



San Diego Chapter American Payroll Association



February 2011

First Quarter 2011
VOL. 5 ISSUE 1



Inside This Issue:

- ❖ **Scholarship**
- ❖ **Legislative and Regulatory Updates**
- ❖ **Online News and Updates**
- ❖ **Local and National Payroll Events**
- ❖ **Payroll Fun Page**

Scholarship

The **SD Chapter of the American Payroll Association (SDAPA)** is a strong believer and proponent of education. For several years our membership has proudly offered 4-year college/continuing education scholarship opportunities to our members and their families. Each year, the **SDAPA** offers two (2) \$600.00 scholarships to two (2) individuals who have demonstrated financial need for the duration of four years. To be considered for the SDAPA Scholarship in the amount of \$600.00, you must complete the SDAPA Scholarship application housed on the APA website and meet all of the following criteria:

- Be an immediate family member (Spouse, child and/or fosterchild) of a current SDAPA member.
- Be a high school senior with a 3.0 scholastic average who will be attending an Accredited Institution in the fall or a full time student enrolled in an Accredited Institution with a 3.0 average
- All courses at an Accredited Institution will be considered, however preference will be given to Business Majors.
- In addition consideration will be given to financial need
- This application is for the fall semester of 2011

Completed applications must be postmarked or emailed by March 31, 2011 and mailed to:

San Diego Chapter of the American Payroll Association
Attention: Scholarship Coordinator
P.O. Box 881523
San Diego, CA 92168-1523

You must submit with your application an official transcript from your high school; or if a current student at an Accredited Institution, a transcript from that institution reflecting a grade point average that meets the current eligibility criteria. Applicants will be notified on completion of selection.

San Diego Chapter American Payroll Association
P. O. Box 881523
San Diego CA 92168-1523
sandiegochapterapa@hotmail.com

Legislative and Regulatory Updates

Department of Labor FMLA Leave:

DOL Defines “Son or Daughter” To Include Non-Traditional Parents

When employees need to take time off to care for a son or daughter with a serious medical condition, many employers do not realize that the FMLA provides a very broad definition of —son or daughter.|| A manager who has the traditional biological definition in mind may inadvertently deprive an employee of FMLA rights. A recent Department of Labor opinion letter highlights and perhaps expands this broad definition.

The FMLA defines a —son or daughter|| as a —biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing —in loco parentis,|| who is— (A) under 18 years of age; or (B) 18 years of age or older and incapable of self-care because of a mental or physical disability.|| In an opinion letter, the Department of Labor defined —in loco parentis|| broadly, including un-married partners, same sex partners, relatives who assume ongoing responsibility for care, and other people who may have no legal or biological relationship to the child. In fact, under this definition, a child may have more than two parents, as in the example of biological parents who divorce and remarry. Employers should note the expanded definition of son or daughter propounded by the DOL, and be prepared to offer FMLA leave to employees who may not fit the traditional definition of a parent.



Read more about this topic:

<http://www.barkerolmsted.com/news/legal-updates>



California Adds New Paid leave Law Rights For Organ Donors-At Employer Expense

California lawmakers have added a new leave entitlement for qualified private sector employees who volunteer to donate an organ or bone marrow. As an incentive to encourage people to save lives, the legislature provides that employees who participate will receive generous leave rights, including paid time off. Employers should become familiar with the new law's provisions.

SB 1304: Organ & Bone Marrow Donation Leave FAQs

Which companies are covered?

The law covers employers with 15 or more employees.

How much leave is provided?

The law provides a paid leave of absence, of up to 30 days per year, taken for the purpose of donating an organ to another person. The law also provides up to 5 days off for bone marrow donation.

May the employer require documentation?

Yes, the employer may require written verification of the fact of the donation and also confirmation of its medical necessity.

Must health care benefits be maintained?

Yes, the employer must maintain benefits during the leave.

May the leave be counted as a break in service?

No, for any time that the employee is required to be absent on account of the donation, the employer must treat the employee as if she experienced no break in experience for the purpose of seniority, sick and vacation pay accrual, annual leave entitlement, and salary adjustments.

Must the employer guarantee reinstatement?

