

# Payroll Update for 2010

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## **FEDERAL AND OREGON RATES AND LIMITS:**

	<u><b>2009</b></u>	<u><b>2010</b></u>
<b>FEDERAL</b>		
Social Security Wage Base	<b>\$106,800</b>	<b>\$106,800</b>
Medicare Wage Base	No Limit	No Limit
Social Security Percentage	6.20%	6.20%
Medicare Percentage	1.45%	1.45%
Total FICA Percentage	7.65%	7.65%
Maximum Social Security Withholding	<b>\$6,621.60</b>	<b>\$6,621.60</b>
Maximum Medicare Withholding	No Limit	No Limit
<b>OREGON</b>		
State Unemployment (SUI) Wage Base	<b>\$31,300</b>	<b>\$32,100</b>
New Business SUI Rate	<b>2.4%</b>	<b>3.1%</b>
Worker's Benefit Fund (can be split 50/50 between employee and employer)	<b>2.8 cents</b>	<b>2.8 cents</b>
Oregon Hourly Minimum Wage	<b>\$8.40</b>	<b>\$8.40</b>

## **FEDERAL UNEMPLOYMENT TAX ACT (FUTA)**

The FUTA tax rate, scheduled to decrease from 6.2% to 6.0% after December 31, 2009, has been extended through June 30, 2011. Thus, the rate remains at 6.2% on the first \$7,000 of taxable wages for 2010. Employers with an accumulated liability of \$500 or more must deposit every quarter on or before the last day of the month following the close of the quarter.

## **ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS) UPDATE**

Penalty enforcement for non-compliance with EFTPS is now in effect. If your total federal tax deposits (such as employment taxes, excise taxes and corporate income taxes) during a calendar year exceed \$200,000, you are required to use EFTPS in the second succeeding calendar year. Remember that you must pay your Oregon combined payroll and/or estimated corporation excise or income taxes electronically via Electronic Funds Transfer (EFT) if you are federally mandated to use EFTPS.

## **RETIREMENT PLAN CONTRIBUTION LIMITS:**

**401(k) Plan** – The maximum annual elective deferral for 2010 is \$16,500. Additional catch-up contributions of \$5,500 are allowed for employees age 50 and over.

**SIMPLE Plan** – The maximum annual elective deferral for 2010 is \$11,500. Additional catch-up contributions of \$2,500 for 2010 are allowed for employees age 50 and over.

## **STANDARD MILEAGE RATE**

Effective January 1, 2010, the optional standard mileage rate for business use of an automobile changes to 50 cents/mile.

## **EMPLOYER NEW HIRE REPORTING**

Oregon employers are required to report information on newly hired and re-hired employees to the Oregon Department of Justice, Division of Child Support. Forms and information can be obtained at <http://www.dcs.state.or.us/employers/> or by calling (503) 378-2868.

***If you are preparing payroll using accounting software such as QuickBooks, be sure you have updated the payroll information as shown above. Please give us a call if you require any assistance.***