

*An
Employer's
Guide
To
Payroll*



Solutions That Save You Time
www.timeplus.com

Table of Contents

NEW BUSINESS CHECKLIST.....	2
EMPLOYER IDENTIFICATION NUMBER.....	3
TELE-TIN.....	4
FAIR LABOR STANDARDS ACT.....	4
Wage & Hour.....	6
Overtime.....	7
Employment of Minors.....	9
IMMIGRATION & I-9 FORMS.....	10
NEWHIRE & REHIRE REPORTING.....	11
OCCUPATIONAL SAFETY & HEALTH ACT.....	13
INDEPENDENT CONTRACTORS & 1099s.....	14
WITHHOLDING ON WAGES.....	16
Fringe Benefits.....	17
TIPS & TIPPED EMPLOYEES.....	18
FEDERAL UNEMPLOYMENT TAX.....	19
W-2s.....	22
FEDERAL UNEMPLOYMENT TAX.....	23
Employer FUTA Expense.....	24
STATE UNEMPLOYMENT TAX.....	25
Employer SUTA Expense.....	26
STATE AND LOCAL TAXES.....	27
FEDERAL OFFICES LISTING.....	30



STARTING A NEW BUSINESS?



New Business Checklist

1. Always prepare a written business plan and financial statements. Consult your financial advisors (accountant, lawyer, etc.) to have the final plan and statements reviewed before proceeding.
2. Decide if you will operate as a corporation, a partnership, a sole proprietorship, or a non-profit organization.

Obtain incorporation papers from the Secretary of State. If you are already "Incorporated" in another state, contact the Secretary of State to get the proper application to do business in the new state.

3. Apply for a **Federal Employer Identification Number (EIN)**. Do so by contacting the nearest office of the Internal Revenue Service and requesting Form SS-4. You may also call the local IRS TELE-TIN hotline service.
4. Apply for a State Sales Tax Number, if you plan to sell a taxable product or service.
5. Contact the State Department of Labor for unemployment insurance registration materials.
6. Contact the **Worker's Compensation Commission** and determine what you are required to do to be in compliance with the Worker's Compensation Act. (This is not necessary for a sole proprietorship without employees).

7. Contact the local municipal office (town clerk, county clerk, etc.), to see if there are any local registration or license requirements.
8. If you plan to operate your business from your home, check with the local code enforcement office to be sure that you are complying with all local requirements.
9. Contact the office of the Bureau of Labor Standards to see what is necessary for compliance with the Occupational Safety and Health Act (OSHA).
10. Contact the State Department of Taxation to request the proper paperwork to be registered, and to receive instructions on withholding and paying of state income taxes.

WHAT'S AN EIN? Employer Identification Number



The number is issued by the Internal Revenue Service. All businesses that pay employees must have one.

The application form for this ID number is called an SS-4, and may be obtained by visiting your local IRS office, or by calling 1-800-829-3676 (TAX FORM).

This number must be used on all employment forms and correspondence relating to your business.

If you have to file a form prior to the time you are issued a number, write "Applied For" in the space allotted for the EIN.

TELE-TIN?



In 1990, the IRS started a service called "TELE-TIN" to help eliminate the long wait that many businesses experienced before being issued an EIN. The program works well, and usually saves employers paperwork and time.

When using this method, employers should have the completed SS-4 ready and contact the IRS Service Center closest to them. The person calling must be an authorized representative of the company, usually an owner or partner.

The IRS can usually issue a number immediately. Used properly, TELE-TIN can expedite the process and eliminate posting and duplicate number errors.

Sole proprietors should not use their Social Security Number (Taxpayer ID or TIN) for this purpose.

FAIR LABOR STANDARDS ACT, WHAT'S THAT TO ME? FLSA



YOU MUST DETERMINE IF YOU FALL UNDER THE PROVISIONS OF the Federal Wage and Hour Laws, which are numerous and somewhat

complicated. There is a dollar volume test for enterprise coverage, specific types of businesses that are automatically covered and what is termed “Individual Coverage.”