Yes, as with FMLA leave and some other leaves, employees taking organ donor leave must be reinstated to their same or equivalent position. As with the FMLA, reinstatement is not required if the job would not otherwise be available absent the leave (reduction in force, end of temporary project, etc.)

Does this leave time count as FMLA/CFRA leave?

No. This leave does not run concurrently with FMLA or CFRA leave, meaning that the employee could take off the 30 days for organ donor leave and then take an additional 12 weeks off if qualified under the FMLA or CFRA (the thirty days is not deducted from the 12 week "leave bank.")

Does the new law prohibit discrimination and retaliation?

Yes, this is par for the course. As with most other leave laws, this new leave law prohibits discrimination and retaliation based on the exercise of leave rights or opposing illegal practices. It also prohibits interfering with an employee's leave rights. An employee may file a lawsuit if his or her rights are violated.

What is the effective date?

The law comes into effect on January 1, 2011.

What is the history and is there precedent for this law?

According to the Senate Bill, California government employees already have this leave right. The new law imposes the same obligation on private employers.

The bill is titled "Michelle Maykin Memorial Donation Protection Act." An internet search reveals that Ms. Maykin was a young women diagnosed with leukemia. She received a stem cell transplant from donors. Tragically, she passed away in 2009. As a legacy, her friends and family lobbied for this new law. The idea was to encourage donors to help save lives by reducing the financial burden. To learn more, see:

<http://projectmichelle.com/blog/>

California Adds New Paid leave Law Rights For Organ Donors-At Employer Expense

Unanswered questions:

California lawmakers didn't think of everything. The law begs a number of questions:

- Paid time off for the donation is nice for the employee, and it helps a needy recipient, but I have 15 employees and no cash reserves. How do I afford to pay for an employee to take a month off and also hire a temporary replacement?
- Can I ask the employee to defer the leave to a more convenient time?
- How much notice must the employee provide, and can I deny the leave request if reasonable time is not provided?
- If the doctor states that only one week off is needed for the donation procedure and recovery time, can the employee still take off a whole month?
- If the employee is healthy enough to perform some work during the leave (from home for example), can I assign work to him or her?
- My employee is paid on a commission and wages fluctuate wildly month to month. What to I pay the employee during the leave?
- What doctor certifies the donation and medical necessity? Must it be the surgeon involved in the recipient's medical procedure?
- Does the certification identify the particular donation or is that a matter of medical privacy?
- What is "medical necessity" for donating an organ? Is there any possibility that this might not be the case? Is this up to the doctor to decide? Can it be for an anonymous recipient?
- This law originally applied to government employees only. Does the state also have constitutional authority to mandate that a *private* employer pay wages to an employee when that employee provided no labor during the period, and is not otherwise entitled to paid leave?

What should I do to prepare?

Covered employers should update their employment policies to include this leave right. Additionally, employers should prepare a verification form which can be used in the event of a request. Moreover, supervisors should be advised of this new law so that the company can promptly respond to requests for such leave.

Where can I find the text of the new law?

Here: http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_1301-1350/sb_1304_bill_20100930_chaptered.html

Need more help on leaves of absence?

Request our firm's complimentary Employee Leaves of Absence Chart, which summarizes various employee leave rights, including the new organ donor leave. Email Chris Olmsted at cwo@barkerolmsted.com for your copy

Related Article:

[Sick Leave to Remain a Benefit, Not Entitlement, For Now](#)

These articles presented herein are intended as a brief overview of the law and are not intended to substitute as legal advice. Any questions or concerns regarding any statute or case law should be addressed to a licensed attorney. Copyright © 2010 by Barker Olmsted & Barnier, APLC. All rights reserved.

Barker Olmsted & Barnier

2341 Jefferson Street

Suite 200

San Diego, CA 92110

(619) 682-4040

Chris Olmsted

cwo@barkerolmsted.com

Online News and Updates

Affordable Care Act

Though not strictly an employment law, the federal government enacted a major reform to health care in March 2010. Some of the provisions of the Affordable Care Act are already in effect, as summarized below.

Mandatory Coverage for Adult Children.

