

November 2020

TO OUR CLIENTS:

Enclosed are the following schedules to assist you with the 2020 year-end reporting requirements and provide payroll information for calendar year 2021:

Schedule I	2020 Form 1099-MISC and 1099-NEC Reporting
Schedule II	2020 Annual Payroll Reporting
Schedule III	2021 Payroll Tax Information and Reporting
Schedule IV	Reference Links
Schedule V	Additional Informational Links

Substantial penalties may be imposed for failure to properly complete and timely file the forms referred to in the enclosed schedules.

*Please be advised that the information contained in these schedules is not a complete list of all filing requirements, but is to be used as a source of general information. Refer to the individual instructions for detailed information relating to any forms and/or documents that you may be required to file. Schedules IV and V have been provided with reference links to forms and instructions noted in Schedules I, II, and III.*

*It is important that you check all publications and form instructions for late changes not reflected at the time the attached information was provided.*

Retain a copy of all reports filed for your company's permanent records.

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Enclosures

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## SCHEDULE I

### 2020 FORM 1099-MISC AND 1099-NEC REPORTING

Schedule I briefly describes information that relates to the preparation of Forms 1099-MISC and 1099-NEC. It does not cover all information relating to all 1099 forms.

Refer to the Internal Revenue Service publication "2020 Instructions for Forms 1099-MISC and 1099-NEC." Refer to Schedule IV, IRS Reference Links, Item 1.

For other 1099 forms, refer to the Internal Revenue Service publication "2020 General Instructions for Certain Information Returns." Refer to Schedule IV, IRS Reference Links, Item 2.

Read and review all of the "2020 General Instructions for Certain Information Returns" before completing any Form 1099s. Examples of, but not limited to, would be Page 1, "What's New, Future Developments and Reminders," Page 15, "M. Statements to Recipients" and Page 21, "P. Payments to Corporations and Partnerships."

Review the following regarding information returns which must be filed with the Internal Revenue Service for specific payments made in the 2020 calendar year. Carefully consider all transactions which might require one or more forms to be filed.

#### 1. 1099s GENERALLY

The 1099-MISC and 1099-NEC are the most common 1099s issued. It is important to read the instructions for preparing these forms. Refer to Schedule IV, IRS Reference Links, Item 1.

The Form 1099-MISC has been redesigned due to the creation of the Form 1099-NEC. Refer to Schedule IV, IRS Reference Links, Item 1, Pages 1-7.

The Form 1099-NEC has been created to report non-employee compensation. Refer to Schedule IV, IRS Reference Links, Item 1, Pages 7-12.

In the "2020 General Instructions for Certain Information Returns," Pages 26-28 there is a helpful listing of what to report on a 1099, the related 1099 form, and dates for recipient and IRS filings.

#### 2. PLANNING FOR FORM 1099 PREPARATION - FORM W-9

You should anticipate throughout each year that a Form 1099 might need to be issued. In order to obtain the correct recipient information, the best practice is to get a completed Form W-9 from each potential recipient prior to or with initial payments to avoid having to gather the data at the end of the year. Form W-9 asks potential recipients for their federal ID number or Social Security number, federal tax classification, and current address. This information is necessary when completing 1099s for the calendar year. Refer to Schedule IV, IRS Reference Links, Item 3.

### 3. ELECTRONIC REPORTING/PAPER DOCUMENT REPORTING

If you file more than 250 Form 1099s, of any one kind, then you must file the 1099s electronically with the IRS (see paragraph 9 for Oregon filing requirements). Refer to the guidelines outlined in the "2020 General Instructions for Certain Information Returns," Section F, Page 8, titled "Electronic Reporting."

The threshold for electronic filing may change to 100 pending issued regulations. Refer to Schedule IV, IRS Reference Links, Section F, Page 9.

If you paper file, refer to the guidelines outlined in the "2020 General Instructions for Certain Information Returns," Section G, Page 9, titled "Paper Document Reporting."

### 4. FORM 1099 REPORTING AND DUE DATES

**There are a variety of reporting requirements and due dates for 1099 reporting.**

Please refer to the "2020 General Instructions for Certain Information Returns," the "Guide to Information Returns," on Pages 26-28, and the "Types of Payment," on Pages 29 and 30.

