joint | $125,000 single, $200,000 joint |

Preschool for All is scheduled to rise by 0.8% in 2028. Oregon also charges a statewide transit tax of 0.1% on wages for work in Oregon, which your employer withholds. Check your pay stubs for the Metro and county taxes: if they aren't being withheld, you may need quarterly estimated payments to the City of Portland, which administers both.

## Withholding: the fix most commuters need

Employer withholding Oregon tax on 100% of your pay while you work some days from home: ask payroll to withhold only on your Oregon work. Otherwise you get it back as a refund, but you've lent Oregon the money all year.

Employer withholding as if your Oregon wages were your only income: the percentage method can leave you short at filing. Add extra Oregon withholding on Form OR-W-4 or make estimated payments.

RSU vests: Oregon supplemental withholding on a vest is often below the rate your household actually pays, on top of the federal 22% gap.

Moved during the year: you're a part-year resident and file Form OR-40-P, not OR-40-N.

The federal RSU withholding gap still applies. Use the RSU tax calculator to size it, then close it with extra W-4 withholding or an estimated payment before January 15.

## Who this guide doesn't cover

Business owners and self-employed people with Oregon customers or work follow different sourcing rules, and Oregon's corporate activity tax can apply to the business. Retirees don't owe Oregon tax on pensions and

retirement account withdrawals as nonresidents: federal law bars states from taxing nonresidents' retirement income. If either describes you, your situation needs its own analysis.

## Frequently asked questions

### Do I have to pay Oregon income tax if I live in Washington?

Only on income from Oregon sources. For most people that means wages for the days they physically work in Oregon. Wages for days you work in Washington, and investment gains, aren't Oregon income for a Washington resident.

### Does Oregon tax me if I work remotely from Washington for an Oregon company?

Not on wages for the days you work in Washington. Where your employer is located doesn't decide it; where you do the work does. Trips into the Oregon office count as Oregon days.

### Do I get a credit in Washington for the Oregon tax I pay?

No. Washington doesn't tax wages, so there's nothing to credit the Oregon tax against. That's why the Oregon tax is a real added cost for commuters, and why the day count matters.

### Do I owe Portland Metro or Multnomah County tax if I commute from Vancouver?

Yes, if you work inside the district and your taxable income is above the thresholds: $128,000 single or $205,000 joint for the Metro tax in 2026, and $125,000 single or $200,000 joint for Multnomah County's Preschool for All tax. Days you telework from Washington don't count.

### How are my RSUs taxed if I moved from Oregon to Washington?

Each vest is split by workdays. The share of workdays between grant and vest that you spent working in Oregon is Oregon income, even if the shares vest after you've moved. Gains after vesting aren't Oregon income once you're a Washington resident.

General information based on federal law for tax year 2026, not tax advice for your situation. State rules vary.

**Want this applied to your situation?** Book a free 30-minute call with Akanchya Acharya, CPA at acharyacpa.com/contact or email akansha@acharyacpa.com.

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