Many states have additional sets of regulations for minimum wage and overtime. They may regulate areas not covered by the FLSA, such as frequency of paycheck, method of payment, and reporting requirements to the employee.

The FLSA applies to all employees of enterprises engaged in interstate commerce, producing goods intended for interstate commerce, or working on goods that have crossed state lines. If two or more employees meet the definition of “engaged in interstate commerce,” the FLSA will cover the entire business.

Employees of businesses not covered through “enterprise coverage” can still be covered as individuals if they are involved in the production of goods for interstate commerce.

Interstate commerce is quite broadly defined. Employees who work in communications or transportation, regularly use the mail or telephone systems for interstate communication, keep records of interstate transactions, handle, ship or receive goods that have crossed state lines, or who themselves cross state lines for employment purpose, are all engaged in interstate commerce.

Exceptions to coverage under the FLSA are rare, but the most common one is the small business exemption. The dollar volume test for this exemption is \$500,000.

If the enterprise has an annual gross volume of sales less than \$500,000, it is not covered by the Federal Labor Standards Act. State laws will still apply.

Employees of enterprises found not to be covered by the FLSA may still be covered on an individual basis, providing the duties performed meet the definition of interstate commerce. Therefore, even if an employer meets the small business requirement as a whole, one employee could still be considered as covered by the FLSA and the employees would have to follow the federal requirements for recordkeeping, minimum wage, and overtime.

All employers should consult their local Wage and Hour office for more detailed additional information on the FLSA, as well as the applicable state regulations. Exemptions and exceptions are usually narrowly defined, and employers must be extremely careful when making determinations.

WHAT'S MINIMUM WAGE? Wage & Hour

Employers should be very careful in determining minimum wage, since federal and state laws often overlap, resulting in confusion for business owners. *The most important point to remember when comparing state and federal regulations is that whichever set of rules is more favorable to the employee is what should be used.*

If the employer is subject to federal minimum wage, he or she should check with the Federal Wage and Hour Division for the correct wage for both regular and tipped employees.

If the state has a minimum wage that is higher than the federal, it must be used, since this is more favorable to the employee.

TO WHOM DO I HAVE TO PAY OVERTIME? Overtime



Overtime is another area governed by the FLSA. As with minimum wage, states may also have regulations above and beyond those of the FLSA. Employees may be exempt from overtime provisions of the FLSA if they meet the criteria established. There are four categories of exempt employees: Administrative, Executive, Professional, and Outside Salespeople.

The first three categories carry with them minimum salary tests, as well as requirements concerning how much of the employee's time is spent in what is termed "non-exempt labor." The worker must also perform duties that are considered exempt at least 80% of the time in most industries. To qualify as an "Exempt Outside Salesperson," a person must meet even more complicated guidelines.

There are many misconceptions regarding what constitutes exempt employment for the FLSA. It is important to remember that job duties, not job titles, education, or how an employee is paid (salary/hourly), create exemptions from overtime pay.

There are also specific categories of employment, such as agricultural workers, taxicab drivers, casual baby-sitters, etc., that may also be exempt from overtime and minimum wage requirements.

WHEN DO I PAY OVERTIME, EIGHT HOURS IN A DAY, OR FORTY IN A WEEK?



The Fair Labor Standards Act (FLSA) requires that overtime be paid after 40 hours worked in a week. Vacation, personal, sick, holiday, or any other form of unworked paid time is not required to be included in the 40-hour calculation.

A work week is defined as a fixed period of 168 hours in consecutive 24 hour work periods. Hours may not be averaged between workweeks. Except under specific circumstances, the payroll cycle (pay frequency) does not make a difference.

It is not necessary to pay overtime for more than eight hours worked in a given day, unless the employer is in a state with such a requirement. Federal regulations do not address the number of hours worked in a day. Many companies choose to pay overtime after a certain number of hours in a day, or after 32 hours worked in a holiday week, but do not require it.

