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K&L
11/12

**Federal, State, and Local
Government Entities (FSLG)**

By Wendy Speelman

UAN

12/6/12

 **Forms W-4**


- ❖ Maintain for every employee
- ❖ Determine amount of tax to withhold
- ❖ Specify filing status and allowances
- ❖ Update for life changing events
- ❖ Don't need new W-4 each year
- ❖ Pub 505, Form W-4 worksheet
- ❖ If employee claimed exempt status they must submit new W-4 by Feb. 15th

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 **Forms 941**

- ❖ Form 941 are no longer mailed
- ❖ Calling 1-800-829-3676(form)
- ❖ Print forms and instructions at:
 - www.irs.gov
 - Form & Pubs tab
 - Scroll down to Form 941


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 **Form 944**

- ❖ For small employers with employment tax liability (FITW, SS, and MC) of \$1,000 per year or less
- ❖ Annual Form (instead of quarterly)
- ❖ IRS will send letter if you qualify
- ❖ Only can file Form 944 if the IRS notifies you


FITW = Federal Income Tax Withholding
SS = Social Security MC = Medicare

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 **Form 944**

- ❖ If you estimate your tax liability will be \$1,000 or less contact the IRS to request to file Form 944
- ❖ If you want to file Form 941 instead of Form 944, call or write the IRS to make request
- ❖ If not filing Form 944, must file Forms 941

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 **Where to File?**

Special Filing Address for Federal, State, and Local Government Entities:

Form 941:

Without a Payment:	With a Payment:
Department of Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 105083 Atlanta, GA 30348-5083

Form 944

Without a Payment:	With a Payment:
Department of Treasury Internal Revenue Service Ogden, UT 84201-0044	Internal Revenue Service P.O. Box 37944 Hartford, CT 06176-7944

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W-2/W-3 Review

- ❖ Form W-3 is a transmittal form for W-2 (totals)
- ❖ File Copy A of forms W-2 & W-3 with Social Security Administration
 - Make a copy of form W-3 to keep
 - Do NOT staple or tape form W-3 & forms W-2
- ❖ Keep Copy D of forms W-2
- ❖ Copy 1 to State, City, or Local tax department
- ❖ Employees get B, C, & 2 of forms W-2

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What to do at the end of the year

- ❖ File Form 941 quarter ending 12/31, or
- ❖ File Form 944 year ending 12/31
- ❖ File Form 945, if appropriate (Non-payroll withholding)
- ❖ Furnish W-2's to employees
- ❖ Furnish 1099's to recipients
- ❖ File W-2's and W-3 to SSA
- ❖ File 1099's & 1096 to IRS

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Due Date to IRS & W-3

- ❖ W-2/W-3 & 1099/1096 are due Feb. 28th
 - If e-file then extended to April 1st
- ❖ W-3 Kind of Employer – Box B
 - State/Local non-501c
 - Unless have determination letter indicating you are also tax exempt org. then State/Local 501c

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W-3

DO NOT STAPLE

33333 Control number		For Official Use Only	
OMB No. 1545-0047			
Kind of Payer (Check one)	<input type="checkbox"/> 01 Federal govt <input type="checkbox"/> 02 State govt <input type="checkbox"/> 03 Local govt <input type="checkbox"/> 04 Other (check box)	Kind of Employer (Check one)	<input type="checkbox"/> 01 Federal govt <input type="checkbox"/> 02 State govt <input type="checkbox"/> 03 Local govt <input type="checkbox"/> 04 Other (check box)
1 Total number of Forms W-2	2 Total number of Forms W-3	3 Wages, tips, other compensation	4 Federal income tax withheld
5 Employee identification number (EIN)	6 Social security wages	7 Social security tax withheld	
8 Employee's name	9 Medicare wages and tips	10 Medicare tax withheld	
	11 Social security tips	12 Medicare tips	
	13	14 Dependent care benefits	
	15 Nonqualified plans	16a Disqualified compensation	
g Employee's address and ZIP code	17 For third party with pay use only	18	
h Other EIN used this year	19		
10 State Employee's state ID number	11 Income tax withheld by payer of third party with pay		
12 State wages, tips, etc.	13 State income tax	14 Local wages, tips, etc.	15 Local income tax
Contact person	Telephone number	For Official Use Only	
E-mail address	Fax number		

