



# Corporations and Limited Liability Companies

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

Agricultural and domestic (household) employers have different criteria to become subject to Employment Department Law.

Individuals who are hired and paid for services are employees. Their pay for services is taxable wages unless specifically excluded by law. **Wages, including draws, are reported in the quarter paid.**

Listed below is general tax information on certain types of employment and compensation common in corporations or limited liability companies.

## CORPORATIONS

Corporations must report and pay unemployment insurance taxes on amounts paid to individuals for services rendered. This includes amounts paid to corporate officers and shareholders.

Compensation paid by professional corporations and subchapter S corporations is considered the same as compensation paid by a C corporation.

**Dividends, distributions, and draws paid to corporate officers or shareholders may be taxable wages to the extent they are part of reasonable compensation for services rendered.**

Loans or repayment of loans to corporate officers or shareholders are not taxable wages, if properly documented and recorded. Otherwise, these payments may be considered taxable wages to the

extent they are part of reasonable compensation for services rendered.

Directors' fees to cover directors' expenses are not taxable wages. Directors' fees paid to compensate corporate officers or directors for services rendered are taxable wages.

## CORPORATE OFFICER EXCLUSION

Closely held family corporations may elect to exclude from unemployment insurance corporate officers who are directors, stockholders, and family members, and who have substantial ownership in the corporation. Those eligible for the exclusion must be members of the same family and who each bear one of the following relationships to one of the others: parents, stepparents, grandparents, spouses, sons-in-law, daughters-in-law, brothers, sisters, children, stepchildren, adopted children or grandchildren. A single member corporate officer/director is not eligible for the exclusion. To qualify for the family corporation exclusion, an election in writing ([www.oregon.gov/employ/tax](http://www.oregon.gov/employ/tax) select Order Employer Forms and select Family Corporate Officer Exclusion Request (S95))\* must be made to the Employment Department. If accepted, the exclusions will be effective the first day of the quarter in which the request is filed. We will notify the employer in writing whether the election is approved or denied.

Excluded family corporate officers are still subject to the Federal Unemployment Tax Act (FUTA) and higher FUTA rates may be required on the wages paid to those individuals.

## LIMITED LIABILITY COMPANIES

A Limited Liability Company (LLC) is a legal entity that combines certain features of a partnership with those of a corporation.

An LLC is not liable for unemployment insurance taxes on compensation for services paid to its members.

\*You can view this file with the [Adobe Acrobat Reader](#), available free.

## STATE EMPLOYMENT TAX OFFICES

Office	Phone	Office	Phone
Albany	541-967-2171 x 224	McMinnville	503-434-7574
Astoria	503-325-4821 x 236	Medford	541-776-6067
Beaverton	503-626-2151	Milwaukie	503-451-2500
Bend	541-388-6086	Newport	541-574-2303
Coos Bay area	541-756-8469	Ontario	541-889-2710
Corvallis	541-757-4261 x 230	Oregon City	503-657-2002
Eugene	541-687-7491	Pendleton	541-276-9050 x 223
Grants Pass	541-474-3151	Redmond	541-548-8196
Gresham	503-666-1985 x 312	Roseburg	541-440-3344
Hillsboro	503-681-0222	Salem-Central Office	503-947-1488
Hood River	541-386-6020 x 230		
Klamath Falls	541-883-5628		
La Grande	541-963-7111 x 34		

## QUESTIONS

If you have questions or need additional information, please contact the Employment Department tax representative in your area or call 503-947-1488; 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)

The Employment Department is an equal opportunity program/employer and does not discriminate in employment or the provision of public services on the basis of race, color, religion, sex, national origin, citizenship status, age, disability, political affiliation or belief. **Language assistance is available to individuals with limited English proficiency free of cost and auxiliary aids or services are available upon request to individuals with disabilities.** Contact your nearest Employment Department office for assistance.