

We consider the whole picture, business and personal, from a practical and prudent viewpoint. Talk to us about your personal finances or business. Call 503.390.7880 for an appointment, or email us at contactus@johnsonglaze.com.

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2014 Payroll Changes

State of Oregon and Federal

Oregon

Notice of Unemployment Tax Rate

Before the end of 2013 you should have received a Notice of Tax Rate from the Oregon Employment Department. This notice is for your 2014 Unemployment Insurance Tax Rate. Update the rate in your accounting software and/or supply it to your payroll provider so your first 2014 payroll has the correct amount of tax calculated.

New Oregon Minimum Wage

Oregon minimum wage will increase to \$9.10 per hour for wages earned on or after January 1, 2014. You will need to update your payroll software before issuing your first payroll of the year.

Federal

Additional Medicare Tax

Beginning January 1, 2013 employees earning over \$200,000 in a calendar year will be subject to additional Medicare tax withholding of 0.9%. Be sure your payroll software is configured to handle this change.

Social Security Wage Base

The 2014 social security wage base will increase \$3,300 from \$113,700 to \$117,000. Verify your payroll software contains this update before you begin 2014 payroll.

Forms W-4 and I-9

Obtain a new Form W-4 from each employee who claimed exempt from income tax withholding in 2013. Forms must be obtained by February 15, 2014. In addition, IRS regulations say employers should remind their employees by December 1 to submit revised Forms W-4 if their marital status or number of allowances has changed.

Make sure you also have a completed Form I-9 on file for each employee.

FORM 1099

What is Form 1099 and do I have to file it?

The Internal Revenue Service (IRS) requires you file Form 1099-MISC any year you pay more than \$600 to any non-corporate service provider, including LLCs, and attorneys (even if incorporated). Rental payments also need to be reported. This is true even if the payments are made from your corporation to you for renting your own property.

When do I have to file Form 1099?

You are required to provide Form 1099 to the payees by January 31, 2014. You must file the copies with the government by February 28, 2014, unless you file electronically. Then you have until May 1, 2014. Starting in 2012, payers issuing 100 or more of one type of Form 1099 must file electronically with Oregon. The IRS requires electronic filing of Form 1099 if you issue more than 250.

What information do I need to complete the form?

You must have the name, address, taxpayer identification number (TIN), and the amount paid for each payee. The TIN may be a Social Security number (SSN) or an employer identification number (EIN). You can request payee information by providing each payee with Form W-9, which he or she will fill out and return to you. We have attached a copy of Form W-9 for your convenience.

What if I don't file Form 1099?

Failure to file penalties can add up - they start at \$30 per form and can go up to \$250 per return. Ignoring your filing requirement can also be a problem if the IRS or another agency thinks that you should have treated a contractor as an employee. Your business income tax return or Form 1040 Schedule C now has questions inquiring as to whether or not you filed any required 1099's.

Our charge for preparing and electronically filing Forms 1099 and W-2 will be \$50 for the first form and \$10 for each additional form. (If you have a large number of returns, call us for a quote).



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Accounting for real people, real business, real life.
Going beyond the tax return year after year.