

TO WHOM IT MAY CONCERN:

The following schedules are attached to assist you with the 2025 year-end reporting requirements and provide information for calendar year 2026:

Schedule I	2025 Form 1099-MISC and 1099-NEC Reporting
Schedule II	2025 Annual Payroll Reporting
Schedule III	2026 Payroll Tax Information and Other Information

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.

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

Substantial penalties may be imposed for failure to properly complete and timely file required reports.

To assist with the reporting requirements, links are embedded in the following schedules.

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

KERNUTT STOKES LLP

SCHEDULE I

2025 FORM 1099-MISC AND 1099-NEC REPORTING

Schedule I describes information that relates to the preparation of Forms 1099-MISC and 1099-NEC.

The 1099-MISC and 1099-NEC are the most common 1099s issued. It is important to read the instructions for preparing these forms.

Read and review both IRS publications at the following links, before completing any Form 1099s. Page 1 of both publications has areas titled, "What's New, Future Developments, and Reminders."

Instructions for Forms 1099-MISC and 1099-NEC

<https://www.irs.gov/pub/irs-pdf/i1099mec.pdf>

Continuous-use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

2025 General Instructions for Certain Information Returns

<https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

Review the following regarding information returns which must be filed with the Internal Revenue Service for specific payments made in the 2025 calendar year. Carefully consider all transactions which might require one or more forms to be filed.

The following paragraphs are areas to review when preparing any Form 1099s but do not cover all reporting requirements.

1. FORM W-9 PLANNING FOR FORM 1099 PREPARATION

Every year you should anticipate that a Form 1099 might need to be issued to eligible recipients. In order to obtain the correct recipient information, the best practice is to obtain 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 must be completed by the recipient accurately. Should the provided information not match IRS records, you may receive a notice that the submitted Form 1099 does not match the recipient information on file. The IRS notice may require further action.

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

2. IRS ELECTRONIC DOCUMENT REPORTING

The electronic filing threshold is 10 forms or more. The threshold count includes all forms you are required to be filed. If corrections are needed for e-filed forms, they must be electronically filed.

You can e-file information returns at the IRS site called IRIS, an online portal that allows taxpayers to electronically file information returns. This is a multi-step process and can take time to complete the registration process.

You can locate this portal at the location below.

<https://www.irs.gov/filing/e-file-forms-1099-with-iris>

3. PAPER DOCUMENT REPORTING

Although paper documents are allowed to be filed with the IRS, there are guidelines to follow. This would be an aggregated sum of all required forms for filing of nine (9) or less. Refer to the 2025 General Instructions for Certain Information Returns, Section G.

4. FORM 1099 REPORTING AND DUE DATES

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

Refer to the "2025 General Instructions for Certain Information Returns," and review the "Guide to Information Returns" on Pages 26-28 and the "Types of Payment," on Pages 29-30.

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

Form 1096 is prepared when paper Forms 1099 are submitted to the Internal Revenue Service.

<https://www.irs.gov/pub/irs-pdf/f1096.pdf>

6. HOW TO GET TAX HELP

For answers to questions about reporting see "2025 General Instructions for Certain Information Returns, Section T.

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.

8. OREGON ELECTRONIC DOCUMENT REPORTING

OREGON DOES NOT ACCEPT PAPER FILINGS.

Businesses issuing 1099-G, 1099-K, 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.

<https://www.oregon.gov/dor/programs/businesses/pages/iwire.aspx>

9. FORM W-2 AND FORM 1099s FILING UPDATES FOR OREGON iWIRE

Beginning with tax year 2025, the Oregon Department of Revenue (DOR) requires that all manual Form W-2 submissions, including those submitted using DOR iWire spreadsheet, must now be filed logged in through your Revenue Online account.

Due to the requirements for W-2 submissions and the DOR iWire spreadsheet format, a new updated spreadsheet template has been created. The previous templates are no longer compatible and cannot be used.

Starting with the 2026 tax year, DOR will also require taxpayers to submit Form 1099s through a Revenue Online account, including manual entries and those submitted using the DOR iWire spreadsheet.