The rate at which overtime is paid is usually 1 1/2 times the regular rate of pay in effect for that work week. It is important to be aware that this is not limited to the standard rate of pay for an employee. The regular rate of pay includes supplemental payments made (e.g. bonuses), as well as commissions. If a person worked at several different rates of pay, these must be averaged to determine the actual rate of pay for the week.

What this means is that the employer should divide the total earnings for the week by the total hours to find the effective rate of pay. This rate is then used to calculate the overtime premium rate.

WHAT SPECIAL RULES ARE THERE FOR TEENAGERS? Employment of Minors



Employers are not permitted to hire people under the age of 14. Parents (Sole Proprietors of 100% owners) are the only exceptions to this rule.

Individuals under the age of 16 may be employed with certain restrictions. These restrictions include the number of hours worked in a day and the time of day.

A person under the age of 18 may be employed only in non-hazardous jobs. “Hazardous” can mean something as simple as operating a slicing machine in a meat department, so investigate the laws before you assign duties to a minor.

If you do plan to employ minors, it is a good idea to obtain federal age certificates for them. These are a precaution for employers in case a person offers fraudulent proof of age when starting work. Some states offer age certificates that are recognized by the federal government, while others are not considered acceptable.

Your state Wage and Hour office can help you with the details.

I'M HIRING A FRIEND; DO I STILL NEED TO COMPLETE AN I-9 FORM?



Due to the **Immigration Reform and Control Act of 1986**, (IRCA), it is every employer's responsibility to make sure that anyone they hire is authorized to work in the United States. To comply with this Act, each employer must have all new employees complete an employment eligibility form called an I-9.

The law requires that employers keep the completed forms on file for all employees hired after November 6, 1986. It does not permit employers to selectively require the completion of the document based on race, creed, name, or national origin. This means that an employer cannot choose only certain employees to fill out the form, if, for example, they have "foreign" names.

There are significant penalties, criminal as well as civil, associated with the employment of unauthorized individuals.

Since the passage of this Act, Federal Wage and Hour inspectors have been empowered to review I-9 forms. Any employer with a Wage and Hour audit can expect to have I-9's reviewed at the same time.

The Office of Immigration and Wage and Hour have agreed to share this duty in an effort to obtain more widespread compliance with the law.

More information can be found by calling 1-800-375-5283. Written requests should be sent to the following address, to the attention of the Employer Relations Officer:

U.S. Department of Justice
Immigration and Naturalization Service
425 I Street, NW
Washington, DC 20536

The publication to request is "Handbook for Employers, Instructions for Completing Form 1-9." This contains several copies of the 1-9 Form. It also includes a section with samples of acceptable proof of employment eligibility and proof of identity.

The Department of Immigration and Naturalization has at least one office in each state, and can be found in the phone book under "U.S. Government."

NEW HIRE AND REHIRE REPORTING; WHAT'S THAT?



Many states currently require employers to report newly hired or rehired employees to a central agency on a regular basis.

This is intended to serve the purpose of detecting fraud and abuse in unemployment, public assistance, and workers compensation programs. Delinquent payers of child support are also detected via these reporting mechanisms.

Employers in these states are required to submit a special form, copy of a W-4, a computer print out, or magnetic media to a state agency. Usually one of the following is selected to administer the reporting program: The Department of Human Services, the Department of Revenue, or the Department of Labor.

Some states have targeted only specific industries, or a certain size employer, while others require reporting across the board for everyone. In some cases, certain types of employees may not have to be reported.

Employers should make every effort to locate the appropriate information for their jurisdiction. Each state has its own rules, forms, and time requirements for reporting.