Under the new law, group plans must allow young adults to stay on their parent's plan until they turn 26 years old. (In the case of existing group health plans, this right does not apply if the young adult is offered insurance at work.) Some insurers began implementing this practice early.

Preventative Care.

All new plans must cover certain preventive services such as mammograms and colonoscopies without charging a deductible, co-pay or coinsurance.

Limit on Policy Rescission.

In the past, insurance companies could search for an error, or other technical mistake, on a customer's application and use this error to deny payment for services when he or she got sick. The new law allows rescission only in the case of intentional misrepresentation/fraud.

Elimination of Lifetime Limits.

Under the new law, for plan years beginning on or after September 23, 2010, insurance companies will be prohibited from imposing lifetime dollar limits on "essential" benefits, like hospital stays.

Regulation of Annual Limits.

Under the new law, insurance companies' use of annual dollar limits on the amount of insurance coverage a patient may receive for "essential" benefits will be restricted for new plans in the individual market and all group plans. Annual limits will phase out over four years. In 2014, the use of annual dollar limits on essential benefits like hospital stays will be banned for new plans in the individual market and all group plans.

Prohibit Denial of Coverage for Children with Pre-Existing Conditions.

The new law includes new rules to prevent insurance companies from denying coverage to children under the age of 19 due to a pre-existing condition.

W-2 Reporting Delayed.

The Act amended the Internal Revenue Code to require that beginning January 1, 2011, employers report the aggregate cost of "applicable employer-sponsored coverage" on Forms W-2. The IRS has delayed that requirement, and it is only optional in 2011. The new commencement date has not yet been announced.

OTC Meds Not Reimbursable From FSA, HSAs.

Starting in 2011, over-the-counter medicines other than insulin will no longer be reimbursable through FSAs or HSAs without a prescription.

Medicare Donut Hole.

In 2010 Medicare recipients received a one-time, tax free \$250 rebate from Medicare for prescriptions, meant to help cover the "donut hole" gap in prescription medication coverage. In 2011, if a recipient hits the prescription drug donut hole, she will get a 50% discount on brand-name drugs. The donut hole is supposed to reduce until there is complete coverage of the donut hole in 2020.

Small Business Tax Credit.

Small employers with fewer than 25 full-time equivalent employees and average annual wages of less than \$50,000 are eligible for a tax credit of up to 35% of the cost of the insurance. The tax credit is available for insurance costs beginning January 1, 2010.

The maximum credit will be available to employers with 10 or fewer full-time equivalent employees and average annual wages of less than \$25,000. To be eligible for a tax credit, the employer must contribute at least 50 percent of the total premium cost.

IRS Updates

Tentative Agreement on Tax Cuts Would Keep Rates the Same, Reduce Employee Share of Social Security Tax to 4.2%. Under the plan announced by President Obama as PAYROLL CURRENTLY went to press, the current individual income tax rates would continue in effect through the end of 2012. If enacted, the plan would also reduce the employee's share of social security tax in 2011 by 2% - from 6.2% to 4.2%.

IRS Increases Business Mileage Rate to 51 Cents for 2011. The rate for miles driven for medical or moving purposes increases to 19 cents per mile, and the rate for operating a passenger car for charitable purposes (set by law) stays at 14 cents per mile.

Tax Calendars for 2011 Released, EFT Tax Deposit Rule Finalized. Publication 509, *Tax Calendars*, for use in 2011, has been posted to the APA website. And the APA has gotten IRS clarification that December 31, 2010, which is not listed in Publication 509 for 2010, is a federal holiday. In a related development, the IRS has issued final regulations requiring depositors to use electronic funds transfer (EFT) for all federal tax deposits (FTD), including payroll tax deposits, and eliminating the rules regarding FTD coupons, effective January 1, 2011.

IRS Releases Form 940, Schedule A, New Schedule R for 2010. Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, for 2010, Schedule A (Form 940), *Multi-State Employer and Credit Reduction Information*, which lists three credit reduction states for 2010 (Indiana, Michigan, and South Carolina), and new Schedule R (Form 940), *Allocation Schedule for Aggregate Form 940 Filers*, which is for use by agents filing on behalf of certain home care services recipients, were released as PAYROLL CURRENTLY went to press. They have been posted on the APA website.