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____



MATCHING W-2's TO 941's


COMPARE	Forms 941	Form W-2
Difference		
	(all 4 quarters)	
Wages/Compensation	line 2	box 1
Federal income tax W/H	line 3	box 2
Medicare wages	line 5c Column 1	box 5
Medicare tax	line 5c Column 2	
	divided by 2 =	box 6

Also, reconcile the totals on the Forms W-2 to the amounts on the Form W-3.



File W-2's On-line


- ❖ Visit www.ssa.gov
- ❖ Select Business Service Tab
- ❖ Select Employer W-2 Filing under employers
- ❖ You must register to use BSO service
- ❖ You will create Form W-2 and file with SSA
- ❖ Print copies for employees & your records
- ❖ Form W-3 will be created based on W-2s

 **How to Arrive at Wages**

Federal Wages, tips, and Other Compensation

- ❖ Gross (taxable fringe benefits included)
- ❖ Minus:
 - Federal Tax Exempt Wages (active combat service)
 - Deferred Compensation (457(b), 403(b), 401(a), etc)
 - Cafeteria 125 Benefits (may vary depending on benefit)
- ❖ Plus:
 - Group Term Life Insurance
 - Third Party Sick Pay
 - Other Compensation (Bonuses, Stipends, Cash Awards, Back Pay)
- ❖ Equals: Wages, tips and Other Compensation


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 **How to Arrive at Medicare Wages**

Medicare Wages

- ❖ Gross (Taxable Fringe Benefits are included)
- ❖ Minus:
 - Medicare Exempt Wages (continuous employment exception 3/31/86)
 - Cafeteria 125 Benefits (may vary depending on the benefit)
- ❖ Plus:
 - Group Term Life Insurance
 - Third Party Sick Pay
- ❖ Equals: Medicare Wages


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 **Reconcile Federal Wages**

Federal Wages

- ❖ Year to Date amounts – all should reconcile
 - W-2 Box 1
 - W-3 Box 1
 - Form 941, Line 2 (all 4 quarters added together)


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 Reconcile Medicare Wages

Medicare Wages

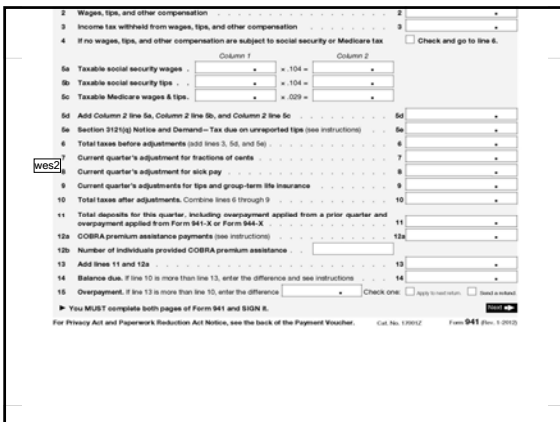
- ❖ Year to Date amounts – all should reconcile
 - W-2 Box 5
 - W-3 Box 5
 - Form 941, Line 5C (all 4 quarters added together)

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 When to Deposit for 941

- ❖ Make payment with tax return if:
 - Less than \$2,500 tax liability for quarter, Line 10, Form 941
 - Pay in full with timely filed return
 - Mail payment with tax return or
 - Use EFTPS
 - but still need to mail tax return

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2 Wages, tips, and other compensation 3