**ISN'T OSHA JUST FOR
CONSTRUCTION
COMPANIES, OR EMPLOYERS
IN HIGH RISK INDUSTRIES?**
Occupational Safety & Health Act of
1970



OSHA established the national standards for safety and health in the workplace. Any private employer in a business affecting commerce, and with one or more employees, is covered by this act. "Covered" simply means that they have to follow the regulations of the Act.

The U.S. Department of Labor, OSHA Division, administers this program. The agency does inspections of workplaces for the following: imminent danger, catastrophes or fatalities, employee complaints in reference to safety, and normal inspections of high-hazard areas.

Employers are required to display an OSHA poster entitled "Job Safety and Health Protections." You should also display an annual summary of injuries and illnesses during February of each year. Any citations issued must be posted for at least three days, or until the hazard is corrected.

The posters are available from any office of the Department of Labor. Employers of more than ten employees are also normally required to maintain OSHA Form 200, Record of Occupational Injuries and Illnesses.

There are severe penalties for noncompliance with OSHA standards, some going as high as \$10,000 per violation, so a call to this office can save you some serious headaches.

OSHA offices are found in the phone book under "U.S. Government, Labor Department."

WHO'S AN INDEPENDENT CONTRACTOR, AND WHO'S AN EMPLOYEE?



How an employer defines the relationship which exists when someone performs services can have a large impact on the way a business operates. A person performing services might be an independent contractor, a statutory employee, a common-law employee, or a statutory non-employee.

An employer generally must withhold income tax, withhold and pay social security tax, and pay unemployment taxes on wages paid to an employee. A business does not usually have to withhold or pay taxes on money paid to independent contractors.

Misclassification of the employer-employee relationship is a prime area for IRS enforcement. The IRS has targeted the "contract labor" category of payment as one which is easily and frequently abused. They are taking a serious look at anyone classified as "contract" to be sure that they have not been misclassified by a firm which should more properly be called their employer.

If someone is truly an independent contractor, the business contracting for services must provide a 1099-MISC. to the individual if they were paid more than \$600.00 in the calendar year. This is the "Statement to Recipients of Miscellaneous Income," and copies must be filed with appropriate state and federal agencies, similar to a W-2.

Self-employed individuals shoulder the burden of paying the appropriate federal, state, and local income taxes. In many cases, they should be making estimated tax deposits on a quarterly basis.

The employer should also be aware that most states have separate sets of guidelines on what constitutes an employer/employee relationship. Frequently these differ dramatically from those of the federal government. You should review both sets of applicable criteria when deciding how to classify a worker.

More information can be found by calling 1-800-TAX-FORM, and asking for Publication 937, (Business Reporting). If you believe that your situation is unclear after reviewing the materials, you may complete FORM SS-8, and the Internal Revenue Service will make the decision for you.

Using independent contractors can be a good business decision, and can save employers money in payroll taxes, employee benefits, and workers compensation costs. Nonetheless, it pays to be careful, since mistakes can be costly.

An employer must have a reasonable basis for treating a worker as other than an employee. If you do not have a good reason for doing so, you may be subject to large fines and back taxes.

HOW DO I KNOW WHAT TO WITHHOLD ON A NEW EMPLOYEE?

Withholding on Wages



Each new employee must complete a Form W4 as soon as they report for work so that you can correctly compute their federal withholding tax. The W4 must include their Social Security Number and will remain in effect until that employee completes a new form.

Some states have their own required version of a withholding certificate. You should check with your state to see what they require.

If an employee does not complete a W4 Form, you are required to withhold as if the person were claiming single with zero allowances. An employee must not alter the language of the W4 and must sign it to make it a valid form.

Generally, you must withhold income tax from all wages you pay employees. The amount to be withheld is computed each pay period.

You should not withhold from someone who claims “exempt” on the W4, and any worker who claims this status must complete a new W4 each year by February 15th. Anyone who claims more than 10 exemptions must be reported quarterly to the Internal Revenue Service.

HOW DO I TAX BONUSES AND FRINGE BENEFITS?