Anxiety Is Building Over Delayed Withholding Tables, APA Tells IRS. See "Inside Washington" for December.

Cents-Per-Mile Maximum Car Value Is Unchanged for 2011. The APA has calculated the maximum car value for purposes of the vehicle cents-per-mile method of valuing an employee's personal use of a company-provided car, as well as the fleet-average valuation rule for 2011.

Employers in Three States Lose Full FUTA Credit for 2010. Three states – Indiana, Michigan, and South Carolina – were unable to pay back outstanding federal loans for their unemployment insurance programs by the November 10, 2010, deadline. This means that the Federal Unemployment Tax Act (FUTA) rate will increase to 1.4% for Michigan employers and 1.1% for Indiana and South Carolina employers. The additional FUTA taxes are due by the due date of Form 940, which must be filed by January 31, 2011.

Specifications for Paper Substitutes for Forms W-2 and W-3 Updated for 2010. Rev. Proc. 2010-42.

Advance Payments of EITC Eliminated – No Effect on State EITC Notice Requirements. The Education Jobs Act eliminates advance payments of the Earned Income Tax Credit (EITC) in 2011. There will be no Form W-5 in 2011. Because the EITC itself is still in place, however, employers must continue to notify employees of the federal and state (in some cases) EITC in six states: California, Illinois, Louisiana, New Jersey, Texas, and Virginia.

Competency Testing Not on the Immediate Horizon for Payroll Tax Return Preparers. See "Inside Washington" for December.

IRS Updates Specifications for Paper Substitutes for Forms W-2c and W-3c, Says Further W-3c Updates Will Follow Soon. Because Form W-3c will be revised in early 2011 due to recent

More IRS Updates

IRS Issues Forms 3921, 3922 for ISO, ESPP Reporting. The IRS has issued two new information reporting forms – Form 3921, *Exercise of an Incentive Stock Option Under Section 422(b)*, Form 3922, *Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)*, and *Instructions for Forms 3921 and 3922*.

Comments Invited on Updated NMSN, IWO. The National Medical Support Notice (NMSN), Part B (*Medical Support Notice to Plan Administrator*) is being revised to conform to changes announced previously to Part A (*Notice to Withhold for Health Care Coverage*). Comments are due by January 10, 2011. The Income Withholding Order (IWO) is also being revised. Comments are due by December 15, 2010.

SSA Launches Redesigned Home Page. While the look of the home page has changed, the Social Security Administration (SSA) advises that bookmarked links to users' favorite pages have not.

USCIS Announces E-Verify Photo Matching Enhancement. U.S. Citizenship and Immigration Services (USCIS) has announced the expansion of the E-Verify program's capabilities to include U.S. passport photo matching. E-Verify employers are now able to verify the identity of new employees who present a U.S. passport or passport card by comparing that data with State Department records.

IRS Offers e-News Service for Payroll Providers. The IRS now offers a free electronic mail subscription service for payroll providers – e-News for Payroll Providers.

IRS Releases Form 944 for Tax Year 2010. Form 944, *Employer's Annual Federal Tax Return*, together with instructions, has been posted on the APA website. The form is used by employers with an employment tax liability of \$1,000 or less.

IRS Issues Guidance on §401(k), §403(b) In-Plan Roth Rollovers. The IRS has issued guidance (including 20 Q&As) about in-plan Roth rollovers under new IRC §402A(c)(4), added by the Small Business Jobs Act to permit §401(k) and §403(b) plan participants to roll over eligible rollover distributions made after September 27, 2010, from a non-Roth account into a designated Roth account in the same plan. Notice 2010-84.

DOL Plans Enforcement, Regulatory Focus on Employee Misclassification. The Department of Labor has published a strategic plan for fiscal years 2011-2016 that aims to increase compliance with the Fair Labor Standards Act (FLSA) in fissured industries (e.g., construction) that rely on subcontracting, independent contracting, or other similar arrangements that make the worker-employer relationship less transparent. In addition, the DOL is developing proposed recordkeeping regulations to be published in 2011 that will require covered employers to notify each of their workers of their rights under the FLSA and provide employees with information regarding hours worked and wage computations.

