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## 2016 Payroll Updates

- The Oregon minimum wage will have no change January 1, 2016. It will remain \$9.25 a hour. You can download the new Oregon Minimum Wage poster at <http://cms.oregon.gov/BOLI/pages/index.aspx>.
- For 2016, the employee tax rate for social security remains at 6.2%. The employer tax rate for social security remains unchanged at 6.2%. The cap for social security has increased to \$118,500. Employees who earn more than \$200,000 will need an extra 0.9% medicare tax withheld for the excess which the employer does not match.
- The IRS is no longer mailing the Circular E – Employer’s Tax Guide (which contains the 2016 withholding tax rates) or the related Forms 941, 940 or 943. You can download them at [www.irs.gov](http://www.irs.gov).
- The Oregon withholding rates will also change in 2016. Find the 2016 withholding tax tables at [www.oregon.gov/DOR/BUS/payroll-updates.shtml](http://www.oregon.gov/DOR/BUS/payroll-updates.shtml). Oregon is no longer mailing the new withholding tables to employers.
- The Oregon worker's benefit fund assessment remains at 3.3 cents per hour. Employers and employees share the assessment at 1.6 cents employee and 1.7 cents employer for each hour.
- You are required to make electronic tax deposits to the IRS if your tax liability is \$2,500 or more in any quarter for 941 filers or \$2,500 or more per year for agriculture. To sign up for EFTPS, go to [www.eftps.gov](http://www.eftps.gov). You are also required to make electronic tax deposits to your state on the same schedule as the IRS requirement. To sign up for electronic payments for Oregon, go to <http://cms.oregon.gov/dor/ESERV/docs/eft/206-029.pdf>.
- Oregon employers with five or more employees and who have received one or more child support orders or employers with fewer than five employees but have received more than one child support order are required to pay child support electronically via the Oregon Employer Services portal at [oregonchildsupport.gov/employers/reporting.shtml](http://oregonchildsupport.gov/employers/reporting.shtml). Payment is due within 7 days of pay date.
- Oregon employers that employ minors ages 14-17 require an Annual Employment Certificate from the Oregon Bureau of Labor. The application is available at [www.oregon.gov/boli/pages/index.aspx](http://www.oregon.gov/boli/pages/index.aspx)
- If you had a change of address or telephone number in the past year, complete a “Business Contact Change Form” at [www.oregon.gov/DOR/bus/docs/Pages/forms-payroll.aspx](http://www.oregon.gov/DOR/bus/docs/Pages/forms-payroll.aspx) as new forms and tax rate information will be sent to the most current address on file.
- The IRS standard mileage reimbursement for 2016 has not been set for business miles, medical and or moving mileage. Charitable mileage will remain at \$0.14 a mile.

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- All business, including employers with only one W-2 are required to report W-2 information electronically to the State of Oregon via I-Wire at <http://cms.oregon.gov/DOR/BUS/Pages/index.aspx>. Substantial penalties are being assessed by Oregon. The Social Security Administration requires electronic filing for employers filing 250 or more Forms W2's.
- S corporations need to reimburse health insurance premiums to corporate officers and add those premiums to Federal and State wages prior to year end. The premiums are not subject to social security, medicare or unemployment tax but are subject to federal and state withholding tax.
- SIMPLE plan contributions will stay the same for 2016, maximum of \$12,500 plus a catch-up contribution of \$3,000 for individuals 50+years old at calendar year end. 401k plans will also stay the same for 2016, maximum of \$18,000 with a catch-up contribution of \$6,000.
- Report on Form 1099-Misc when payments are made in the course of your business for items at least \$600 in services, rents, prizes and awards, or other income. The IRS is double checking this information with your income tax return. Oregon is requiring electronic filing of 1099's for businesses with 11 or more of any one type of information return for 2015 forms due in 2016.
- Oregon Senate Bill 454 will take effect January 1, 2016. SB 454 requires employers with 10 or more Oregon based employees (in any 20 work weeks during 2015) to be **paid** sick leave at the employee's regular rate of pay. Employees begin accruing sick leave immediately. Employees must be able to accrue at least 40 hours of sick leave per year at a rate of 1 hour for every 30 hours worked. Employers may front load 40 hours of sick leave the start of each year. Employees must be allowed to carryover at least 40 hours of sick leave each year. Employers with less than 10 employees are required to give the same sick leave but without pay. This bill also requires the employer to provide written notification at least quarterly to each employee of the accrued and unused sick time available for use by the employee which we will be doing on the employee's pay stubs.

We provide complete payroll preparation and reporting services. Call your individual accountant or one of our payroll specialists for details or questions. We appreciate serving you.

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