



Nonprofit Employers

Generally, Oregon Law requires employers who employ one or more individuals in any part of 18 weeks during a calendar year or pay wages of \$1,000 or more in a calendar quarter to register with the Employment Department, file quarterly tax reports, and pay unemployment insurance taxes.

Nonprofit employers must register and file quarterly tax reports like other employers. Certain nonprofit employers have an option on financing their unemployment insurance costs as explained below.

Options For Financing Unemployment Insurance Cost

Nonprofit employers that are exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code can choose to either:

- Pay unemployment insurance taxes like other tax paying employers at a rate set by law, or
- Reimburse the State Unemployment Insurance Trust Fund instead of paying taxes. This means the organization pays the state its share of regular benefits, all additional benefits, and one-half of extended benefits paid to former employees as unemployment insurance benefits.

How To Register, Choose, And Change An Option

Complete a Combined Employer's Registration form to register as an employer.

The tax paying method will automatically be assigned unless a reimbursing option request is made. To request the reimbursing method, an employer must provide the following:

1. Completed Form 601, "Notice of Election to Reimburse in Lieu of Taxes" or a written application requesting the reimbursing option.
2. A surety bond or deposit of two (2%) percent of their annual or anticipated annual payroll.
3. Completed Form 483, "Surety Bond" or a direct deposit.

4. A copy of a statement from the Internal Revenue Service showing that the organization is exempt from federal tax under IRS Section 501(c)(3).

These forms can be obtained from any Employment Department Tax field office or by writing to:

**Oregon Employment Department
Tax Section, Room 107
875 Union St. NE
Salem OR 97311-0030**

The initial request for the reimbursing option must be made within 30 days after the end of the quarter in which the organization became liable for unemployment insurance tax. The organization will remain under the option selected for a minimum of two full calendar years. To change an option, a written request must be filed by January 31 of the year in which the option is to be effective.

When an account that has a surety bond or deposit on file closes, the bond or deposit shall not be released until two full years after the calendar quarter in which the account closes. This will allow for payment of benefits that may be filed after the account has closed.

There is no unemployment cost to nonprofit employers for some excluded workers as described below.

Excluded Workers

Individuals who are hired and compensated for services are employees and their compensation for services is taxable wages unless specifically excluded by law.

Certain workers for charitable, educational, and other nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code are excluded from unemployment insurance coverage as follows:

- Individuals in a facility conducted for the purpose of carrying out a program to provide rehabilitative or compensative work for individuals with certain impairments due to age or physical or mental deficiency and who cannot be absorbed in the competitive labor market.
- Certain individuals receiving work-relief or work-training in a program financed, at least partially, by any federal agency or agency of a state or political subdivision.

Exclusion for Ski Passes Given to Volunteers for Ski Activity Services

House Bill 3632 created an exclusion from unemployment tax on individuals who provide services related to ski activities on a volunteer basis, and who receive no other remuneration other than a ski pass worth \$50 or less.

Religious Organizations

Payments made for services performed by members of religious orders have been taxable for unemployment tax purposes since January 1, 1997. Payments made to clergy members for services performed have been taxable for unemployment tax purposes since October 1, 1996.

These changes to Oregon Employment Department Law were due to court actions and opinions by the U.S. Department of Labor and the Oregon Department of Justice.

Remuneration for services performed by a minister is considered reportable. This includes wages, salary, bonuses, gifts and such non-cash compensation as housing, utilities and food.

Questions

If you have questions or need additional information, please contact the Employment Department tax representative in your area or call 503-947-1488. To find your tax representative, view the web page at www.oregon.gov/EMPLOY/TAX/TaxOffices.shtml. TDD/Nonvoice Users 711 or by email at taxinfo@emp.state.or.us. You may also visit our web site at www.oregon.gov/EMPLOY/TAX/.

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