IRS Offers Guidance on Emergency Distributions Under §457(b) Plans. The IRS discusses three hypothetical situations where a plan participant requests a distribution to pay certain expenses, as well as an additional amount to pay the income taxes that will result from the distribution. Rev. Rul. 2010-27.

IRS Announces Quarterly Interest Rates. Rev. Rul. 2010-31.

Supreme Court Upholds IRS Regulation, Says Medical Residents Don't Qualify for the FICA Student Exception. Effective April 1, 2005, the IRS amended its regulation interpreting the student exception from FICA tax so that a medical resident scheduled to perform services 40 or more hours per week is not a FICA-exempt student. The Supreme Court said the regulation is reasonable and therefore valid. *The Mayo Foundation for Medical Education and Research v. U.S.*

First Day of Work Added to New Hire Reporting Elements. The Claims Resolution Act of 2010, enacted December 8, 2010, amends current law to require an employer to report to the state Directory of New Hires, in addition to other information, the date services for remuneration were first performed by a newly hired employee. Pub. L. No. 111-291.

IRS Releases Form 1099-MISC for 2011. Form 1099-MISC, *Miscellaneous Income*, and the 2011 *Instructions for Form 1099-MISC* have been posted on the APA website.

W-2c Forms Are Required Where the Only W-2 Change Is HIRE Act Exempt Wages and Tips. See "Inside Washington" for February.

Tables Issued for Figuring Amount Exempt From Levy in 2011. Publication 1494, *Tables for Figuring Amount Exempt from Levy on Wages, Salary, and Other Income*, has been posted on the APA website.

More IRS Updates

IRS Issues Updated Form W-4 Instructions for Nonresident Aliens for 2011. Notice 1392, *Supplemental Form W-4 Instructions for Nonresident Aliens*, has been posted on the APA website.

Payroll Providers Want IRS to Waive Penalties on Employers That Couldn't Timely Implement Social Security Rate Cut. See "Inside Washington" for February.

Taxpayer Advocate's Annual Report Includes Payroll Concerns. The report summarizes problems faced by taxpayers in 2010 and makes administrative and legislative recommendations. Topics of particular interest to payroll professionals include the Combined Annual Wage Reporting program, the trust fund recovery penalty, Form 1099-MISC reporting, and state domestic partnership laws.

When in Doubt, Get a PTIN? See "Inside Washington" for February.

IRS Releases 2011 Pub 15-A, Employer's Supplemental Tax Guide. The publication has been posted on the APA website.

House Votes to Repeal Health Care Law. On January 19, the U.S. House of Representatives approved H.R. 2, "Repealing the Job-Killing Health Care Law," largely along party lines.

IRS Issues Revised Form W-9. A revised version of Form W-9, *Request for Taxpayer Identification Number and Certification*, has been posted on the APA website.

IRS Releases Updated Publication on Backup Withholding. The IRS has released an updated version of Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(s)*.

USCIS Issues Updated I-9 Handbook for Employers. An updated version of Publication M-274, *The Handbook for Employers (Instructions for Completing Form I-9, Employment Eligibility Verification)*, has been posted on the APA website.

Michigan and North Dakota Are Green States for Electronic Wage Payments. See "Inside Washington" for February.

Update on State Tax Treatment of Health Care Benefits for Adult Children. In several states, the income exclusion for health coverage provided for an employee's child until the year the child reaches age 27 does not apply for state tax purposes. Several of these states have recently released information on how to report the value of the benefits on Form W-2. Several other states have responded to APA inquiries with information for employers.

Supreme Court Denies Review of Case Involving Donning and Doffing of Protective Gear. *Kraft Foods Global, Inc. v. Spoerle*.

IRS Oversight Board Report Says E-Filing of Employment Tax Returns Is Lagging. To reach the goal of an e-file rate of 80% of all major tax returns filed by individuals, businesses, and tax exempt organizations by 2012, the 2010 report suggests better marketing, a Form 941 e-file portal, and extending e-file mandates.

Treasury Department Launches Debit Card Pilot Program. The Treasury Department has mailed letters to 600,000 taxpayers, inviting them to consider a prepaid debit card in time to have their 2010 federal tax refund direct deposited to the card. The Department has also begun encouraging tens of thousands of current and potential payroll card users to direct deposit their 2010 federal tax refund onto existing payroll cards.

