

2018 PAYROLL UPDATES

THE BIGGEST CHANGES:

- **Minimum Wage Increase:** The Oregon minimum wage will increase July 1st of each year through 2023, with rate variances based on the business location. For nonurban counties, the minimum rate will increase to \$10.50 per hour effect July 1, 2018. You can download the new Oregon Minimum Wage poster at http://www.oregon.gov/boli/TA/Pages/T_Tabooks.aspx#pomw.
- **No Handwritten W2s:** In the past, the IRS still accepted handwritten W2s from small employers – this will no longer be allowed for 2017 W2s due January 31, 2018.
- **New Code for W-2 Reporting:** A new box 12 Code ‘FF’ has been added to report the total amount of benefits paid under a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA). These new QSEHRAs allow eligible employers to pay or reimburse medical expenses to employees after the employees provide proof of coverage; these qualified reimbursements are excluded from gross wages for employment taxes. For 2017, the maximum reimbursement under a QSEHRA plan is \$4,950 per eligible employee and an additional \$10,000 for their family members. Future limits will be indexed for inflation. For more information, please go to <https://www.irs.gov/pub/irs-drop/n-17-67.pdf>.
- **W-2 & 1099 Deadline:** For the year 2017, the state of Oregon, the Social Security Administration, and the IRS require **all W-3s/W-2s and 1099-MISCs to be filed by January 31, 2018.**

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 <https://revenueonline.dor.oregon.gov/tap/>. The Social Security Administration requires electronic filing for employers filing 250 or more W-2s.

1099-Misc must be filed for payments of \$600 or more in services, rents, prizes and awards, or other income. 1099-Int is required to be filed for payments of \$10 or more in interest. Oregon requires electronic filing for any 1099-Misc, 1099-Int, 1099R, or W2G.

- **Oregon Retirement Savings Plan:** Beginning in July of 2017, the state of Oregon implemented a mandatory sign-up for a state-run retirement plan. Employers must enroll all employees or register for an exemption by the registration deadline. Unless employers qualify for the exemption by already providing a retirement plan to their employees, they will be required to withhold and remit employee contributions to the state plan. Employers can register at any time, but are required to register, based on size, by the following deadlines:

Number of Employees	Final Registration Deadline
100+	November 15, 2017
50-99	May 15, 2018
20-49	December 15, 2018
10-19	May 15, 2019
5-9	November 15, 2019
1-4	May 15, 2020

Employers will be contacted by the state with registration information prior to the required enrollment period. For more information go to <http://www.oregonsaves.com> or call 844-661-1256

- **New Oregon Transportation Tax:** Effective July 1, 2018, all employees must pay a new transportation tax at a rate of .1% of gross wages. Employers must withhold this and remit the tax with their quarterly reports.

OTHER FEDERAL UPDATES AND CHANGES:

- **Social Security and Medicare:** For 2018, the employee and employer tax rate for social security and medicare remains at 6.2% and 1.45% respectively. The cap for social security has increased to \$128,400. Employees who earn more than \$200,000 will pay an additional 0.9% medicare tax on the excess, which the employer will not match.
- **Circular E:** The IRS is no longer mailing the Circular E – Employer’s Tax Guide (which contains the 2018 withholding tax rates). You can download it at www.irs.gov.
- **Electronic Tax Deposits:** 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 943 filers. To sign up for EFTPS, go to www.eftps.gov. You are also required to make electronic tax deposits to your state on the same schedule as the IRS requires.
- **S-Corp Health Insurance:** 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 income tax.
- **SIMPLE IRAs and 401ks:** SIMPLE plan contribution limits remain unchanged for 2018, with a maximum contribution of \$12,500 plus a catch-up contribution of \$3,000 for individuals 50+ years-old at the calendar year-end. For 2018, 401k plan maximum contributions increase from \$18,000 to \$18,500 with the additional \$6,000 catch-up contribution remaining unchanged for those 50 or older at year-end.

OTHER OREGON UPDATES AND CHANGES:

- **Oregon Revenue Online:** In 2016, Oregon’s website changed to <https://revenueonline.dor.oregon.gov/tap/>. You are able to view your account, obtain withholding tax rates, make electronic tax payments, and electronically file forms WA, WR, and W-2 on this new site.
- **Sick Leave:** Oregon Senate Bill 454 requires all employers to accrue at least 40 hours of sick leave per year at a rate of 1 hour for every 30 hours worked. Employers with 10 or more employees must pay sick leave at the employee’s regular rate of pay; employers with less than 10 employees are required to give the same sick leave but without pay. Employers must provide written notification at least quarterly to each employee of the accrued and unused sick time available, and must allow at least 40 hours to carryover.
- **Minors:** Oregon employers that employ minors ages 14-17 require an Annual Employment Certificate from the Oregon Bureau of Labor. The application is available at <http://www.oregon.gov/boli/Pages/index.aspx>.
- **Business Changes:** If you had a change of address or telephone number in the past year, complete a “Business Contact Change Form” at http://www.oregon.gov/DOR/forms/FormsPubs/business_change_211-156.pdf as new forms and tax rate information will be sent to the most current address on file.
- **WBF Rate:** The WBF tax rate remains at .028 cents per hour. \$0.014 to be deducted from the employee and the employer pays the remaining \$0.014 per hour.

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

Guyer & Associates

Guyer & Associates, CPAs

Baker City Office
541-523-4471
541-523-3340 fax



La Grande Office
541-963-6009
541-963-5589 fax