

Payroll Preparing for Year-End and 2010 Course Outline*

Part I — Year-end Preparation

- Year-end checklist
- Verifying social security numbers
 - IRS penalties for Employee Name/SSN Mismatches
 - SSA's Social Security Number Verification Service
- Social Security Administration's changes to reporting
 - Electronic reporting
 - Due dates
- Verification of employee data
- Reconciliations
 - Wage and tax
 - Bank
 - General ledger
 - Worksheets
- Employee year-end notices
 - Form W-4
 - W-2 information memo
 - Charging fees for duplicate Forms W-2
- Payroll and programmer W-2 electronic filing checklist

Part II — State Regulations Impacting Year-end

- State Annual Reconciliation Chart
- State Magnetic Media/Electronic Reporting – Form W-2 Chart
- State Unemployment Wage Base Chart
- State Unemployment Voluntary Contributions
- State Disability Wage Bases and Tax Rates Chart

Part III — Annual Changes

- Social security wage base and tax rate
- Social security/Medicare threshold for domestic employees and election workers
- Social security earnings limit
- Medicare tax rate
- Retirement plan changes/cost-of-living adjustments
- Fringe benefit limitations
 - Adoption assistance programs

- Definition of control employee
- Federal per diem allowances
- Federal standard mileage rates
- Federal standard deduction and personal exemption values
- Federal tax levies – Publication 1494
- Advance earned income credit
- Standard Industry Fare Level rates
- Automobile rates
 - Cents-per-mile
 - Luxury car value
 - SUV and fleet value
 - Annual lease value
 - Commuting value
- Qualified transportation fringe benefit limits
- Health Savings Accounts
 - Contribution limits
 - Definition of high deductible health plan

Part IV — Year-end Reporting and Taxation of Fringe Benefits

- Taxable fringe benefits
 - When fringe benefits are considered paid
 - Withholding on fringe benefits
 - Special accounting rule
 - Depositing taxes on fringe benefits
- Supplemental wages
 - Federal supplemental wage definition
 - Federal supplemental tax rates
 - State supplemental tax rates
- Paying employees' taxes
 - Determining gross-up
 - Special situations
- Moving expenses
- Personal use of company cars
- Life insurance
 - Group-term life
 - Whole life

- Employer-paid benefits
 - Awards and prizes
 - Gift coupons
 - Cell phones
 - Qualified transportation fringe benefits
 - Commuter highway vehicles (van pooling)
 - Transit passes
 - Parking
 - Educational assistance
 - Job-related
 - Non-job related
 - Loans to employees
 - Deferred compensation
 - Qualified plans
 - Nonqualified plans
 - IRS guidance on teacher contracts
 - Stock options
 - Statutory stock options
 - Nonstatutory stock options
 - Cafeteria plans and flexible benefit plans
 - Dependent care benefits
 - Adoption assistance
 - Business expense reimbursements
 - Differential military pay
 - Year-end reporting issues
 - Third-party sick pay reporting
 - Reporting backpay
 - Reporting special wage payments
 - Overpayments and repayments
 - Retirement plan check box on Form W-2

Part V — Government Issues Review

- ### Legislative Actions
- Fair Minimum Wage Act
 - 2009 minimum wage changes
 - Effect of the minimum wage change on creditor garnishments
 - Emergency Economic Stabilization Act of 2008
 - FUTA surtax extension

- Transportation fringe benefit extended to bicycle commuters
- Nonqualified deferred compensation from indifferent parties
- New due date for certain Forms 1099 to recipients
- American Recovery and Reinvestment Act of 2009
 - Making Work Pay income tax credit
 - Withholding for 2009-2010
 - COBRA premium subsidies
 - Credit claimed on Form 941
 - Transit pass and commuter highway vehicle benefit parity
 - Child support matching funds
 - Earned income tax credit changes
 - Suspension of tax on unemployment compensation benefits
 - Work Opportunity Tax Credit expansion

2009 Legislative Agenda

- Obama administration's fiscal 2010 budget proposals
- Health care reform initiatives
 - Cap on income exclusion?
 - Employer penalty for not providing insurance?
 - New taxes to pay for insuring the uninsured?
 - New reporting requirements for employers?
- Proposed legislation