### 5. FORM 1096 - ANNUAL SUMMARY AND TRANSMITTAL OF U.S. INFORMATION RETURNS

Use this form to transmit paper Forms 1099 and other informational returns such as 1097, 1098, 1099, 3921, 3922, 5498 and W-2G, to the Internal Revenue Service. Prepare a separate Form 1096 for each type of 1099 form or other informational return issued. Refer to the Schedule IV, IRS Reference Links, Item 4.

### 6. HOW TO GET HELP

If you have any questions about reporting see "2020 General Instructions for Certain Information Returns," Section T, Page 23, titled "How To Get Tax Help." Refer to Schedule IV, IRS Reference Links, Item 2.

### 7. 1099 QUESTIONS ON BUSINESS TAX RETURNS AND BUSINESS SCHEDULES

The IRS has two questions on most business and individual tax returns.

- 1) Did you make any payments in the year that would require you to file Form 1099s?
- 2) If "Yes," did you or will you file all required Form 1099s?

It is important that these questions are answered accurately. There are penalties for not complying with the requirements to file all Form 1099s. Therefore, it is important that Form 1099s are completed if you are required to file. Refer to Schedule IV, IRS Reference Links, Item 2, Section O, Pages 19-20.

8. MAILING PAPER FORMS

Refer to "2020 General Instructions for Certain Information Returns," Section D, Page 7, titled "Where to file." Refer to Schedule IV, IRS Reference Links, Item 2, Section D, Page 7.

It is highly recommended to assure timely filing of documents and/or payments to file electronically or via the USPS by certified or registered mail, return receipt requested, so you have proof of mailing and delivery.

9. OREGON ELECTRONIC FILING REQUIREMENTS FOR FORMS 1099

Businesses issuing 1099-G, 1099-MISC, 1099-R, 1099-NEC, and W-2G must submit the information returns using iWire regardless of the number of returns prepared. Other 1099s, including 1099-DIV and 1099-INT are not required to be filed with iWire. The due date for filing follows federal guidelines. Refer to Schedule IV, Oregon Reference Links, Item 1.

**Oregon does not accept paper filings.**

## SCHEDULE II

### 2020 ANNUAL PAYROLL REPORTING

#### 1. FORMS W-2 and W-3

Review the "2020 General Instructions for Forms W-2 and W-3" carefully when completing these forms. Read the "Future Developments," "What's New," and "Reminders" on Page 1 for additional information. Refer to Schedule IV, IRS Reference Links, Item 5.

Anyone required to file W-2 forms must file Form W-3 to transmit Copy A of the Form W-2. Retain a copy of the Form W-3 along with Copy D (for employer) of the W-2 forms for four (4) years.

#### 2. FEDERAL DUE DATES - FORMS W-2 AND W-3

Employee copies of Form W-2 must be distributed no later than **February 1, 2021**.

The due date for filing 2020 Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with the Social Security Administration is **February 1, 2021**, whether you file using paper forms or electronically.

Electronic filing is required if filing 250 or more Form W-2s. See #5 below for Oregon's requirements. Refer to Schedule 1, Section 4, regarding future electronic filing requirements.

The electronic threshold may change to 100 pending issued regulations. Refer to Schedule IV, IRS Reference Links, Item 5, Page 3.

#### 3. FEDERAL FORM 940

The 2020 Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return is required to be filed by **February 1, 2021**. Refer to the instructions for federal Form 940 to complete this report. Refer to Schedule IV, IRS Reference Links, Item 6.

#### 4. OREGON FORM OR-STT-A AND OR-STT-2 OREGON ANNUAL STATEWIDE TRANSIT TAX WITHHOLDING RETURNS

The filing of the annual Form OR-STT-A and OR-STT-2 are due by **February 1, 2021**. Refer to Schedule IV, Oregon Reference Links, Item 6.

Employers must report statewide transit tax withheld in Box 14 of the W-2 with the designation ORSTT W/H. This is in addition to the new requirement of including this information on the electronically filed version of the W-2 through iWire. The reporting of the statewide transit taxable wages is not required but can be provided.

5. OREGON FORMS W-2 FILING REQUIREMENTS

Oregon requires all businesses to electronically file their Form W-2s regardless of the number of W-2s issued. Refer to Schedule IV, Oregon Reference Links, Item 1.

**Oregon does not accept paper filings.**

You must transmit your W-2s to Oregon no later than **February 1, 2021**.

6. OREGON FORM OR-WR

The 2020 Form OR-WR, Oregon Annual Withholding Tax Reconciliation Report, reconciles the state withholding and statewide transit tax reported for the year.