Withholding on Payments Other than Regular Wages



There are a great many types of payments that are made to employees which are not "regular wages." Most of these are subject to withholding for Federal Income Tax and Social Security Tax, as well as state and local withholdings. These types of payments include bonuses, commissions, awards, portions of dependent care and educational assistance programs, payment of some group term life insurance, excess mileage, and personal use of a company car, just to name a few.

Taxation of fringe benefits and awards is an area which is constantly changing as ways are sought to increase governmental revenues. Much of the new legislation each year at the state and federal levels is targeted at altering the taxation of payroll benefits. You should consult with your financial advisor before making any assumptions as to the taxability of any benefits that you may choose to provide to your employees.

The Circular E, Employer's Tax Guide, contains additional information on withholding and taxation of payments. Call the Internal Revenue Service and request one at 1-800-TAX-FORM.

WHAT ABOUT MY TIPPED EMPLOYEES? Tips



Your employees must report cash tips over \$20.00 to you in writing each month. This includes tips directly received by the employee, as well as charged tips which are turned over later to the employee. You must collect income tax and employee social security tax on tips reported to you by your employees. You may withhold these taxes from wages due the employee, or from other funds that the employee makes available.

You may have to complete additional calculations and fields on your employees' Form W2. This occurs when employees do not report sufficient tip income to you over the course of the year. When this happens, you report an estimated additional tip income amount on each employee's W2, as a result of a calculation termed "Tip Allocation." Ultimately, this will have a direct effect on your employees' personal tax returns.

Most large food or beverage establishments must report additional information to the federal government concerning their employees' tip income. If you are subject to these additional rules, you must file an "Employer's Annual Information Return of Tip Income and Allocated Tips." This is Form 8027.

Publication 531, "Reporting Income from Tips," contains additional information, and can be requested by calling 1-800-TAX-FORM.

A business tax credit is available to restaurant owners for the amount of employer paid FICA taxes on excess tips. Excess tips are those which were not used to bring a tipped employee up to the applicable minimum wage. You should ask your financial advisor for a copy of Form 8846 to claim this credit.

HOW, WHEN, AND WHERE DO I PAY AND REPORT ALL THESE TAXES TO THE IRS?

Social Security and Federal Withholding Tax Deposits



Generally, you report Social Security, Medicare, and Federal Income tax on Form 941, Employer's Quarterly Federal Tax Return. There are several exceptions to this rule.

- Agricultural employers file an Annual Form 943
- Annual Form 945 is used to report non-payroll items such as backup withholding, gambling income, and pension distributions.

All payroll tax returns are due on the last day of the month following the end of the period. The period is either a calendar quarter (941), or a calendar year (945 & 943).

The quarter and year ending dates do not change, so your fiscal year does not affect due dates.

The quarter ending dates are as follows:

Quarter	Ending Date	Due Date
First	March 31	April 30
Second	June 30	July 31
Third	September 30	October 31
Fourth	December 31	January 31

Deposits for income tax and social security tax are made periodically over the course of the year, based on a filing frequency which you have been assigned by the Internal Revenue Service.

Filing frequencies are monthly, quarterly, or semi-weekly. Although these are assigned by the IRS, your frequency may change without notice if you exceed certain threshold amounts. You are also responsible for making a deposit within 24 hours if your taxes are \$100,000 or more.

You must be within 98% accuracy when making deposits. You may also be required to make deposits electronically. Electronic payment requirements are based on certain threshold amounts which trigger the process.

All employers are provided with a yellow coupon booklet with which to make their payments. The payment coupons in the booklet (Forms 8109), should be completed as per the instructions and taken to an authorized financial institution (usually any commercial bank), along with the full amount of the taxes.

It is critical to complete these forms accurately, since they are used by the IRS to credit your account for payment of your taxes.

If you do not have a booklet when it is time to make a deposit, you should go to the nearest IRS office and request assistance.

