



# Preparing for Year-End and 2012 Webinar

## Segment 4: Legislative and Regulatory Review

### Legislative Actions

- Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010
  - Individual tax rates through 2012
  - Revised nonresident alien federal income tax withholding procedures
  - 2011 employee social security tax rate
  - Extension of expiring provisions
    - Child tax credit
    - Marriage penalty relief
    - Dependent care credit
    - Adoption assistance credit and adoption assistance programs
    - Third-child EITC
    - Employer-provided non-job-related educational assistance
    - Parity for mass transit benefits
    - Work Opportunity Tax Credit
  - Income exclusion for volunteer emergency medical responders expires
- Claims Resolution Act
  - Expands new hire reporting requirements
- Health Care Reform
  - Reporting health coverage cost on W-2 for 2012
  - Medicare tax increase on high income earners
  - New definition of medical expenses for FSAs and use of debit/credit cards
  - Reduced health FSA deferral limits
  - Higher penalty for non-medical HSA and MSA reimbursements
  - Repeal of expanded information reporting on Form 1099-MISC
  - Simpler cafeteria plan nondiscrimination rules for small employers

- Medical benefits for adult children expanded and excluded from income
  - State conformity
- Expansion of adoption assistance programs
- New nondiscrimination rules
- Mid-year expiration of 0.2% FUTA surtax
- Hiring Incentives to Restore employment (HIRE) Act
  - IRS Form 5884-B used for business tax credit
- Small Business Jobs Act
  - Cell phones de-listed
  - Increased information return penalties
    - 457(b) plans can have Roth contributions

### 2011 Legislative Agenda

- Obama Administration's fiscal 2012 budget proposals
- Status of Health Care Reform repeal
- Proposed legislation

### Regulatory Actions

- IRS eliminates paper tax deposits, mandates EFTPS
- IRS delays withholding, information reporting on certain payments by government entities
- USCIS issues final I-9 rule requiring unexpired documents to prove work authorization
- DOL finalizes limited updates to FLSA regulations

### Agency Guidance

- IRS Memo discusses backup withholding and Form W-9 retention
- IRS ends paper tax package mailing to employers

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## Segment 4: Legislative and Regulatory Review, continued

- IRS discussed graduate level tuition waivers as taxable fringe benefits
- IRS offers guidance on emergency distributions under 457(b) plans
- IRS guidance on 401(k), 403(b) in-plan Roth rollovers
- No change in taxability of same sex married couples' benefits
- IRS approves breast pump as medical care expense

### Court Decisions

- Severance payments were not FICA wages
- Supreme Court upholds Arizona E-Verify law
- Wait time for work assignments and travel time to customers were not compensable
- Supreme Court upholds IRS medical resident regulations – no exclusion under FICA student exemption
- Employer complying with IRS levy was protected by statutory immunity
- Most FedEx drivers are independent contractors
- Misclassified workers could not sue to recover FICA and FUTA taxes they paid

- Supreme Court says retaliation for verbal complaints to employer violates FLSA

### Agency Initiatives

- IRS Employment Tax Audits for National Research Program
- Status of IRS HIRE Act audits
- IRS Oversight Board says e-filing of employment tax returns is lagging
- IRS National Taxpayer Advocate's payroll concerns
- DOL plans enforcement, regulatory focus on employee misclassification
- USCIS expands E-Verify photo matching enhancement
- OCSE revises Income Withholding Order and National Medical Support Notice, Part A
- OCSE releases Standard Verification of Employment Response form

### Where to Get Information?

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