**The Form OR-WR must be electronically filed through your Revenue Online account**

Form OR-WR is due no later than **February 1, 2021**.

## SCHEDULE III

### 2021 PAYROLL TAX INFORMATION AND REPORTING

#### 1. SOCIAL SECURITY AND MEDICARE TAX

The 2021 wage base is \$142,800 for Social Security (old age, survivors, and disability insurance-OASDI). There is no wage base limit for Medicare (hospital insurance). There is no change to the tax rates.

##### a. Additional Medicare Tax

Once Medicare wages are over \$200,000, you must withhold an additional .9% of Medicare tax from the employee's wages. There is **NO** additional Medicare tax that employers must pay.

#### 2. FEDERAL INCOME TAX WITHHOLDINGS

Refer to the 2021 Circular E for any changes, including new withholding tables.  
Refer to Schedule IV, IRS Reference Links, Item 7.

#### 3. FEDERAL UNEMPLOYMENT TAX

The 2021 FUTA wage base and tax rate are pending. Refer to the 2021 Circular E for additional information.  
Refer to Schedule IV, IRS Reference Links, Item 7.

#### 4. PAYROLL DRAWS

Per Rev. Rul. 68-239. 1968-1 C.B. 414: Draws are "**wages**" for federal and state payroll tax purposes **at the time of payment**. Payroll taxes should be calculated on draws and are subject to the same deposit requirements as your regular payroll.

#### 5. TAX DEPOSITS

The most common requirements for paying federal withholding, Social Security, and Medicare taxes for 2021 are either monthly or semi-weekly deposits. Refer to Circular E each year to determine what kind of depositor you will be for that year. You will need to calculate the "lookback" period each year. The "lookback" period will determine what type of depositor you will be for the following calendar year. See the instructions for the "lookback" period in Circular E for 2021. The Internal Revenue Service **will not** send out a letter indicating which deposit schedule applies for the calendar year 2021. A penalty may be charged if taxes are not deposited when they are due. Please refer to Circular E for other not-so-common deposit requirements.

The Oregon rules follow the federal.

#### 6. BUSINESS STANDARD MILEAGE RATE

The business standard mileage rate for 2021 is pending. IRS typically updates rates in December for the following year.

7. OREGON INCOME TAX WITHHOLDINGS

Refer to the Oregon Withholding Tax Tables Effective **January 1, 2021**. Refer to Schedule IV, Oregon Reference Links, Item 2.

8. STATE UNEMPLOYMENT TAX

The Oregon unemployment taxable wage base for 2021 is pending. In November, the Oregon Employment Division mails out a notice that provides your 2021 state unemployment tax rate. It is vital you change this rate **before** running the first payroll in 2021.

9. LANE TRANSIT AND TRIMET EXCISE TAXES

The Lane Transit tax rate for 2021 is .0076. The Tri-Met tax rate for 2021 is .007837.

10. WORKERS' COMPENSATION ASSESSMENT RATE

The 2021 workers' compensation assessment rate will be 2.2 cents for each hour or part of an hour **worked** by each paid employee covered by your workers' compensation insurance policy. (1.1 cents for employees and 1.1 cents for employers).

Do not report fractions of hours. Total each employee's hours worked in the quarter and round any partial hours up to the next whole number. The maximum number of hours per employee per quarter is 999. If an employer does not track hours, a standard 40 hours per week or 174 hours per month for full-time employees is acceptable.

11. WORKERS' COMPENSATION ASSESSMENT FOR VOLUNTEER EMPLOYEES

Employers do not need to report hours worked by, or pay the workers' compensation assessment for, volunteer workers, even if they are covered by your workers' compensation insurance policy. "Volunteer workers" include workers who do not receive money and those who receive non-monetary wages for services rendered.

Employers who have both paid employees and volunteer workers covered by your workers' compensation insurance policy need to report only the hours worked by paid employees. Do not include the hours worked by volunteer workers.

Employers who have no paid employees and only volunteer workers, but maintain active workers' compensation insurance coverage, are required to file a quarterly Form OQ to report zero hours worked and zero assessment due. This prevents the receipt of "Failure to File" notices and possible penalties.