DO I MAIL MY TAX PAYMENTS TO THE IRS? Federal Tax Payments



Employers are rarely required to mail a payment to the IRS. All regular payroll taxes should be remitted via the coupon system or electronically.

Two times you might have to send payment through the mail are:

1. You do not have an EIN. If one has not yet been issued to you, the payment should be mailed with all identifying information marked on the payment. These cases are rare, and you should call or visit your local IRS office for assistance before mailing a tax payment of this nature.
2. You owe back taxes to the IRS, or you are being assessed a penalty by the IRS. You should send payment in these cases to the service center that assessed the tax. Always include any related correspondence with all information clearly marked on both your check and the other paperwork.

WHEN DO I HAVE TO DISTRIBUTE W2s? W2s



All employers are required to furnish a W2 to each person employed each year. This form must show total wages and other compensation, tips reported and allocated, taxable wages and tips for social security, Medicare, and federal withholding, as well as all withholdings for state, federal, and local income tax or disability.

There are also stringent requirements concerning the correct reporting of various fringe benefits, expense reimbursements, and pension plan contributions.

You must give this form to your employees as soon after December 31 as possible. The deadline for providing these is January 31. If employees terminate their employment during the course of the year, they are also within their rights to request a W2 at that time. You must then provide them with one within 30 days of their request.

W2s can be mailed to the last known address of an employee. Undeliverable ones should be retained for at least 4 years.

A Form W-3 must be completed annually by the last day of February to send to the Social Security Administration along with Copy A of the W2s. If you file 250 or more W2s for a year, you must report the information to the SSA on magnetic media.

Amounts reported on the W2s must agree with the totals reported on the quarterly tax returns for the year, as well as the totals reflected in the W3.

Additional information concerning W-2s can be found in Circulars A & E, and Publication 393 "Federal Employment Tax Forms."

DO I PAY FEDERAL UNEMPLOYMENT TAX? (FUTA)



Together, federal and state unemployment systems provide benefits to workers who have lost their jobs. Federal unemployment dollars fund the state employment agencies' programs. Most employers pay both a state and a federal unemployment tax, but occasionally an employer may be subject to only one.

Typically, you are subject to federal unemployment tax on wages you pay to non-farm or household workers if in any quarter the wages you paid to employees in this category were \$1,500 or more

OR

you had at least one employee in any day or part of a day in 20 weeks of the calendar year. The weeks do not have to be consecutive, and individuals on sick leave or vacation are counted as employees.

Farm workers and domestic employees are subject to other rules for FUTA coverage.

There are several categories of workers whose wages may be exempt from taxation. Employees at qualified summer camps and foreign workers admitted to the United States under certain conditions are two examples of exempt categories.

Additional information is available in both the Circular E and the Circular A.

HOW MUCH DOES FUTA COST? Employer FUTA Expense

\$\$\$ Federal unemployment taxes figured on the first \$7,000 in wages paid to each employee each year. This equates to a maximum FUTA payment of \$56 per employee (earning over \$7,000) per year.

Federal Unemployment Tax is an assessment paid by the employers. You may not collect or deduct this from your employee's pay.

The rate for FUTA is 6.2% for all employers. A credit of up to 5.4% is given for timely payment of state unemployment taxes. This brings the effective tax rate for most taxpayers to .8%.

The federal unemployment tax is reported on Form 940. This is an annual return and is due on or before January 31 for the previous year. You may have to make deposits during the year depending on the amount that you owe at the end of each quarter.

Deposit due dates are based on the amount calculated at the end of the quarter. If you owe less than \$100 at the end of a quarter, no deposit is required. If you owe \$8,100 or more, the full amount is due by the last day of the month following the end of the quarter. Don't forget to add any unpaid amounts from previous quarters when determining if you have reached the \$100.

All 940 deposits are made on an 8109 coupon. Simply follow the directions for completion, and take to an authorized financial institution.

