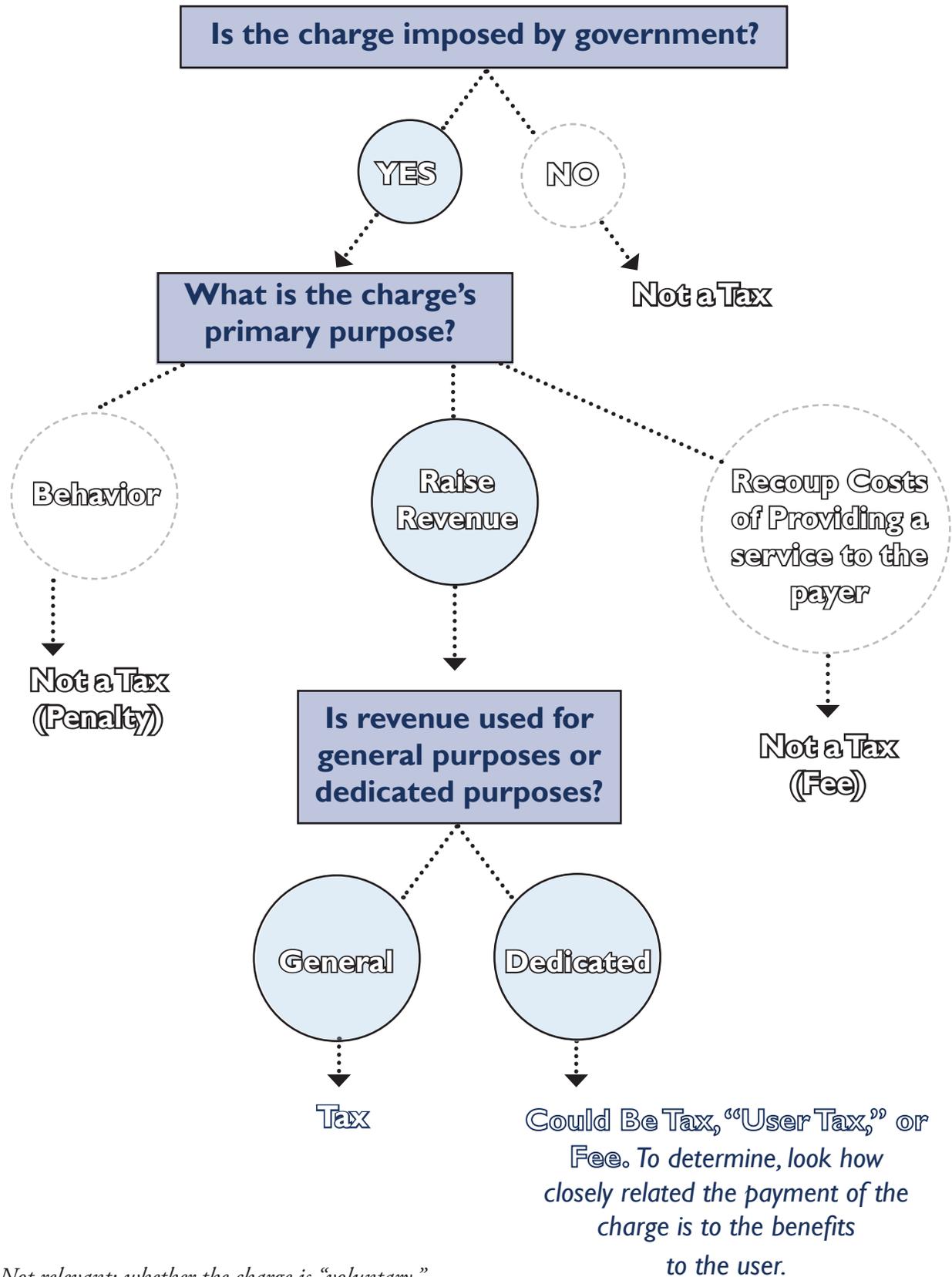


**Figure 1: Flowchart For Determining Whether a Charge is a Tax**



# Fees and Taxes: What's the Difference?

**TAX:** The OECD working definition of a tax is a compulsory unrequited payment to the government.

A Tax:

- Is a required payment without a quid pro quo for the taxpayer, no specific reciprocal benefits
- Is a compulsory payment where the lack of such payment may result in penalties
- Is imposed to finance public expenditures for the country, state, or locality as a whole
- May serve many functions

**FEE:** Fees charged by central or local governments can be distinguished from taxes when they are charged as payments for the supply of particular services by the authorities.

A Fee is:

- A voluntary payment to a government for specific services
- Made in the public interest, but confers a specific benefit to the payer
- Intended to regulate or control specific activities

Oregon Examples

- Dry Cleaner Fee Program
- Wine Board Tax
- Forest Products Harvest Tax

Sources: OECD Glossary of Tax Terms; economicsdiscussion.net