## 12. OREGON STATEWIDE TRANSIT TAX AND REVENUE ONLINE

You will need to report this tax and remit the funds you withhold quarterly, either electronically through Revenue Online or using a paper return. Taxpayers are encouraged to file returns and pay taxes electronically through Revenue Online for faster, more efficient processing. If you don't have a Revenue Online account, you can sign up for one. Refer to Schedule IV, Oregon Reference Links, Item 7.

**The OR-WR annual reporting must be electronically filed through Revenue Online.**

## 13. NEW HIRE REPORTING

The requirement for mandatory reporting of all "New Hires" continues. A "New Hire" is defined as any employee required to complete a Form W-4. Any returning employee who returns to work after being laid off, separated, furloughed, granted a leave without pay, or terminated from employment for more than 45 days is also considered a "New Hire." Reporting must be submitted no later than 20 days after the date the employer hires or rehires an employee. Refer to Schedule IV, Oregon Reference Links, Item 3.

## 14. FORM I-9 EMPLOYMENT ELIGIBILITY VERIFICATION

Currently, the Form I-9 with a revision date at the lower left corner is "10/21/2019 N" and "expires 10/31/2022" in the upper right corner. Employers should use this version. Refer to Schedule V, Additional Information Links, Item 6.

## 15. FORM W-4 - EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATES

Review the information regarding the IRS W-4 and Oregon W-4, at the following links:

Schedule V, Additional Information Links Item 1 for IRS  
Schedule V, Additional Information Links Item 5 for Oregon

## 16. FILING "0" EMPLOYEE PAYROLL REPORTS

If you had no payroll during a quarter, you must file federal and state payroll reports that reflect no payroll.

## 17. OVERTIME REGULATIONS

Employers should verify they are calculating overtime correctly.

Federal Department of Labor - Refer to Schedule IV, DOL Reference Links, Item 1.

Oregon BOLI - Refer to Schedule IV, Oregon Reference Links, Item 4.

## 18. OREGON MINIMUM WAGE LEVELS

	2020	2021	2022
- Portland Metro	\$13.25	\$14.00	\$14.75
- Standard	\$12.00	\$12.75	\$13.50
- Nonurban counties	\$11.50	\$12.00	\$12.50

Oregon minimum wage levels will change each July 1<sup>st</sup>.

Federal minimum wage is \$7.25 an hour and will raise on **May 1, 2021** to \$9.50 an hour.

## 19. OREGON SICK TIME

Employers need to be aware of the sick leave policies. Refer to Schedule IV, Oregon Reference Links, Item 5.

## 20. COVID-19 RESOURCES

The following site is available for employers and employees who may need answers about the impact of COVID-19 at work. Refer to Schedule V, Additional Reference Links, Item 7.

## 21. IRA CONTRIBUTIONS FOR RETIREMENT

2021 contribution limits for employees who participate in a 401(k), 403(b), most 457 plans, and federal government's Thrift Savings Plan is \$19,500. If an employee is over the age of 50, an additional catch-up contribution of \$6,500 may be deferred.

2021 contribution limits for employees who participate in SIMPLE is \$13,500.

2021 contribution limits for Roth IRA and traditional IRA limits remain at \$6,000 per person (combined plans) with a catch-up contribution of \$1,000, if over 50.

With the passing of the Setting Every Community Up for Retirement Enhancement (SECURE) Act earlier this year, eligibility requirements were broadened for 401(k) plans. Previously, plans could exclude employees who worked fewer than 1,000 hours per year from participating in the plan. But under the new rules, effective for plan years beginning January 1, 2021, employees who work at least 500 hours in three consecutive 12-month periods and have attained age 21 must be allowed to participate in the company's retirement plan. The first year of the three-year requirement begins in 2021 and will affect who can participate in the plan in 2024. Please refer to your Retirement advisor for additional information and tracking.

## 22. OREGON SAVES

Oregon has implemented the Oregon Retirement Saving Program, known as OregonSaves for Oregon employees to save for retirement through payroll deductions at work. Every employer in Oregon that does not offer an employer-sponsored retirement plan will need to facilitate OregonSaves for its employees. Employers will be required to register at "www.oregonsaves.com" to either facilitate the program or claim exemption from it if they offer their own retirement plan.

Refer to Schedule V, Additional Reference Links, Item 4.

23. EUGENE COMMUNITY SAFETY PAYROLL TAX

The Eugene City Council passed a Community Safety Payroll Tax Ordinance in June 2019 to provide long-term funding for community safety services.