Regulatory Actions

- IRS proposed regulations on qualified nonpersonal use vehicles
- IRS proposed regulations on statutory stock option information reporting
- IRS proposed regulations on employee stock purchase plans
- IRS final regulations

Payroll Preparing for Year-End and 2010

Course Outline* (Cont'd)

changing employment tax adjustment procedures, eliminating Form 941c, adding Form 941-X

- IRS final regulations on disaster relief
- IRS proposed regulations on recordkeeping for charitable contributions made by payroll deductions
- IRS modifies smallest employers' annual federal tax program
- Final regulations on automatic 401(k) enrollment
- DOL proposes updates to FLSA regulations
- DOL issues final FMLA regulations
- OCSE final regulations on medical support
- Federal contractors must use E-Verify to check employment eligibility
- USCIS issues rule requiring unexpired documents to prove work authorization on Form I-9
- ICE withdraws earlier no-match regulations and expands E-Verify

Agency Guidance

- IRS considers simplifying employer provided cell phone substantiation rules
- IRS offers relief from §403(b) written plan requirement
- IRS letter – no dollar limit on de minimis fringe benefits
- Guidance on helping soldiers keep health FSA funds
- IRS says tool plan payment included in income
- Guidance on §409A corrections
- IRS discusses interest-free adjustments to employment tax underpayments
- Threshold requirements

drop for filing Form 8809 electronically

- Salary reduction contributions for medical expenses after retirement are excluded from income
- IRS discusses tax treatment of transit reimbursement account balances
- DOL rules shoes required by employer were not uniform
- Bonus paid after union OK was excluded from regular rate of pay
- DOL rules added week in pay period did not violate FLSA
- On-call pay must be attributed to the week it is earned
- DOL discusses compensability of on-call time
- Salary reductions because of insufficient work could endanger "white collar" exempt status
- Managers participating in training program do not lose FLSA exempt status
- OCSE issues final rules implementing child support enforcement provisions

Court Decisions

- Store manager was FLSA exempt
- Employee was FLSA exempt despite employer's routine salary adjustments
- Employee who questioned schedule change not protected by FLSA
- Time spent donning and doffing protective gear was compensable
- Restaurant delivery employees win over \$4 million for minimum wage and overtime violations
- Fluctuating workweek could not be used to calculate overtime in misclassification case
- Employee could waive

FMLA rights

- Employee missed FMLA eligibility by 1.2 hours
- Employee who took two FMLA leaves during year was not eligible for third
- Employee could sue for unpaid overtime without identifying hours worked
- Employer following IRS instructions was not liable to employee for withholding
- Client's funds deposited in payroll service provider's bank account were subject to IRS levy on service provider
- Employer sentenced for payroll tax evasion
- Employer was required to pay 10 times more than the student loan garnishment it ignored

Initiatives

- GAO says IRS collection efforts inadequate on billions in federal payroll taxes owed
- GAO describes Wage and Hour Division enforcement inefficiencies
- IRS employment tax initiatives
- TIGTA report on IRS withholding compliance program
- IPAC blesses IRS TIN masking proposal
- IRPAC recommends new W-4 for nonresident aliens
- IRPAC recommends changes to reporting of payments of nonqualified deferred compensation
- ETAAC recommends mandatory e-filing of Forms 941
- IRSAC recommends improving worker classification compliance
- New requirements for international ACH transactions (IATs)
- SSA enhances Business Services Online

- SSA updates "Critical Links" to help match names/SSNs
- SSA says special wage payment reports can be submitted electronically
- USCIS updates E-Verify manual

Where to Get Information?

- SSA/IRS phone sites
- Internet websites
- OCSE Employer Services Website

Part VI — Forms Review and Revisions

- Form 941
 - 2009 Form and instructions revisions
 - COBRA credit subsidy reporting
 - Electronic filing
- Schedule B
 - 2009 Form and Instruction revisions
- Schedule D
- Form 941-X
- Form 843
 - 2009 changes to Form 843
- Form W-2
 - 2009 changes to Form W-2 and instructions
 - Common pay agents
 - Common paymaster/related corporations
 - Reconciliation process
- Form W-2c
 - 2009 changes to Form W-2c
 - Form W-2c checklist
 - Address changes
 - SSN/EIN changes
- Form W-3
- Form W-3c
 - 2009 changes to Form W-3c
- Form 945
- Form 940
- Form 1099-R
- Form 1099-MISC