IRS Publication 1220 was published in September 2025 with new updates. Oregon was inadvertently added to the Combined Federal and State Filing Program. Please note that Oregon is not participating in the Combined Federal and State Filing Program.

SCHEDULE II

2025 ANNUAL PAYROLL REPORTING

Schedule II describes information related to annual payroll reporting requirements.

Filing requirements may differ for household or agricultural employers.

1. FORMS W-2 and W-3

Review the "2025 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.

<https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>

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

Employee copies of Form W-2 must be distributed no later than February 2, 2026.

The due date for filing 2025 Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with the Social Security Administration is February 2, 2026, whether you file paper forms or electronically.

The electronic filing threshold is 10 forms or more. No longer is the threshold count by individual form, but a combination of all forms required to be filed. If corrections are needed for any e-filed forms, they must be electronically filed.

3. OREGON FORMS W-2 FILING REQUIREMENTS

Oregon requires all businesses to electronically file Form W-2s on iWire regardless of the number of W-2s issued and forms are due no later than February 2, 2026.

New for tax year 2025

For tax year 2025, iWire now requires that all manual W-2 submissions and Department of Revenue (DOR) iWire spreadsheet for W-2 submissions be filed through your Revenue Online account.

<https://www.oregon.gov/dor/programs/businesses/pages/iwire.aspx>

Refer to Schedule I, #9, Form W-2 and Form 1099s filing updates for Oregon iWire.

4. FEDERAL FORM 940

The 2025 Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return is required to be filed by February 2, 2026.

<https://www.irs.gov/pub/irs-dft/i940~dft.pdf>

5. FEDERAL FORM 943

The Form 943 is filed annually and due by February 2, 2026 if you paid wages to one or more farm workers and the wages were subject to federal withholding, Social Security, and Medicare taxes.

<https://www.irs.gov/forms-pubs/about-form-943>

6. COMMUNITY SAFETY PAYROLL TAX (EUGENE EMPLOYERS)

All employers and self-employed persons with a physical business location in Eugene city limits must file and pay the tax. The entity tax structure and whether or not there are employee wages will determine the applicable tax filing(s). Please see the Tax Treatment Chart to confirm what tax form(s) the business should file.

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

Employers must report wages subject to the Community Safety Payroll Tax and the amount of tax withheld for each employee on Form W-2. Report the subject wages in Box 18 (local wages, tips, etc.), the payroll tax paid in Box 19 (local income tax), and "EUG" in Box 20 (locality name).

7. OREGON FORM OR-WR

The 2025 Form OR-WR, Oregon Annual Withholding Tax Reconciliation Report, reconciles the state withholding and statewide transit tax reported for the year, and is due on or before February 2, 2026 and must be electronically filed through Revenue Online.

8. ONE BIG BEAUTIFUL BILL ACT OF 2025 PROVISIONS

Review the new releases for additional information.

<https://www.irs.gov/newsroom/one-big-beautiful-bill-act-of-2025-provisions>

IRS announces no changes to individual information returns or withholding tables for 2025 under the One Big Beautiful Bill Act.

SCHEDULE III

2026 PAYROLL TAX INFORMATION AND OTHER INFORMATION

Schedule III describes 2026 payroll tax reporting requirements and other supportive information.

Filing requirements may differ for household or agricultural employers.

For paragraphs 1-4, refer to the following link:

<https://www.irs.gov/pub/irs-pdf/p15.pdf>

1. SOCIAL SECURITY AND MEDICARE TAX

The 2026 wage base is \$184,500 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.

Once Medicare wages reach \$200,000, you must withhold an additional .9% of Medicare tax from the employee's wages. Employers are not subject to the additional Medicare tax.

2. FEDERAL INCOME TAX WITHHOLDINGS

Refer to Publication 15-T, Federal Tax Withholding Methods for federal withholding calculations.

3. FEDERAL UNEMPLOYMENT TAX

The 2026 FUTA wage base is \$7,000 per employee and the tax rate is 6%.

If your FUTA tax liability in a calendar quarter is or exceeds \$500, you must deposit the tax.

