

December 2009

The following information is provided to assist you with 2009 year end reporting and 2010 planning.

1099/1098 Reporting:

As in prior years, you are required to file 1099's for payments made in the course of your trade or business for:

1. Dividends of \$10 or more.
2. Compensation of \$600 or more for services to all independent contractors (except corporations)
3. \$600 or more of fees paid to attorneys even if they are a corporation.
4. Interest of \$10 or more.
5. Rents of \$600 or more.
6. Royalties of \$10 or more.
7. Fees, commissions, prizes, awards to non-corporate payees of \$600 or more.
8. All distributions from company pension and profit sharing plans.

The forms to be used are Form 1099-DIV (dividends), 1099-INT (interest), 1099-MISC (other payments), and 1099-R (distributions from retirement plans).

Oregon disallows deductions for all expenses requiring a 1099, if no 1099 is issued.

Form 1098 is required to be filed when you receive mortgage interest from an individual.

Retirement Plans:	2009	2010
Maximum 401(k) Elective Deferral	\$ 16,500	\$ 16,500
Additional 401(k) Elective Deferral for 50 year old or over	\$ 5,500	\$ 5,500
Defined Contribution Plan Limit (Plus over 50 deferral)	\$ 49,000	\$ 49,000
Maximum Eligible Compensation for Defined Contribution Plan	\$245,000	\$245,000
SIMPLE Retirement Plan Salary Deferral	\$ 11,500	\$ 11,500
Additional SIMPLE Deferral for 50 years old or over	\$ 2,500	\$ 2,500
IRA contribution limit	\$ 5,000	\$ 5,000
Additional IRA contribution for 50 years old or over	\$ 1,000	\$ 1,000

Miscellaneous information:	2009	2010
Standard Mileage Rate	55.5¢ (.55)	50.0¢ (.50)

Social Security:	2009	2010
Maximum earned income allowed before reduction in Social Security Benefits		
62 – Full retirement age	\$ 14,160	\$ 14,160
Full retirement age (66 years; 66 years)	unlimited	unlimited

PAYROLL ITEMS

Payroll Taxes:		2009		2010		
	Maximum Taxable Amt		Rate	Maximum Taxable Amt	Rate	
FICA	\$106,800	Employee	.0620	\$106,800	Employee	.0620
		Employer	<u>.0620</u>		Employer	<u>.0620</u>
			0.1240			0.1240
Medicare	\$ no limit	Employee	.0145	\$ no limit	Employee	.0145
		Employer	<u>.0145</u>		Employer	<u>.0145</u>
			0.0290			0.0290
Federal Unemployment (FUTA)	\$7,000		.0080	\$7,000		.0080
State Unemployment	\$31,300	.009 to .054		\$32,100	.018 to .054	
		New Employer - .024		New Employer - .0310		
Workmen's Compensation	Exclude:	Various rates-employer		Exclude:	Various rates-employer	
	1/3 of O/T Pay	on all hours worked plus		1/3 of O/T Pay	on all hours worked plus	
	Vacation	.014 per hour employer		Vacation	.014 per hour employer	
	Discretionary Bonuses	.014 per hour employee		Discretionary Bonuses	.014 per hour employee	

Minimum Wage:	2009	2010
Oregon Minimum Wage	\$8.40	\$8.40

Withholding Tables:

New Federal tables for 2010 – Please use Publication 15T

All employers are REQUIRED to have the most recent version of the W-4 form available for employees. Use 2009 rates for Oregon tables until notified by Oregon Department of Revenue of any change.

Additional W-2 Items:

Personal use of corporate owned autos, if not reimbursed to the corporation, must be included as part of total compensation on W-2 Forms.

Additionally, the amounts must be listed in Box 14 on the W-2 Forms. This amount is subject to all payroll taxes. If you need help in determining the personal use amount, please call our office with the following information:

1. Make, Model and Year
2. Date acquired and original purchase price
3. Total miles and personal miles

The cost of health and accident insurance premiums paid on behalf of the greater than 2% S Corporation Shareholders is deductible by the S Corporation and reportable as additional compensation to the Shareholder. The additional compensation is included in Box 1 and Box 16 (Wages) of the Form W-2. Also include on fourth-quarter 941, Box 1 and Column B, Box 1 of the OQ. If these payments are made under a "plan" for the S Corporation employees and their dependents, the amount would only be subject to income tax withholding and would not be included in Boxes 3 or 5 of Form W-2 for Social Security or Medicare; nor would it be subject to the FUTA tax.

Please feel free to contact our office if you have any questions.

Regards,

WICKS EMMETT LLP

Certified Public Accountants