

# The Bottom Line Newsletter - July 2009

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## Keep America in Your Care

**We are faced with many problems that grow bigger day by day.  
And as we seek to solve them in our own self-sufficient way,**

**We keep drifting into chaos and our avarice and greed  
Blinds us to the answer that would help us in our need..**

**Oh God, renew our spirit and make us more aware  
That our future is dependent on sacrifice and prayer,**

**Forgive us our transgressions and revive our faith anew  
So we may all draw closer to each other and to You...**

**For when a nation is too proud to daily kneel and pray  
It will crumble into chaos and descend into decay,**

**So stir us with compassion and raise our standards higher  
And take away our lust for power and make our one desire**

**To be a shining symbol of all that's great and good  
As You lead us in our struggle toward newfound brotherhood!**

**Blessed is the nation whose God is the Lord;**

**And the people whom he hath chosen for his own inheritance.  
Psalms 33:12**

## **Fuel Tax Credit**

There is a credit (\$.183 per gallon) available for federal tax paid on fuels. It is available for certain nontaxable uses of fuel. Here are the two main nontaxable uses for the credit.

1. Fuel used on a farm for farming purposes.
2. Off-highway business use (for business use other than in a vehicle registered or required to be registered for highway use.).

If either of these applies to you, please contact our office.

## **2009 Summer Hiring Reminders**

### **Federal rules and regulations**

#### **Firms owned by parents that employ their children.**

Owners' children can work for the firm, regardless of age, number of hours worked or time of day-if the parent(s) own 100% of the business. Children under 16 cannot do hazardous work such as use lawn mowers, sewing machines, etc., work where food is cooked, or work near flammable or hazardous material.

Minimum Wage: 100% owners hiring only immediate family members need not pay the minimum wage. But if owners regularly employ nonfamily members, they must pay even family members the minimum wage.

Owners' children under 21: Wages are exempt from FUTA.

Owners' children under 18: Wages are exempt from FICA- if the parents are sole owners or sole partners-but FIT must be withheld on W-2s filed for the children.

Other children aged 14-15: can work 8hrs/day, 40 hrs/wk, June 1-Labor Day, between 7 a.m. and 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.

**Paid holidays.** Under federal law, paying part-time and summer help for holidays is optional any time of year.

**Paid vacation.** No law requires paid vacation, but if you give paid vacation, some federal and state laws apply.

**Benefits.** Providing health insurance or other benefits to temporary and part-time employees is optional; if not available, it should be so stated in a written benefits plan.

**Federal W-4.** Obtain from all summer employees, even students working part-time and foreign students.

**FIT.** Withhold from all summer employees unless their W-4 results in no withholding.

**FICA.** Withhold from all workers, even those receiving Social Security benefits and high school students, unless under 18 working for sole-owner parents.

**Overtime pay under federal law.** Pay overtime for all hours physically worked over 40 hours in the workweek. When computing overtime, you need not include paid time-off (e.g. holidays or vacation days). Do not try to substitute paid nonwork hours for work hours to make all hours straight time, thus avoiding overtime pay.

**Example:** Jose works 12 hours a day the first 4 days of the workweek but not on the 5<sup>th</sup> day, a holiday, for which he is paid for 8 hours. He is paid for 48 hours' straight time + 8 hours' overtime + 8 ( holiday non-work) hours. Jose's employer cannot offset the 8 hours' overtime against the 8 hours' holiday pay.

### **Adjusting Sales Tax**

Did you know sales tax is reported under the accrual basis? This means that you pay sales tax on sales you have made, but not necessarily gotten paid for if you invoice your customers . So say you make a sale in March and pay in your sales tax by the 20<sup>th</sup> of April. Now it's December and you know that customer is never going to pay you. What do you do....you write off the invoice. Well now, you've already paid in the sales tax that you never received from your customer which is money out of your pocket. The state does understand. They allow you to make an adjustment on your sales tax return and get your money back. So if our office processes your sales tax and you have write-offs, you need to let us know ASAP. If you do your own sales tax and need help making this adjustment , please let us know. Here is the states "official" instructions: How does a retailer report a bad debt or uncollectible account? A retailer reports a bad debt or an uncollectible account by taking a deduction on the sales tax return for the sales price of the property the sale of which is actually charged off as a bad debt or uncollectible account for state income tax purposes.

### **Sales Tax Holiday**

The annual sales tax holiday begins 12:01 a.m. on the first Friday in August and ends at twelve midnight the following Sunday

This years dates are Friday, August 7<sup>th</sup> through Sunday, August 9<sup>th</sup>.

Please adjust your cash registers to show these changes.

### **Cobra Subsidy / Stimulus Package**

The stimulus package, which was enacted as the American Recovery and Reinvestment Act of 2009 (ARRA) temporarily reduces the premium for COBRA coverage for eligible individuals. COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) allows certain people to extend employer-provided group health coverage , if they would otherwise lose the coverage due to certain events such as divorce or loss of a job.

Individuals who are eligible for Cobra coverage because of their own or a family member's involuntary termination from employment that occurred from September 1, 2008 through December 31, 2009 and who elect COBRA, may be eligible to pay a reduced premium. Eligible individuals pay only 35% of the full COBRA premiums under their plans for up to 9 months. The employer (or other responsible entity) may recover the remaining 65% of the premium by taking the subsidy amount as a credit on its quarterly employment tax return. This premium reduction is generally available for continuation coverage under the Federal COBRA provisions, **as well as for group health insurance coverage under state continuation coverage laws.**

If the individual was offered Federal COBRA continuation coverage as a result of an involuntary termination of employment that occurred at any time from September 1, 2008 through February 16, 2009, and that individual declined to take COBRA at that time , or elected COBRA and later discontinued it, he/she may have another opportunity to elect COBRA coverage and pay a reduced premium.

## **DUE DATES**

### July

- 15<sup>th</sup> Payroll Tax Deposits
- 22<sup>nd</sup> Sales/ Hospitality Tax
- 31<sup>st</sup> Quarterly Reports
- 31<sup>st</sup> IFTA Reports

### August

- 7<sup>th</sup>-9<sup>th</sup> South Carolina Sales Tax Holiday
- 17<sup>th</sup> Payroll Tax Deposits
- 20<sup>th</sup> Sales/ Hospitality Tax
- 31<sup>st</sup> Form 2290

### September

- 15<sup>th</sup> Payroll Tax Deposits
- 15<sup>th</sup> Estimated Tax Payments
- 15<sup>th</sup> Corporate Returns on Extension
- 21<sup>st</sup> Sales/Hospitality Tax