4. FEDERAL EMPLOYMENT TAX DEPOSITS

There are two common deposit schedules for paying federal withholding, Social Security, and Medicare taxes which are monthly or semiweekly 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.

If you accumulate a tax liability of \$100,000 or more on any day during a deposit period, you must deposit the tax by the close of the next business day, whether you're a monthly or semiweekly schedule depositor.

5. 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.

6. OREGON INCOME TAX WITHHOLDINGS

Refer to the Oregon Withholding Tax Tables effective January 1, 2026.

Oregon payroll tax deposit rules follow the federal payroll deposit rules.

For paragraphs 7 to 11 refer to the 2026 Oregon Combined Payroll Tax Report, which can be located at:

<https://www.oregon.gov>

7. STATE UNEMPLOYMENT TAX

The Oregon unemployment taxable wage base for 2026 is \$56,700. In November of 2025, the Oregon Employment Division mails out a notice that provides your 2026 unemployment insurance rate and paid leave Oregon contribution rate. It is vital you change these rates **before** running the first payroll in 2026.

8. OREGON TRANSIT PAYROLL TAXES FOR EMPLOYERS

Employers in specific transit districts may be subject to local transit taxes as follows:

- TriMet Transit District (Portland Metro area)
- Lane Transit District (Eugene area)
- Cherriots (Salem area) (This has been put on hold)

9. WORKERS' COMPENSATION ASSESSMENT RATE

The 2026 workers' compensation assessment rate will be 1.8 cents for each hour or part of an hour **worked** by each paid employee covered by your workers' compensation insurance policy. (0.09 cents for employees and 0.09 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.

10. 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.

11. OREGON STATEWIDE TRANSIT TAX

The Oregon statewide transit tax is a payroll tax that employers must withhold from employee wages. Oregon employers must withhold 0.2% from each employee's gross pay or \$2.00 per \$1,000 of wages effective January 1, 2026. This tax rate will roll back to 0.1% January 1, 2028. This is withheld from Oregon residents regardless of where services are performed and nonresidents who perform services in Oregon.

Employers must report statewide transit tax withheld in Box 14 of the Form W-2 with the designation ORSTT W/H. The reporting of the statewide transit taxable wages is optional.

<https://www.oregon.gov/dor/programs/pages/statewide-transit-tax.aspx>

12. COMMUNITY SAFETY PAYROLL TAX (EUGENE EMPLOYERS)

All employers with a physical business location in the Eugene city limits must file and pay the payroll tax. This is true for self-employed people as well.

The employee tax rate charts for the dates of 7/01/2025 - 6/30/2026 are available. The rates are subject to change each July 1st.

Review the site for the tax withholding percentages for employees and employers.

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

13. NEW HIRE REPORTING

A new Oregon requirement to report individuals who are independent contractors took effect January 1, 2024. You can report independent contractors through the Oregon Employer Service Portal.

Oregon law requires employers to report all new hires and rehires of employees to the Oregon Child Support Program within 20 days of the hire date. Oregon law also requires reporting within the same timeframe of newly engaged individuals who are independent contractors. Employers must include the first day of work for each new hire. We use this information to monitor and collect child support payments.

A "new hire" is:

- Any employee required to fill out a W-4 form
- Any individual who is an independent contractor, must submit a W-9, is anticipated to work more than 20 days in a calendar year, and is not considered an employee.

<https://doj.state.or.us/child-support/for-employers/report-new-hires>

14. FORM I-9 EMPLOYMENT ELIGIBILITY VERIFICATION

Use of Form I-9, Employment Eligibility Verification, to verify the identity and employment authorization of individuals hired for employment in the United States. All U.S. employers must properly complete Form I-9 for every individual they hire for employment in the United States. This includes citizens and aliens. Both employees and employers (or authorized representatives of the employer) must complete the form.

<https://www.USCis.gov/i-9>

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

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

<https://www.irs.gov/pub/irs-pdf/fw4.pdf>

<https://www.oregon.gov/dor/forms/pubs/form-or-W-4-101-402-2026.pdf>

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.

