



FOR IMMEDIATE RELEASE

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Businesses Impacted by Pandemic Now Eligible for UI Payroll Tax Relief

*Certain requirements must be met to have 2021 Oregon UI tax liability
deferred or forgiven*

July 28, 2021 (Salem, OR)—Yesterday Governor Kate Brown signed into law House Bill 3389, which provides UI tax relief and deferral for 2021 unemployment insurance (UI) payroll taxes to qualifying businesses. The tax relief program was collaboratively developed by the Oregon Employment Department, Gov. Brown, and the Oregon State Legislature as a response to the ongoing COVID-19 pandemic, which has had a significant impact on many businesses.

“There is no question that Oregon’s economic backbone, our small businesses—as well as the hardworking Oregonians employed at those businesses—were deeply impacted by the pandemic,” said Governor Brown. “But through these challenging times, we’ve seen Oregonians respond with creativity and resilience. As we’ve entered the next chapter of the pandemic and look to economic recovery, HB 3389 should provide some relief for businesses, while at the same time ensuring we can continue to provide unemployment insurance benefits to all Oregonians who need them.”

The UI Payroll Tax Relief Plan provide three things:

1. For UI tax year 2021, eligible employers can defer one-third of their UI tax liability until June 30, 2022, and avoid any associated interest and penalties
2. Up to 100% of deferrable 2021 UI taxes may be forgiven, based on how much an employer’s UI tax rate increased from 2020 to 2021
3. An employer’s tax experience rating from 2022 through 2024 will be rolled back to the employer’s pre-pandemic 2020 UI experience rate. Tax rates may fluctuate from 2022 to 2024 due to tax schedule changes, however, the employer’s rate will be based on their experience rating prior to the pandemic



The amount of 2021 UI taxes that employers are eligible to defer or have forgiven depends on how much their UI tax rate increased from 2020 to 2021:

- 0.5% to 1% increase in UI tax rates will be eligible for deferral only
- Tax rate increased more than 1.0 percentage point and not more than 1.5 percentage points will be eligible for 50% of their deferrable UI taxes forgiven
- Tax rate increased more than 1.5 percentage points and not more than 2.0 percentage points will be eligible for 75% of their deferrable UI taxes forgiven
- Tax rate increased more than 2.0 percentage points will be eligible for 100% of their deferrable UI taxes forgiven

Employers must meet *all* of the following conditions to be eligible for UI tax deferral and forgiveness:

1. As of Jan. 1, 2021, have paid all outstanding UI tax contributions and related liabilities, including those determined in a payment plan accepted by the director of the Oregon Employment Department
2. File all required payroll reports for 2021 on time, **AND**
3. Pay all tax liabilities on time for 2021 that are not deferred or forgiven

There is no application for the UI Payroll Tax Relief Plan. The Employment Department will automatically enroll eligible employers into the plan and will contact employers throughout the 2021 UI tax year with updates or changes to eligibility status or requirements.

Participation in the deferral portion of this relief plan could negatively affect an employers' Federal Unemployment Tax credit. Some employers may be unable to access the full credit for state unemployment tax paid on their IRS Form 940 (Federal Unemployment Tax Return) if they pay state unemployment taxes after the Federal Form 940 due date. For additional information, please visit irs.gov/instructions/i940.

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