Wage & Hour Roundup. Read about several recently reported developments in enforcement actions under the Fair Labor Standards Act, Family and Medical Leave Act, and Service Contract Act.

IRS Memo Says Certain Payments to Limo Drivers Are Not Tips, Must Be Reported. The situation discussed in the memorandum involves payments to drivers who are employees of companies in the business of transporting passengers for a fare. Adult entertainment clubs, restaurants, nightclubs, and other service establishments pay drivers who bring passengers to their establishments. The IRS says these are payments for separate services and not tips received in the course of the drivers' employment. Memo. SBSE-04-1210-068.

CEO, Comptroller of Payroll Service Company Plead Guilty to Defrauding Clients of More Than \$20 Million. *U.S. v. Cipoletti*.

Restaurant's Operating Costs Could Not Be Deducted From Employees' Tips. *Steele v. Leasing Enterprises, Ltd.*

Foreign Earned Income Exclusion Applied to Flight Attendant Living in France. *Savary v. Commissioner*.

Spa's Massage Therapists and Cosmetologists Were Independent Contractors. *Cheryl A. Mayfield Therapy Ctr. v. Commissioner*.

Termination of Employment Did Not Violate Employee's FMLA Rights. *Neighbors v. Hartford Bakery, Inc.*

Court Reaffirms That Employer Did Not Have to Reimburse H-2B Workers' Migration Expenses. *Castellanos-Contreras v. Decatur Hotels, LLC*.

Submit Your 'Payroll and AP Puzzlers' for the 2011 Federal Forum. See "Inside Washington" for February.

State and Local News

- Arizona – E-Verify recordkeeping requirement established; payroll service companies: electronic registration, filing of returns, payment of taxes
- [Alaska](#) – overtime for nurses limited
- California – petition for U.S. Supreme Court review of case involving San Francisco Health Care Security Ordinance denied
- [California](#) – computer professionals, physicians and surgeons - minimum pay for overtime exemption unchanged; state disability insurance taxable wage base unchanged, contribution rate increased; revised withholding tables issued, supplemental wage tax rates unchanged
- [Illinois](#) – EFT mandated for semiweekly payers; income tax rate and supplemental wage withholding rate increased retroactive to January 1
- [Indiana](#) – registration for electronic filing, bulk uploading of Forms W-2 mandated for certain employers
- Kansas – electronic filing of withholding tax returns mandated
- Kentucky – UI taxable wage base increased
- [Kentucky](#) – electronic or magnetic media filing threshold for Forms W-2 established; revised withholding tables, computer formula issued
- Maine – electronic filing threshold lowered
- [Massachusetts](#) – electronic filing and payment threshold lowered and qualified transportation fringes announced
- [Michigan](#) – revised withholding tables issued and
- [Minnesota](#) – revised withholding tables, instructions issued and paycard rules enacted; unclaimed wage reporting rules revised
- [Mississippi](#) – electronic/magnetic media filing threshold for Forms W-2 lowered, new electronic method offered

More State and Local News

- Nebraska – Form W-2 electronic filing threshold lowered; electronic funds transfer threshold lowered for withholding tax; paystub "on request" requirement established; worker classification presumption established for certain industries and Omaha Commuter Wheel Fee instituted
- [New Jersey](#) – time clock rules adopted
- New Mexico – tax amnesty program authorized
- New York – guidance on personal income tax treatment of same-sex marriage issued and hospitality industry wage order issued; new hire reporting contact information changed
- [North Carolina](#) – W-2 magnetic media filing threshold lowered
- Pennsylvania – treatment of lump sum payments in connection with child support arrears explained. Also, mandatory electronic filing and payment of Philadelphia Wage Tax phased in
- [Puerto Rico](#) – December wages, Christmas Bonus not subject to income tax withholding
- South Dakota – garnishment orders: time frame for continuing lien on wages extended
- Tennessee – creditor garnishments: effect of improper service of a summons explained; paycards permitted with direct deposit option
- [Utah](#) – new quarterly UI form released
- Vermont – employee misclassification penalties enacted; new hire reporting requirements revised; paycard use permitted
- Virginia – electronic filing threshold for annual reconciliation return established; use of E-Verify by state agencies mandated
- Washington – UI: penalties enacted for knowing failure to register; taxable wage base increased
- [West Virginia](#) – EFT threshold lowered
- Wisconsin – electronic filing or payment waiver request form created and EFT threshold lowered
- Wisconsin – tax treatment of health care benefits for children under 27 explained