WHAT IS STATE UNEMPLOYMENT TAX? SUTA, SDI, SUI



All states require some sort of unemployment tax form. In order to fund unemployment benefits, the remittance and accompanying forms are due on a quarterly basis. In most states, the tax is paid solely by the employer.

Many states are now using the quarterly unemployment tax vehicle to also collect some version of a training tax for displaced worker placement.

Several states require withholding from the employee for either unemployment, disability, or both. This is paid and reported on the quarterly form which includes the employer's portion of the taxes. The employer is responsible for payment of these taxes whether or not they were able to collect them from the worker.

WHAT'S THE RATE FOR STATE UNEMPLOYMENT? Employer SUTA Expense

\$\$\$ Each employer is assigned an unemployment rate by their state. This rate is used to determine how much unemployment tax a company pays each year. There are several different formulas used by the states to arrive at these rates.

The most commonly used formula utilizes the experience rating for the employer and the overall unemployment situation for the state. Experience rating simply means how much money paid out in benefits is attributable to the employer.

Each state sets their own wage base on which a calculation is performed. The range for this base goes from \$7,000 (federal base), to unlimited, which means that the employer pays at the rate assigned on all wages paid during the year.

The states also set the requirements for the method in which wage and tax information is reported and paid. Every state has its own forms and formats. Many also require specialized automated reporting when the number of employees exceeds a predetermined threshold.

Federal and state employment agencies share the information reported to each agency. This mandates that all reports submitted to states match the information reported to the federal government. Failure to do so can result in penalties and interest.

More information can be found by contacting your State Department of Labor.

WHAT OTHER TAXES ARE THERE?

State and Local Taxes



State and local taxes can be grouped into two categories. They are:

1. Employer-Paid Taxes

- State Unemployment Tax
- State Disability Tax
- Local Occupational Privilege Tax
- Payroll Expense Tax
- Medical Fund Tax

2. Employee-Paid Taxes

- State Income Tax
- State Unemployment Tax
- State Disability Tax
- Local Income Tax (County, City, School District)
- Local Occupational Privilege Tax (Head Tax)
- License Fees

The employer is responsible for withholding and proper payment of all employee payroll taxes.

State Income Tax requirements are varied. There are several states without an income tax at this time. States that assess a state withholding tax are free to regulate the payment and reporting of the tax in whichever way they choose.

The payment process is different from state to state, and payment frequencies can be annually, semiannually, quarterly, monthly, weekly, semiweekly, or daily. Many states also mandate electronic transfer of funds when a certain threshold has been reached.

States with an income tax normally require an annual reconciliation comparing the amounts paid during the year to the sum of the withholding shown on the employee W2s distributed for the year. The form numbers, information requirements, and due dates are established by each state.

Local tax can be city, county, school district, or any other type of tax required by a jurisdiction below the state level. These types of taxes are governed by the locality concerned. In some cases, the local taxes are paid and reported on the same form as the state tax, while other areas may require the use of their own unique forms.

Some localities require remittance on a quarterly basis, while others look for more frequent payments and/or reporting. Larger localities are now mandating electronic or automated annual reporting as well.

Thank you for your interest in Time Plus Payroll Services, we hope this booklet has provided useful information regarding your business. Please feel free to contact your local Time Plus Payroll Services office for additional help regarding the set up of your payroll.

Federal Offices Listing

Try looking in your phone book under "U.S. Government" for your local branch.

Internal Revenue Service

1111 Constitution Avenue, NW
Washington, DC 20224

U.S. Department of Justice

Immigration and Naturalization Service
425 I Street, NW
Washington, DC 20536

U.S. Department of Labor

Wage and Hour Division
200 Constitution Avenue, NW
Washington, DC 20210

U.S. Department of Labor

Occupational Safety and Health Administration
Francis Perkins Building
200 Constitution Avenue, NW
Washington, DC 20210

This publication is intended to give accurate information in regard to the topics being covered. The provider is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

