

Newsletter – June 2012

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Rules for 2012 Summer Hiring:

Federal Rules and Regulations

Rules for 100% Parent-Owned Businesses

- Owners' children of any age can work any number of hours or time of day. Those who are under 16 cannot do hazardous work (e.g., work with lawn mowers, sewing machines, work near flammable or hazardous materials or where food is cooked).
- If the only employees are immediate family, owners' children need not be paid the minimum wage-but if others are regularly employed, even family must be paid minimum wage.
- Owners' children under 21: Wages are exempt from FUTA.
- Any children under 18: If the business is 100% parent-owned, the children under 18 are exempt from FICA. The workers may not do hazardous work.
- Workers aged 14-15 who are not owners' children can work 8 hrs./day, 40 hrs./wk, June 1-Labor Day, between 7 a.m.-9 p.m. if school is not in session.
Exceptions: Limits do not apply to news carriers or children employed exclusively by a parent/sole proprietor. For agricultural jobs, contact the DOL.
- Other children under 14 cannot be hired unless they work for a parent/sole owner.

Employment Tax Rules

- Obtain W-4s from all summer employees, even the owners' children, students working part-time and foreign students.
- Withhold federal income tax from all employees, including the owner's spouse/children, unless a W-4 claims exempt.
- Withhold FICA from all employees, even high school students and those who receive SS benefits. Exception: Employees under 18 working for sole-owner parents.
- Pay overtime for hours actually worked over 40 hours in the workweek. You are not required to include paid time off as hours worked (holidays, vacation days). Do not substitute paid nonwork hours for work hours to make all hours straight time, thus avoiding overtime pay.

Payroll Taxes

How long should your business keep payroll tax records? At least four years after the due date for employees to file their income tax returns for the particular year, IRS says. Records to be retained include wages and payment dates and employee data such as names, Social Security numbers and addresses. Also copies of W-4 forms, payroll tax returns and valuation records for fringe benefits provided to employees.



Business Taxes

Although self-employed can deduct their Medicare Part B and D premiums...They can't take their spouse's Medicare premiums, according to the Service. IRS revised Publication 535 this year to say that Medicare premiums have to be paid in the name of the self-employed person to qualify for the deduction on the front of the 1040. IRS has informally told us that the revision was made to make it clear that a spouse's PART B and D premiums don't count if the spouse isn't self-employed. Nevertheless, it would behoove IRS to quickly publish official guidance on the subject.

4 Tips To Decrease Your Workers' Comp Costs



1. Establish an accident-prevention program. Many states offer free consultations with safety specialists. Find details at www.osha.gov/dcsp.
2. Investigate all accidents, not just ones resulting in claims.
3. Report accidents promptly. Delays lead employees to contact lawyers.
4. Stay in touch with injured employees and their doctors. That will help you design an appropriate return-to-work plan.

Update on W-2 Reporting of Health Insurance Coverage for Employees



Small firms are indefinitely exempt from reporting health care benefits on W-2s. The IRS recently revised its guidance for employers on the Affordable Health Care Act's requirement that employers report on W-2s the value of the coverage provided to employees. The requirement is scheduled to begin with 2012 W-2s. The guidance affirms that this requirement does not apply to a firm that filed fewer than 250 W-2s the preceding calendar year. It also states that the small-firm exemption is in effect until the IRS says otherwise.

How To Get Unmotivated Workers Going

Find it easier to do Joe's job yourself? Just as soon do a task than waste time explaining it? Realize that the only chores that get done correctly are the ones you do?

Here are 7 ways to motivate the unmotivated and stop doing subordinates' jobs for them:



1. **Hire the right person.** Take the time to sift through those endless applications or you may end up wasting hours, days and weeks because you hired the wrong prospect. Can Alice do the job? Does she fit into your company culture?
2. **Never assume employees know what their job is.** Spell out what they are expected to do, how long it should take and what the deadlines are.
3. **Pop in on employees regularly-and unexpectedly.** If they don't know when you may come, they are much likelier to be productive all the time instead of just when they know you are about to appear.
4. **Offer incentives.** Spend time making sure that the incentives are enticing and the goals realistic and achievable. Unachievable goals can stifle initiative.
5. **Know each worker's hopes.** Show respect for personal goals. Tap into these when what you need has some connection with the employee's aspirations (i.e., if the connection is artificial, don't try to use it).
6. **Build trust.** Ever work for a boss you believed in-and one you did not? What were you willing to do for the first boss versus the second? To build trust, show that you care about your employees' concerns, be honest about how difficult it will be to meet your goals and, most importantly, admit your mistakes. Do not make pronouncements. Instead, involve workers in decisions and listen to what they say.
7. **Share company financial information.** Sharing revenues and expense data makes employees feel like insiders; lets them know where, why and how their production counts; and gives them a reason to do various tasks instead of feeling "I have to do this stupid job because my boss told me to."

Source: Carol Tice, "Seven Ways to Get Your Unmotivated Workers Off Their Butts," www.entrepreneur.com, Feb. 24, 2012.



Individual Income Taxes Taxpayers with a Name Change

The IRS recently reminded taxpayers to take the necessary steps to ensure the names on their tax returns match the names registered with the Social Security Administration (SSA). A mismatch can cause problems in the processing of returns and even delay any refund.

Here are five tips from the IRS for recently married or divorced taxpayers who have a name change:

1. Individuals who take their spouse's last name or who hyphenated their last names must notify the SSA.
2. Individuals who recently divorced and changed back to their previous last name also need to notify the SSA of this name change.
3. To inform the SSA of a name change, file a Form SS-5, Application for a Social Security Card, at a local SSA office or by mail. A recent issued document that proves the individual's legal name change must be provided.
4. Form SS-5 is available at www.socialsecurity.gov, by calling 800-772-1213 or at local SSA offices. The individual will receive a new card with the same number as his previous card, but it will show his new name.
5. If someone adopts their spouse's children after getting married and the children's names changed, their names must be updated with SSA. For adopted children without Social Security numbers, the parents can apply for an Adoption Taxpayer Identification Number (ATIN) by filing form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions, with the IRA. The ATIN is a temporary number used in place of an SSN on the tax return. Form W-7A is available at www.irs.gov or by calling 800-TAX-FORM (800-829-3676).

Tax Debts - Offer in Compromise Update

The Revenue Service is aiming to speed up its offer-in-compromise program for filers who can't pay what they owe. It will simplify the application process and provide greater payment flexibility. Applicants will be able to talk with IRS staff by phone instead of corresponding by mail, and they should expect fewer requests for additional financial details. In this way, the IRS hopes to reduce the backlog of offers that have poured in because of the weak economy over the past few years.

DUE DATES

June

15th Payroll Tax Deposits

20th Sales/Hospitality Tax

30th PT-441