3 Income tax withheld from wages, tips, and other compensation 4

4 If no wages, tips, and other compensation are subject to social security or Medicare tax Check and go to line 6.

5a Taxable social security wages Column 1
 x .104 = Column 2

5b Taxable social security tips
 x .104 =

5c Taxable Medicare wages & tips
 x .029 =

5d Add Column 2 line 5a, Column 2 line 5b, and Column 2 line 5c 5d

5e Section 3121(g) Notice and Demand—Tax due on unreported tips (see instructions) 5e

6 Total taxes before adjustments (add lines 3, 5d, and 5e) 6

7 Current quarter's adjustment for fractions of cents 7

8 Current quarter's adjustment for sick pay 8

9 Current quarter's adjustments for tips and group-term life insurance 9

10 Total taxes after adjustments. Combine lines 6 through 9 10

11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayment applied from Form 941-X or Form 944-X 11

12a COBRA premium assistance payments (see instructions) 12a

12b Number of individuals provided COBRA premium assistance 12b

13 Add lines 11 and 12a 13

14 Balance due. If line 10 is more than line 13, enter the difference and see instructions 14

15 Overpayment. If line 13 is more than line 10, enter the difference. Check one: Apply toward return. Send as refund.

▶ You MUST complete both pages of Form 941 and SIGN it.

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher. Cat. No. 130912 Form 941 (Rev. 1-2015)



When to Deposit for 941

- ❖ Monthly depositor if:
 - Liability for look back period \$2,500 to \$50,000
 - Deposit by 15th of following month
- ❖ Form 941, Part 2, page 2 at the top
 - Check 2nd box
 - Fill in Tax Liability amounts & Total (total should = Line 10) for all 3 months

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950212
Employer identification number (EIN)

Part 2: Tell us about your deposit schedule and tax liability for this quarter.
If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

16 Check one: Line 10 on this return is less than \$2,500 or line 10 on the return for the prior quarter was less than \$2,500, and you did not incur a \$100,000 or more debt deposit obligation during the current quarter. If line 10 for the prior quarter was less than \$2,500 but line 10 on this return is \$10,000 or more, you must provide a record of your record for liability. If you are a monthly schedule depositor, complete the deposit schedule below. If you are a semiweekly schedule depositor, attach Schedule B (Form 941) to Part 3.

You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter; then go to Part 3.

Tax liability: Month 1 +
Month 2 +
Month 3 +
Total liability for quarter Total must equal line 10.

You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

17 If your business has closed or you stopped paying wages Check here, and enter the final date you paid wages / /

18 If you are a seasonal employer and you do not have to file a return for every quarter of the year Check here.


Part 4: May we speak with your third-party designee?
Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.
 Yes. Designee's name and phone number



When to Deposit for 941


- ❖ Semiweekly depositor if (line 10):
 - Liability for look back period > \$50,000
 - If payday Wed. Thurs. or Fri. deposit taxes by following Wed.
 - If payday Sat. Sun. Mon. or Tues. deposit taxes by following Friday
- ❖ Form 941, Part 2, check 3rd box
- ❖ Prepare Schedule B

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 Form 941 – Liability Summaries

- ❖ Monthly depositor - Line 16 (2nd pg)
- ❖ Semiweekly depositor - schedule B
- ❖ Schedule B total should match total liability on 941 (Line 10)
- ❖ Schedule B show liability not deposits

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 Medicare Wages

- ❖ Mandatory Medicare Coverage:
 - employees hired or rehired after 3/31/86
 - Coverage is mandatory, not voluntarily
 - Even if paying into a retirement system
- ❖ Medicare Exception:
 - Hired prior to 4/1/86 and no break in service


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 Medicare Example

- ❖ Employee hired 1985 so doesn't pay Medicare tax
- ❖ Retires 6/30/12
- ❖ Hired back part-time 7/1/12
- ❖ Must pay into Medicare 7/1/12
- ❖ Since retired it is considered a break in service & not continuous employment