Top 10 Tax Time Tips

1. **Start gathering your records** Round up any documents or forms you'll need when filing your taxes: receipts, canceled checks and other documents that support income or deductions you're claiming on your return.
2. **Be on the lookout** W-2s and 1099s will be coming soon; you'll need these to file your tax return.
3. **Use Free File:** Let Free File do the hard work for you with brand-name tax software or online fillable forms. It's available exclusively at <http://www.irs.gov>. Everyone can find an option to prepare their tax return and e-file it for free. If you made \$58,000 or less, you qualify for free tax software that is offered through a private-public partnership with manufacturers. If you made more or are comfortable preparing your own tax return, there's Free File Fillable Forms, the electronic versions of IRS paper forms. Visit www.irs.gov/freefile to review your options.
4. **Try IRS e-file:** After 21 years, IRS e-file has become the safe, easy and most common way to file a tax return. Last year, 70 percent of taxpayers - 99 million people - used IRS e-file. Starting in 2011, many tax preparers will be required to use e-file and will explain your filing options to you. This is your chance to give it a try. IRS e-file is approaching 1 billion returns processed safely and securely. If you owe taxes, you have payment options to file immediately and pay by the tax deadline. Best of all, combine e-file with direct deposit and you get your refund in as few as 10 days.
5. **Consider other filing options** There are many different options for filing your tax return. You can prepare it yourself or go to a tax preparer. You may be eligible for free face-to-face help at an IRS office or volunteer site. Give yourself time to weigh all the different options and find the one that best suits your needs.
6. **Consider Direct Deposit** If you elect to have your refund directly deposited into your bank account, you'll receive it faster than waiting for a paper check.
7. **Visit the IRS website again and again** The official IRS website is a great place to find everything you'll need to file your tax return: forms, publications, tips, answers to frequently asked questions and updates on tax law changes.
8. **Remember this number: 17** Check out IRS Publication 17, Your Federal Income Tax on the IRS website. It's a comprehensive collection of information for taxpayers highlighting everything you'll need to know when filing your return.
9. **Review! Review! Review!** Don't rush. We all make mistakes when we rush. Mistakes will slow down the processing of your return. Be sure to double-check all the Social Security Numbers and math calculations on your return as these are the most common errors made by taxpayers.
10. **Don't panic!** If you run into a problem, remember the IRS is here to help. Try <http://www.irs.gov> or call toll-free at 800-829-1040.

Links:

- [Forms and Publications](#)
- [E-filing](#)
- [1040 Central](#)

Local and National Payroll Events

Local Chapter Events

Monthly Meetings/Luncheons

Thursday, February 17, 2011

(3:15 pm - 5:00 pm)

Topic: System Vendor Selection

Thursday, March 17, 2011

(11:30 am - 1:30 pm)

Topic: SAS70/ accounting requirements

Thursday, April 21, 2011

(3:15 pm - 5:00 pm)

Topic: Compliance Issues

Thursday, May 19, 2011

(3:15 pm - 5:00 pm)

Topic: Unemployment

Thursday, June 16, 2011

(11:30 am - 1:30 pm)

Topic: Officer Installation/New CPPs/FPCs

Saturday, July 16, 2011

(8:30 am - 5:00 pm)

Topic: Annual California Labor Law Mini-Seminar

National APA Events

Correcting a W-2 Without Making More Mistakes

Thursday, February 17, 1:00-2:30 p.m. ET

Earn 1.5 RCHs or 0.15 CEUs

Making corrections to an employee's W-2 often means filing two or more returns. Discover when and why Form W-2c and Form 941-X may be required in your correction process. In this session we'll look at not only how to complete Forms W-2c and 941-X but when they must be filed to avoid penalties.

