# The Bottom Line

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## Policing off-duty conduct: How far can you go?

You discover that the company's sales manager is dating the marketing director of your biggest competitor; or that one of your cashiers has a bottle-of-scotch-a-day drinking habit after work. Can you fire these workers – or at least ask them to change their behavior – without getting hit with a discrimination or privacy lawsuit?

**Here's the litmus test:** If an employee's off-duty activity puts your company in legal or financial jeopardy, courts will be more willing to let you regulate it.

But disciplining staff for participating in lawful conduct outside of work is a slippery slope.

While federal law is silent on the issue, states are not. So far, 30 states and the District of Columbia prohibit employers from discriminating against workers because they smoke or participate in other "lawful activities."

### 4 ways to stay out of trouble

1. Focus on the off-duty behavior's effects on job performance, rather than the conduct itself. Be able to point to a legitimate business reason for discipline.

2. Avoid blanket restrictions against socializing with competitors. Such overly broad rules infringe on privacy. Instead, protect company secrets by having employees sign nondisclosure agreements.
3. Check your state's rules and seek legal advice before firing or disciplining an employee for off-duty activity.
4. Apply an even hand. Do not suspend one employee for off-work behavior and then ignore another similar circumstance.

*From: National Institute of Business Management*

## Avoid the top 10 mistakes in employee handbooks

A poorly written, outdated, or inconsistent handbook can hurt your company. The biggest problem: Companies often include handbook language that wipes out their right to fire employees at will. Here are the top 10 most common handbook mistakes to avoid:

1. **Adopting a "form" handbook,** which includes promises you'll never keep.
2. **Including lots of detail** on procedures, which provides ammunition for lawyers. Stick to company policies. Keep a separate procedures manual for managers.
3. **Mentioning an employee probationary period.** That can erase at-will status by implying that, once the period is over, the employee can stay indefinitely.
4. **Being too specific** in your discipline policy. That gives the impression that the list covers every possible infraction.
5. **Not being consistent** with other company documents.
6. **Overlooking an at-will disclaimer.** Have employees sign a disclaimer acknowledging that the company can terminate their employment at any time and bypass discipline policies.
7. **Sabotaging disclaimers by what you say,** especially reassuring employees that their jobs are secure.
8. **Not adapting the handbook** to accommodate each state's laws.
9. **Failing to update** the manual frequently for changing laws.
10. **Setting unrealistic policies.** If you know your supervisors won't enforce it, don't put it in your handbook.

## 11 Great Things That Money CAN'T Buy

1. Spending time with friends, new or old.
2. Laughing so hard your side hurts.
3. No lines at the supermarket.
4. A good conversation.
5. Finding money in your coat from last winter.
6. Knowing that somebody misses you.
7. Waking up and realizing that you still have a couple of hours left to sleep.
8. Accidentally hearing someone say something nice about you.
9. Running into an old friend and realizing that some things (good or bad) never change.
10. Getting a hug from someone you care about.
11. Knowing that you've done the right thing, no matter what other people think.

## What's New for 2009 Tax Returns – just to name a few:

**American Opportunity Tax Credit (2009 and 2010).** The Hope education credit is renamed the American Opportunity Tax credit and modified by:

*Increasing the credit limit to $2,500 per eligible student per year (100% of first $2,000 and 25% of next $2,000 of eligible expenses).

*Expanding the definition of eligible expenses to include course materials.

*Allowing the credit for the first 4 years of the student's post-secondary education in a degree or certificate program.

*Increasing the modified AGI phase-out range to $80,000-$90,000 ($160,000-$180,000 for MFJ)

*Permitting the credit to be claimed against AMT.

*Allowing 40% of the credit to be refundable (but not for a child subject to the kiddie tax rules).

**TIP:** The definition of qualified higher education expenses is expanded to include the purchase of any computer technology or equipment and internet access and related services for use by the designated beneficiary and the beneficiary's family.

**Unemployment Compensation.** Up to $2,400 of unemployment compensation is excludable from the recipient's gross income.

**Roth IRA's.** Taxpayers can convert from traditional IRAs and qualified plans to Roth IRAs regardless of their modified AGI. Also, for 2010 conversions, half of the income is recognized in 2011 and the other half in 2012, unless the taxpayer elects to report it all in 2010.

## IMPORTANT INFORMATION FOR 2010

The 2010 standard mileage rate will be a lot lower for business driving……..50 cents per mile, down 5 cents from 2009. The main reason is lower fuel costs. Businesses with 4 or fewer vehicles can use the allowance, but they are required to reduce the vehicles' basis by the depreciation component….23 cents per mile.

The rate for medical travel and moving will decline to 16.5 cents a mile in 2010. That's down 7.5 cents from this year. The rate for charitable driving remains 14 cents a mile. You can claim the cost of parking and tolls if you use the standard rate. Those items aren't included. But you can't add in the cost of fuel or repairs. Also, you can't use the allowance if you claimed depreciation or expensing on the vehicle.

Health care reform poses a new paperwork headache for employers: Including the value of health benefits on W-2 forms, beginning in 2011. If the final health care overhaul bill contains this provision, which appears likely, firms will have to calculate the value of health benefits they provide to each worker and list it on employee W-2's as tax free income. That will include premiums paid for medical, dental, and vision care plus contributions to health savings accounts. Although businesses are fighting this proposal tooth and nail, lawmakers believe that it will give workers a better appreciation of what is spent on their health care.

## Don't forget!

Check your flexible spending account balance. You must clean it out by Dec. 31st IF your employer still has not adopted the 2½ month grace period that the IRS now permits. Otherwise, any money left in your account is forfeited.

# DUE DATES

**January**

$1^{st}$ Happy New Year
$15^{th}$ Payroll Tax Deposits
$15^{th}$ $4^{th}$ Qtr. Estimated Income Tax
$20^{th}$ Sales/Hospitality Tax
$31^{st}$ W-2's
Quarterly Reports
IFTA Reports

**February**

$14^{th}$ Valentines Day
$15^{th}$ Payroll Tax Deposits
$22^{nd}$ Sales/Hospitality Tax
$28^{th}$ 1099's

**March**

$15^{th}$ Payroll Tax Deposits
Corporate Tax Returns
$22^{nd}$ Sales/Hospitality Tax
$31^{st}$ End of First Quarter