

# How to Do Payroll in Oregon

Use this downloadable checklist to help you stay on track!

✓	TASK
	<p><b>Step 1: Set up your business as an employer.</b></p> <p>To register your business for withholding and unemployment taxes in Oregon, you must have a <a href="#">Federal Employee Identification Number</a> (EIN). Although it's not required, we also encourage you to enroll in the <a href="#">Electronic Federal Tax Payment System</a> (EFTPS), making it easy to pay your federal taxes online or over the phone.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Applied for a Federal Employer Identification Number (EIN)</li><li><input type="checkbox"/> Enrolled for the Electronic Federal Tax Payment System (EFTPS)</li></ul>
	<p><b>Step 2: Register with Oregon.</b></p> <p>If your business is new, you need to register with the Oregon Secretary of State's <a href="#">Oregon Business Registry</a>. Some cities and counties also require that you register with them directly. You can <a href="#">search your business location</a> to see if your company is subject to local registration. Any company that pays employees in Oregon must register with the <a href="#">Oregon Department of Revenue</a>. Oregon provides a <a href="#">startup toolkit</a> with information and links to help you move through the steps.</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Register with the Oregon Business Registry</li><li><input type="checkbox"/> Register with the Oregon Department of Revenue</li></ul>
	<p><b>Step 3. Set up your payroll process.</b></p> <p>You'll need to decide <a href="#">how often you're planning to pay employees</a>, if you need to track work hours, which payroll forms you need to collect and when, how you'll perform payroll calculations, and so forth. To do this, you have three options (check off which option you're electing to use for tracking purposes):</p> <ul style="list-style-type: none"><li><input type="checkbox"/> <a href="#">Do payroll yourself</a></li><li><input type="checkbox"/> Use <a href="#">Excel payroll templates</a></li><li><input type="checkbox"/> Sign up for a <a href="#">payroll service</a></li></ul>
	<p><b>Step 4: Collect employee payroll forms.</b></p> <p>The best time to collect payroll forms is during your new hire orientation. Required payroll forms for Oregon employees will include:</p>

- [W-4](#)
- [I-9](#)
- [Direct deposit authorization form](#)
- [Oregon Form OR-W-4](#)

**Step 5: Collect, review, and approve time sheets.**

You'll need to collect timesheets for all hourly employees and [non-exempt salaried workers](#). To do this, you have three options to use (check off which option you're electing to use for tracking purposes):

- A [paper timesheet](#)
- Free or low-cost [time and attendance software](#)
- A payroll service that has a time and attendance system

**Step 6: Calculate employee gross pay and taxes.**

Oregon has one of the highest income taxes in the country, plus some localities also levy taxes. Oregon's tax is progressive, so the higher an employee's salary, the higher the tax burden. Making these calculations by hand will be complex and may lead to costly mistakes. Payroll software can eliminate these mistakes.

Tax rate	Taxable income for single or married filing separately	Taxable income for married filing jointly	Taxable income for head of household
4.75%	\$0–\$3,600	\$0–\$7,200	\$0–\$7,200
6.75%	\$3,601–\$9,050	\$7,201–\$18,100	\$7,201–\$18,100
8.75%	\$9,051–\$125,000	\$18,101–\$250,000	\$18,101–\$250,000
9.90%	\$125,001 and up	\$250,001 and up	\$250,001 and up

**Step 7: Pay employee wages, benefits, and taxes.** The vast majority of companies and employees use [direct deposit](#), but [cash](#) (not the best way) and [paper check](#) are also options. Make sure that you are paying your employees at least the [Oregon minimum](#)

	<p><a href="#">wage</a>, which increases every year on July 1 and varies based on where employees work (more detail on minimum wage further down).</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Pay federal taxes</li> <li><input type="checkbox"/> Pay <a href="#">Oregon state taxes</a></li> </ul>
	<p><b>Step 8: Save your payroll records.</b></p> <p>As with any business record, you want to make sure you have a copy for at least several years. <a href="#">Oregon law</a> requires companies to keep timesheets or time records for at least two years and all other <a href="#">payroll records</a> for at least three years. These records may be kept electronically, so using a payroll software will save you file cabinet space.</p>
	<p><b>Step 9: File payroll taxes with the federal and state government.</b> All Oregon state taxes need to be paid to the applicable state agency on the schedule provided, usually quarterly, which you can do online at the <a href="#">Oregon Department of Revenue</a> website. To pay federal taxes, you can make those payments online using the <a href="#">EFTPS</a>, on one of the following two schedules:</p> <ul style="list-style-type: none"> <li>● <b>Monthly:</b> When the IRS assigns you a monthly schedule, you need to deposit employment taxes on payments made during a calendar month by the 15th of the following month</li> <li>● <b>Semiweekly:</b> When the IRS assigns you a semiweekly schedule, you must deposit employment taxes for payments made on Wednesday, Thursday, and Friday by the following Wednesday, and for payments made Saturday, Sunday, Monday, and Tuesday, by the next Friday</li> </ul> <p>Please note that reporting schedules and depositing employment taxes are different. Regardless of the payment schedule you are on, you only report taxes quarterly on Form 941 or annually on Form 944.</p>
	<p><b>Step 10: Process annual payroll reports:</b></p> <p>Every employer, regardless of which state your business is in, will need to complete <a href="#">W-2s</a> for all employees and <a href="#">1099s</a> for independent contractors. By law, you must provide all employees and contractors with their annual tax form no later than January 31 of the following year.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Generated W-2s for all employees <ul style="list-style-type: none"> <li><input type="checkbox"/> Distributed to employees</li> <li><input type="checkbox"/> Filed with appropriate government agencies</li> </ul> </li> <li><input type="checkbox"/> Generated 1099s for all contractors <ul style="list-style-type: none"> <li><input type="checkbox"/> Distributed to employees</li> <li><input type="checkbox"/> Filed with appropriate government agencies</li> </ul> </li> </ul>