

## 2021 Payroll News

### Federal

- Social Security Tax base increases to 142,800; no change to employer or employee rates or Medicare rate. CARES Act enabled employers to defer deposit and payment of the employer's share of SS FICA tax; deferred payments are due 1/2 December 2021 and 1/2 December 31 2022.
- Employee deferred Social Security payments were due to be deducted from paychecks between January 1 2021 - April 30, 2021 now deductions can be spread through December 31, 2021.
- 401k contribution limit stays the same \$19,500. Catch-up contribution of \$6,500 for employees 50 and over remains (contribs from all sources rises to \$58,000 and \$64,000 if 50 or over)
- Employee pre-tax deductions for FSA health reimbursement accounts unchanged at \$2,750
- Parking and transit limits remain the same at \$270 per month
- Dependent care reimbursement remains \$5,000 or \$2,500 for married filing separate.
- Health Savings Account contributions maximum \$3,600 for individual coverage and \$7,200 for family coverage (must have high deductible health plan)

Certain provisions for Covid relief formerly provided under the Families First Act and the Cares Act have been extended into 2021 by recently signed legislation. For instance, the retention credit that was to expire on 12/31/20 now expires on June 30, 2021. Please stay tuned for updates and changes which are ongoing.

### Oregon

- PFML - employers with more than 25 employees pay 40% of rate and employees pay 60% through payroll deductions. Employers with less than 25 employees are not required to pay employer share but if they do, are eligible for grants to help cover cost of replacement worker when employee is out on leave. Payroll deductions begin 1/1/2022; employees can begin taking PFML 1/1/2023.
- Minimum wage increased to \$12.00/hr for Standard counties; \$13.25 Portland Metro area; \$11.50 Nonurban Counties) effective 7/1/2020 and to \$12.75 Std.; \$14.00 Portland Metro, and \$12.00 Nonurban) on 7/1/2021
- Unemployment wage base was \$42,100 now will be \$43,800 (Schedule IV)
- Lane Transit Tax increasing to .0076
- Wilsonville Transit Tax - no change
- TriMet Transit Tax - increasing to .007837
- Eugene Community Safety Payroll Tax Ordinance goes into effect 1/1/2021 - for all employers with employees who have a physical address in Eugene.
- WBF - no change
- Oregon Saves - enters final phase for employers with 4 or fewer employees. All other deadlines have passed and are subject to penalty of up to \$100 per employee and up to \$5,000 per year.
- Final provisions of Workplace Fairness Act took effect 10/1/20 requiring employers to have written policies in place to reduce and prevent sexual assault.
- Prohibition on the use of facial recognition software by private entities in places of public accommodation
- Be sure to stay up to date on Governor Brown's requirements for operations during the Covid pandemic go to <https://www.oregon.gov/boli/employers/Pages/COVID-19-resources.aspx>

## **Washington**

- Unemployment wage base was \$52,700 will be \$56,500 for 2021
- City of Seattle new payroll tax on employers doing business in the city.
- PFML - no change

New state minimum salary levels for employees exempt from overtime go into effect - now state salary requirements are higher than federal requirements. Employers with 50 or fewer employees must pay at least \$821.40/week or \$42,712.80/year, amounts for employers with more than 50 employers are higher. Employees must meet both salary and job duties tests to be exempt. Remember that WA Paid Sick Leave eligibility (outside of Seattle) is dependent on overtime classification - if not exempt

- from overtime, employees are not exempt from paid sick leave requirements.
- Minimum wage increases to \$13.69 per hour (different in Seattle and SeaTac).
- New rules on the use of criminal background checks for employment purposes

Be sure to stay up to date on Governor Inslee's requirements for operations during the Covid pandemic; go to [https://www.governor.wa.gov/issues/issues/covid-19-](https://www.governor.wa.gov/issues/issues/covid-19-resources/covid-19-reopening-guidance-businesses-and-workers)

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