For Oregon, if you do not have a Frances Online account, you can file your "no payroll" report by calling 503-378-3981. The automated system will lead you through the steps to send your "no payroll" report for Unemployment Insurance, State Withholding, Statewide Transit, TriMet, Lane Transit District and the Workers' Benefit Fund (WBF) assessment. This system is available 24 hours a day.

17. OVERTIME REGULATIONS

Employers should verify they are calculating overtime correctly for their industry.

United States Department of Labor

<https://www.dol.gov/general/topic/wages/overtimepay>

Bureau of Labor and Industries

<https://www.oregon.gov/boli/employers/pages/overtime.aspx>

18. OREGON MINIMUM WAGE LEVELS

Oregon minimum wage levels change each July 1st.

	<u>7/1/2025 - 6/30/2026</u>
Portland Metro	\$16.30
Standard	\$15.05
Nonurban counties	\$14.05

<https://www.oregon.gov/boli/workers/pages/minimum-wage.aspx>

19. OREGON SICK TIME

Employers need to be aware of the sick leave policies.

<https://www.oregon.gov/boli/workers/pages/sick-time.aspx>

20. RETIREMENT TOPICS AND CONTRIBUTION LEVELS

Review types of retirement and limits at the following link.

<https://www.irs.gov/retirement-plans/plan-sponsor/types-of-retirement-plans>

21. OREGON SAVES

Oregon has the Oregon Retirement Savings 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.

<https://www.oregonsaves.com>

22. PORTLAND METRO SUPPORTIVE HOUSING SERVICES INCOME TAX (SHS) AND MULTNOMAH COUNTY PRESCHOOL FOR ALL INCOME TAX (PFA)

Review the information regarding these two taxes at the following link:

<https://www.portland.gov/revenue/withholding>

23. PAID LEAVE OREGON

Paid leave Oregon is a program that ensures individuals, employers, and families time and support to care for themselves and loved ones when needed.

Review this benefit at the following link.

<https://paidleave.oregon.gov>

24. WASHINGTON PAID FAMILY AND MEDICAL LEAVE AND WA CARES FUND

Paid Family and Medical Leave is a benefit for Washington workers.

Review this benefit at the following link:

<https://paidleave.wa.gov>

Washington began the WA Cares Fund which provides long-term care insurance coverage for Washington workers. This premium is an employee deduction only.

Review this benefit at the following link:

<https://www.wacaresfund.wa.gov>

25. EARNINGS THRESHOLD FOR EXECUTIVE, ADMINISTRATION, AND PROFESSIONAL EXEMPTIONS

Effective July 1, 2024, the minimum salary requirement for executive, administrative, and professional employees was increased. Visit the website below to read on these regulations.

<https://www.dol.gov/agencies/whd/overtime/salary-levels>

26. FORM SS-8 - DETERMINATION OF WORKER STATUS FOR PURPOSES OF FEDERAL EMPLOYMENT TAXES AND INCOME TAX WITHHOLDING

Workers and businesses can file Form SS-8 to ask the IRS to determine if a worker is an employee or an independent contractor.

<https://www.irs.gov/forms-pubs/about-form-ss-8>

27. BUSINESS USE STANDARD MILEAGE RATE

The business use standard mileage rate for 2026 is published by the IRS in December.

Other rates related to charitable, medical, or moving purposes for qualified active-duty members of the armed forces are also published.

28. 1099 FILINGS THRESHOLDS FOR 2026

Form 1099-NEC (Nonemployee Compensation): The threshold for filing a 1099-NEC for nonemployee compensation (such as payments to independent contractors) will increase to \$2,000 for the tax year 2026.

Form 1099-MISC (Miscellaneous Income): The threshold for certain miscellaneous payments reported on Form 1099-MISC (like rents, prizes, and awards) will increase to \$2,000 for tax year 2026.

While the thresholds for issuing these forms are increasing, recipients are still required to report all taxable income received, regardless of whether a 1099 form is issued. These thresholds are set to be adjusted for inflation annually starting 2027.