Calculating Paychecks – Segment 1

Wednesday, February 23, 1:00-2:30 p.m. ET

Earn 1.5 RCHs or 0.15 CEUs

Learn how the minimum wage impacts payroll processing and how it applies to both regular and tipped employees. In this session we will learn how to stay in compliance by correctly calculating a nonexempt employee's overtime using the regular rate of pay.

Calculating Paychecks – Segment 2

Friday, February 25, 1:00-2:30 p.m. ET

Earn 1.5 RCHs or 0.15 CEUs

Learn how to calculate federal income tax using the percentage, and wage-bracket methods, what payments are supplemental wages and when the optional flat rate and mandatory flat rate taxation methods are used. We will also discuss the calculation of social security and Medicare taxes. After completing this webinar you will have a thorough understanding of the requirements of tax withholding.

Calculating Paychecks – Segment 3

Wednesday, March 2, 1:00-2:30 p.m. ET

Earn 1.5 RCHs or 0.15 CEUs

How can your company save money with pre-tax deductions? What about lessening your employee's tax hit by grossing up that payment? In this segment we will discuss the pre-tax and non-tax treatment of benefits and how an employee's net pay is impacted.

Calculating Paychecks – Segment 4

Friday, March 4, 1:00-2:30 p.m. ET

Earn 1.5 RCHs or 0.15 CEUs

In this session we will discuss the proper calculations of wage attachment deductions from an employee's pay, including federal tax levies, child support orders, and creditor garnishments.

Payroll Fun Page

Payroll Crossword Puzzle

by AccountingCoach.com

Across

1. If a company's financial statements are prepared as of the last day of the calendar month and the hourly paid employees are paid weekly, it is likely the company will need to ___ wages expense and wages payable as of the last day of the calendar month.
3. ___ salary or wages is the amount an employee earns before deductions are made for payroll taxes and other items.
7. This represents both Social Security and Medicare taxes. (acronym)
10. A person providing services to a company who is not deemed to be an employee of the company is referred to as an ___ contractor.
11. The additional 50% that employers pay when employees work more than 40 hours in one week is known as the overtime ___.
12. Health insurance benefits provided to retirees are part of ___-retirement benefits.
14. Accruing vacation expense when it is earned by an employee instead of recording the expense when the vacation is taken is an application of the ___ principle.
17. A person paid in this manner will receive 26 paychecks per year.
19. The employer must remit ___ times the amount required to be withheld from employees for Social Security and Medicare taxes.
21. The tax withheld from employees and not matched by the employer is the federal ___ tax.
23. The amount a person "clears" on their paycheck.
24. ___-paid employees usually receive their paychecks approximately five days after the work period ends.
25. If a company accrues vacation expense when it is earned by an employee, the account to be debited when the employee takes the vacation is Vacation

26. Overtime hours are usually compensated at time and one ___.
27. A guaranteed bonus based on sales is best recorded as an expense and a liability when it is ___ by employees rather than when it is paid to the employees.
28. Hours in excess of 40 per week.
29. Unemployment compensation is administered primarily by the ___ governments.
30. A term associated with the compensation earned by executives, managers and professionals.

Down

2. Withholdings from employees for a portion of the cost of health insurance will likely be ___ to health insurance expense.
4. The tax withheld from employees at a rate of 4.2% on the first \$106,800 of annual salaries and wages (and then matched by the employer) is the Social ___ tax.
5. A term associated with the compensation received by employees paid by the hour.
6. A court-ordered withholding from an employee's salary or wages.
8. Employers withholding large amounts of federal income taxes and FICA taxes must ___ them to the government within a few days after payday.
9. This payroll tax is paid entirely by the employer.
13. A person paid in this manner will receive 24 paychecks per year.
15. Payroll withholdings are reported as ___ liabilities.
16. This unemployment tax ends up to be 0.8% of each employee's first \$7,000 of annual wages and/or salaries.
18. Deductions from employees' gross salary or wages.
20. The payroll tax of 1.45% that is withheld from the employees' entire salary and/or wages and is also matched by the employer.
22. Worker ___ insurance covers work-related injuries.
28. The acronym for the official title of the Social Security system.