Publication 963

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 Form W-9

- ❖ Provide to every vendor who performs services for your entity
- ❖ Use to obtain an identifying number of a vendor (SSN, EIN)
- ❖ Identifies type of business
 - Corp., sole proprietor, partnership
- ❖ Substitute form is acceptable
 - Must contain all the same information

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 **W-9** Request for Taxpayer Identification Number and Certification

Form 945 (01/18) Please Print or Type Name, Address, and Taxpayer ID Number on this Form

1. Name (individual or entity name) Individual Partnership Corporation Trust Estate Other

2. Address (street, P.O. box, or other mailing address) _____

3. City or town, state, and ZIP+4[®] _____

4. Taxpayer Identification Number (TIN) _____

5. Backup Withholding Rate (if any) _____

6. Signature of taxpayer or preparer _____

7. Date _____

General Instructions

Purpose of Form

General Instructions

1. This number shows you the form to use to request a taxpayer identification number (TIN) for backup withholding, or if you have not been notified by the Internal Revenue Service (IRS) to report all interest or dividends, or if the IRS has notified you that you are not a U.S. citizen or other U.S. person (defined below).

2. If you are not subject to backup withholding because you are exempt from backup withholding, or you have not been notified by the Internal Revenue Service (IRS) to report all interest or dividends, or you have not been notified by the IRS that you are not a U.S. citizen or other U.S. person (defined below), you must complete and submit a copy of this form to the payor. You must complete this form if you have been notified by the IRS that you are subject to backup withholding.

3. If you are a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

4. If you are not a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

5. If you are a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.


6. If you are not a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

7. If you are a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

8. If you are not a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

9. If you are a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

10. If you are not a U.S. citizen or other U.S. person (defined below), you must complete this form if you have been notified by the IRS that you are subject to backup withholding.

 No W-9 Information

- ❖ Get the W-9 information before job is awarded or payment is made
- ❖ No TIN — Payments subject to Backup Withholding (IRC §3406(a))
- ❖ Backup Withhold rate is 28%
- ❖ File Form 945

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 LLC

- ❖ LLC = Limited Liability **Company**
 - Not necessarily a corporation
- ❖ Could be corporation, partnership or disregarded entity (sole proprietor)
- ❖ Use current version of W-9 (Dec. 2011)
 - Has separate line for LLC

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 Form 1099


- Payments of \$600 or more per year
(add together every payment, from every dept.)
- ❖ Services (including parts & materials)
 - ❖ Sole proprietor, partnership, trusts
 - ❖ Not to corporations unless:
 - Medical & Health Care Payments
 - Payments to Attorneys

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 Corporations Payments

- ❖ Medical and Health Care Payments
 - Reported in Box 6
 - Payments of \$600 or more
 - Does not apply if payment made to tax exempt hospital
 - Examples:
 - Blood test, counseling, paying doctor bills
 - Does not include paying premiums

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 Payments to Attorneys

- ❖ Report regardless of entity type
- ❖ Attorney's Fees
 - Reported in Box 7
 - Payments of \$600 or more
- ❖ Gross Proceeds paid to Attorneys
 - Report in Box 14
 - Any Amount Paid
 - Don't report in Box 14 if reported in box 7

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 Information Reporting Penalties

Form 1099 and W-2


- ❖ Failure to file and failure to furnish
- ❖ Effective date January 1, 2011
- ❖ Up to 30 days late: \$30 per return
- ❖ After 30 days but on or before Aug 1:
\$60 per return
- ❖ Filed after Aug 1: \$100 per return

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FRINGE BENEFITS

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 **Meal Money while Traveling:**


- ❖ Meals away from home that are paid for, reimbursed or given an allowance:
 - Overnight
 - Accountable Plan - Not taxable
 - Not Overnight (day trip)
 - Taxable as wages
 - unless meal is included in cost of seminar
 - Revenue Ruling 75-432 & 75-170

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 **Meal Allowance - no traveling**


