



## 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 may choose to either:

- Pay unemployment insurance taxes, or
- Reimburse the State Unemployment Insurance Trust Fund on a pro-rated basis for benefits paid. This includes 100% of regular benefits and all additional benefits; and one-half of extended unemployment insurance benefits paid to former employees. Please note that there is no provision to grant relief of charges for benefits attributable to reimbursing employers.

### How to Register, Choose, and Change an Option

Complete a Combined Employer's Registration Report 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 or a written application requesting the reimbursing option.
2. A completed Form 483 - Surety Bond, or a deposit (made by check payable to the Oregon Employment Department) of two percent (2%) of their annual or anticipated annual payroll.

3. 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 with 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.

The workers described below are not eligible for unemployment insurance benefits related to work performed for the non-profit organization. Therefore they are not included on the quarterly reports and the organization would not be responsible for reimbursements of benefits.

### Excluded Workers

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

Certain workers of charitable, educational, and other nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code are ex-

cluded 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.

## Volunteers

By definition, a volunteer is a person who performs services for no remuneration or without expectation or contemplation of remuneration as the adequate consideration for the services performed for a religious or charitable institution or a governmental entity (ORS 657.015).

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

Any remuneration for services that exceeds \$50.00 per individual per quarter may be subject to unemployment insurance tax. This does not include reimbursements for expenses when the employee submits to the employer, or has knowledge of, an accurate detailed expense account that meets the requirements of the IRS. The employer must keep these records for a period of at least three calendar years.

## 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](http://www.oregon.gov/EMPLOY/TAX/TaxOffices.shtml). TDD/Nonvoice Users 711 or by email at [taxinfo@emp.state.or.us](mailto:taxinfo@emp.state.or.us). You may also visit our web site at [www.oregon.gov/EMPLOY/TAX/](http://www.oregon.gov/EMPLOY/TAX/).

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