The payroll tax becomes effective **January 1, 2021**. All employers with a physical location in the Eugene city limits and self-employed persons must file and pay the payroll tax and must register with the City of Eugene.

Refer to Schedule IV, City of Eugene Reference Links, Item 1.

24. FUTURE DEVELOPMENTS

Watch for additional "Future Developments" as noted in the instructions at the following location:

For Forms 1099-MISC and 1099-NEC refer to Schedule IV, IRS Reference Links, Item 1

For Forms W-2 refer to Schedule IV, IRS Reference Links, Item 5

For Circular E refer to Schedule IV, IRS Reference Links, Item 7

Any information about future changes will be posted on these IRS webpages.

**Schedule IV**  
**Reference Links**  
**For Schedules I, II and III**

**IRS Reference Links**

1. From the IRS website: 2020 Instructions for Forms 1099-MISC and 1099-NEC  
<http://www.irs.gov/pub/irs-pdf/i1099misc.pdf>
2. From the IRS website: 2020 General Instructions for Certain Information Returns  
<http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>
3. From the IRS website: W-9 Request for Taxpayer Identification Number and Certification  
<http://www.irs.gov/pub/irs-pdf/fw9.pdf>
4. From the IRS website: Form 1096 Annual Summary and Transmittal of U.S. Information Returns  
<http://www.irs.gov/pub/irs-pdf/f1096.pdf>
5. From the IRS website: 2020 General Instructions for Forms W-2 and W-3  
<http://www.irs.gov/pub/irs-pdf/iw2w3.pdf>
6. From the IRS website: 2020 Instructions for Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return  
<http://www.irs.gov/pub/irs-pdf/i940.pdf>
7. From the IRS website: Pub 15 (Circular E), Employer's Tax Guide for use in 2021  
<http://www.irs.gov/pub/irs-pdf/p15.pdf>

## Oregon Reference Links

1. From the Oregon website: iWire online W-2 & 1099 reporting  
<http://www.oregon.gov/DOR/programs/businesses/pages/iwire.aspx>
2. From the Oregon website: Oregon Withholding Tax Tables Effective January 1, 2021  
[http://www.oregon.gov/DOR/forms/FormsPubs/withholding-tax-tables\\_206-430\\_2020.pdf](http://www.oregon.gov/DOR/forms/FormsPubs/withholding-tax-tables_206-430_2020.pdf)
3. From the Oregon child support website: New Hire or Re-Hire Reporting  
<http://www.oregonchildsupport.gov/employers/reporting.shtml>
4. Bureau of Labor and Industries  
<http://www.oregon.gov/boli/Pages/index.aspx>
5. State of Oregon - Sick Time  
<http://www.oregon.gov/boli/workers/pages/sick-time.aspx>
6. State of Oregon - Statewide Transit Tax  
<http://www.oregon.gov/DOR/programs/businesses/Pages/statewide-transit-tax.aspx>
7. State of Oregon - Revenue Online  
<http://www.oregon.gov/DOR/Pages/index.aspx>

## DOL Reference Links

1. United States Department of Labor  
<http://www.dol.gov/general/topic/wages/overtimepay>

## City of Eugene Reference Links

1. <http://www.eugene-or.gov/4281/Community-Safety-Payroll-Tax>

# Schedule V

## Additional Informational Links

1. From the IRS website: W-4 (2021) Employee's Withholding Allowance Certificate  
<http://www.irs.gov/pub/irs-pdf/fw4.pdf>
2. From the IRS website: Independent Contractor (Self-Employed) or Employee?  
<http://www.irs.gov/Businesses/Small-Businesses-Self-Employed/Independent-Contractor-Self-Employed-or-Employee>
3. From the IRS website: Pub 15-B Employer's Tax Guide to Fringe Benefits for 2020  
<http://www.irs.gov/pub/irs-pdf/p15b.pdf>
4. OregonSaves  
<http://www.oregonsaves.com>
5. From the Oregon website: W-4 Information for Employers  
[http://www.oregon.gov/DOR/forms/FormsPubs/w-4-information\\_150-211-602.pdf](http://www.oregon.gov/DOR/forms/FormsPubs/w-4-information_150-211-602.pdf)
6. From the US Citizenship and Immigration Services: Form I-9 Instructions for Employment Verification  
<http://www.USCis.gov/i-9>
7. COVID-19 Resources  
<http://www.oregon.gov/boli/employers/pages/covid-19-resources.aspx>