- ❖ Meals with business meetings - NOT taxable if:
 - clear business setting
 - directly related
- ❖ Employer buys you lunch -
 - Taxable as wages

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 **Employer-Provided Vehicles**


- ❖ Personal Use is taxable
 - Includes commuting
- ❖ Business Use is not taxable
- ❖ Employee can reimburse Employer for personal use or have included in wages
- ❖ No record kept then all taxable

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 Automobile Valuation Rules

- ❖ Cents-Per-Mile Rule
 - 56.5 cents effective 1/1/13
 - 55.5 cents in 2012
- ❖ Commuting Rule
 - \$1.50 each way
- ❖ Automobile Lease Valuation Rule
 - Publication 15-B


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 Commuting Rule

\$1.50 per one-way commute if:

- ❖ Vehicle owned/leased by employer
- ❖ Employer requires the employee to commute for bona fide noncompensatory business reasons
- ❖ Written policy on personal use
- ❖ No control employees (elected officials)

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 Commuting example # 1

- ❖ Supervisor takes truck home every day
- ❖ Uses commuting method \$1.50 each way
- ❖ Called out to check on water leak at 6AM
- ❖ Goes from home to incident to office
- ❖ End of day, goes from office to home
- ❖ The AM drive was business not commuting
- ❖ How much to include for commuting?

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Commuting example # 2

- ❖ Employee takes SUV home every day
- ❖ Employee is on call 24 hours and carries tools in vehicle
- ❖ Goes home for lunch & then at 4 PM
- ❖ Comes back in for meeting at 7 PM
- ❖ Uses commuting method \$1.50 each way
- ❖ How much to included for commuting?

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Affordable Care Act

- ❖ www.irs.gov
 - Select under Hot Topics
- ❖ www.irs.gov
 - Type Affordable Care Act in search box at top right
 - Select the first choice


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How to find our new Home Page


- ❖ www.irs.gov
- ❖ On top right side: Information for
 - Select: Government Entities
- ❖ On left side select:
 - Federal, State & Local Govts
- ❖ This replaces www.irs.gov/govts
- ❖ The Tabs at the top are for all IRS not just FSLG

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 **FSLG Home Page**

- ❖ Tax Information for Federal, State & Local Govt. (FSLG) will be at the top & the left
 - Tax Topics – tax exempt status, cell phone
 - Quick Links – forms, publications
 - Examination Process
 - Educational Resources - Webinars

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 **FSLG Home Page**

On the Left in Blue

- ❖ FSLG Newsletter – subscribe or archive
- ❖ FSLG Educational Products (select)
 - Select Fringe Benefit Guide
 - Recommend to download

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 **Wendy Speelman 419-526-2607**

Adams	Allen	Auglaize	Brown	Butler
Champaign	Clark	Clermont	Clinton	Darke
Defiance	Delaware	Fayette	Franklin	Fulton
Greene	Hamilton	Hancock	Hardin	Henry
Highland	Logan	Lucas	Madison	Marion
Mercer	Miami	Montgomery	Ottawa	Paulding
Pickaway	Pike	Preble	Putnam	Ross
Sandusky	Seneca	Shelby	Union	Van Wert
Warren	Williams	Wood	Wyandot	

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John Darr 419-526-2886

Ashland	Ashtabula	Athens	Belmont	Carroll
Columbiana	Coshocton	Crawford	Cuyahoga	Erie
Fairfield	Gallia	Geauga	Guernsey	Harrison
Hocking	Holmes	Huron	Jackson	Jefferson
Knox	Lake	Lawrence	Licking	Lorain
Mahoning	Meigs	Medina	Monroe	Morgan
Morrow	Muskingum	Noble	Richland	Perry
Portage	Scioto	Stark	Summit	Trumbull
Tuscarawas	Vinton	Washington	Wayne	

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Department of the Treasury
 Internal Revenue Service
www.irs.gov

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