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Employment Tax Issues

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SB/SE
09/14/11

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Form 941 Changes

- Changes reflect new rules beginning in Q1
- New Line 5e
 - 3121 (q) Notice and Demand
 - Tax due on unreported tips
- Lines 6a through 6d reserved for future use
- Lines 12c and 12d eliminated

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Small Business Health Care Tax Credit

- For small employers providing health insurance coverage
- Tax years beginning after 12/31/2009
 - For profit: nonrefundable at 35%
 - Tax exempts: refundable at 25%
- Requirements: FTE, average annual wages, must be qualifying arrangement

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W-2 Reporting of Cost of Employer Health Care Coverage

- Amount reported not taxable
- Optional for 2011 (Notice 2010-69)
- Report in box 12 of Form W-2
 - Code DD
 - Information only
- Notice 2011-28 provides interim guidance and transition relief, including for certain small employers

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Reduction in Employee Share of Social Security for 2011

- Employee Social Security tax rate changed from 6.2% to 4.2%
- Employee Social Security rate
- New multipliers on Form 941 – rate change from 12.4% to 10.4%
- Employer share remains at 6.2%

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Form 1099-MISC Compliance

- Secure correct TIN upfront
- IRS sends CP2100 or CP2100A for returns filed with missing or incorrect TIN
- Payer may be subject to backup withhold
- CP 2100 actions – missing or incorrect TINs
- B Notice
- Publication 1281

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Form 1099-MISC Compliance

- Solicitation requirements
- Backup withholding, Form 945, IRS Audit & Penalties
- Documentation
- Publication 1281

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Return Preparers

- New PTIN rules for tax return preparers
- Must register and obtain a PTIN if paid to prepare all or substantially all of a tax return or claim for refund
- Must have PTIN before preparing returns in 2011
- Must be renewed every year

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For PTIN assistance

- FAQs on IRS.gov/ptin
- Primary toll-free: 877-613-7846
- TTY: 877-613-3686
- Toll international number +1 319-464-3272
- Hours of operation: Mon - Fri, 8 a.m. - 5 p.m. (CST)

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Worker Classification

- Independent contractor
- Employee
- Publication 1779

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**1120-S Officer's
Compensation**

- Little or no compensation reported and significant distributable income
- Officer / shareholder performed significant services
- Employment taxes reduced or eliminated
- Compliance efforts

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Collection of Trust Fund Taxes

- Prompt filing of notice of federal tax lien
- Assertion of trust fund recovery penalty
- Simultaneous collection from both business entity and responsible parties
- Publication 15, Form 941

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**Planning for Disaster:
Making Sure Your
Business is Ready /
Plan to Stay in Business**

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Agenda

- Steps in continuity planning for your business
- Reconstructing business records
- Resources to help you plan

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Continuity Planning

- Determine staff, materials, procedures & equipment needed to keep operating
- Business process flow chart
- Operations critical to survival
- Emergency payroll & accounting systems
- Succession management

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Payroll

- Plan for payroll continuity
 - Ability to pay employees for 2 weeks without money coming in
 - Back-up system for financial data – test it!
 - Talk to your financial institution – what can they do in event of disaster?
- Providers should have fiduciary bonds

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Data & Records Protection

- Store copies off site – at least 50 miles from your main business
- Vital records include:
 - Business license
 - Contracts/agreements to prove ownership
 - Operational records
 - Client files
 - Current SOPs
 - Produced reports and summaries
 - Software source codes

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Reconstructing Business Records

- Inventories
- Income
- Furniture & fixtures
 - Buildings

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Reconstructing Business Records

- IRS assistance is available for some records
 - Copies of tax returns – Form 4506
 - Transcript of return – Form 4506-T

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IRS Resources

- IRS suggestions for disaster preparedness:
<http://www.irs.gov/newsroom/article/0,,id=157643,00.html>
- Pub 584B – Business Casualty, Disaster and Theft Loss Workbook
<http://www.irs.gov/pub/irs-pdf/p584b.pdf>
- IRS article – Reconstructing Your Records
<http://www.irs.gov/newsroom/article/0,,id=152317,00.html>

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More Resources

- Ready.gov (Dept. of Homeland Security) –
www.ready.gov/business
- US Small Business Administration –
www.sba.gov
- FEMA – www.fema.gov

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Internal Revenue Service



New Media

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National IRS Twitter Feeds

<http://www.twitter.com/IRSnews>

<http://www.twitter.com/IRStaxpros>

<http://www.twitter.com/IRSenespanol>

<http://www.twitter.com/RecruitmentIRS>

<http://www.twitter.com/YourVoiceatIRS>

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IRS YouTube Channels



- IRS Video
<http://www.youtube.com/irsvideo>
- IRS Multilingual
<http://www.youtube.com/user/IRSVideosmultilingua>
- IRS American Sign Language
<http://www.youtube.com/IRSVideosASL>



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IRS on Facebook



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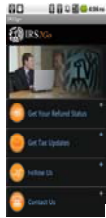
 **IRS2Go** 

IRS2Go is a smartphone application that lets you interact with the IRS using your mobile device — whenever you need it, wherever you are.



The IRS2Go app is free, and is available for Apple and Android products.

Features of IRS2Go app:

- Get Your Refund Status
- Get Tax Updates
- Follow the IRS



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 **IRS New Media** 

Twitter: <http://www.twitter.com/JodieIRS>

YouTube: <http://www.youtube.com/irsvideo>

Facebook: <http://www.facebook.com/IRS>

Widgets: <http://www.irs.gov>

RSS: <http://www.irs.gov>

iTunes/Podcasts: visit iTunes

IRS2Go: Apple App Store or Android Marketplace

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What's New on IRS.gov

Topic	Search Word(s)
Electronic Newsletters (payroll providers, small businesses and tax professionals)	e-news subscribe
Multimedia Center (audio, video and text)	multimedia center
Social Media (iTunes, podcasts, Twitter, widgets, YouTube and IRS2Go mobile app) *Follow IRS on Twitter @IRSTaxpros	new media
Video Portal - Your Guide to an IRS Audit - Virtual Small Business Tax Workshop	www.irsvideos.gov
Basic Tools for Tax Professionals	basic tools
E-Services – Online Tools for Tax Pros	Eservice
Tax Information for Tax Professionals	information for tax professionals

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What's New on IRS.gov

Topic	Search Word(s)
IRS website	www.irs.gov
Payroll Tax Center	Payroll Professionals Tax
Newsletter	IRS reporter
Tax Workshop	Small Business Tax Workshop

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