

Reporter

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Fall 2017

A Newsletter for Employers

IRS Online Payment Agreement application available

All taxpayers have electronic payment options available to them at [IRS.gov/payments](https://www.irs.gov/payments). Taxpayers who need additional time to pay can apply for a payment agreement.

IRS Direct Pay is free and allows individuals to pay their taxes directly from their bank account. Other payment options include payment by debit or credit card for a fee.

Taxpayers who can't pay in full have the option to use the IRS [Online Payment Agreement](#) (OPA) application to request a short-term payment plan (up to 120 days) or long-term payment plan (up to 72 months). Page one of the application explains who qualifies to use OPA and what information is needed to apply.

Some things to keep in mind:

Short-term is free to setup. The faster a taxpayer pays what they owe, the less the penalty and interest charges will be. Otherwise, make your monthly payments as much as possible. And there is no set-up fee for a short-term payment plan up to 120 days.

Long-term includes set-up fee. A set-up fee of \$149 (\$43 for low income) is charged to set up longer installment plans through OPA. All taxpayers can reduce this fee to \$31 by setting up their installment plan online and by making their payments using direct debit from their checking or savings account. Using direct debit also means no checks to write, no envelopes to mail and less chance of a missed payment. Penalties and interest will be charged until the balance is paid in full. Making payments through direct debit is required if the taxpayer owes more than \$25,000.

The OPA application will notify the taxpayer immediately if the IRS approves their payment plan.

If the taxpayer wants a payment plan and doesn't meet the qualifications to apply online, or prefers not to use the online application, they can submit IRS Form 9465, [Installment Agreement Request](#) (PDF) with their income tax return or with their response to a billing notice. A set-up fee of \$225 (\$43 for low income) will be charged if the taxpayer chooses to pay by check. A set-up fee of \$107 (\$43 for low income) will be charged if the taxpayer chooses to pay by direct debit from their checking or savings account.

If a taxpayer owes more than \$50,000 or needs longer than 72 months to make payments, they will also need to submit IRS Form 433-F, [Collection Information Statement](#) (PDF), with their installment agreement request. Visit [IRS.gov](https://www.irs.gov), [Payment Plans](#), [Installment Agreements](#), for more information.

Tax withholding

Finally, taxpayers who have a tax bill at the end of the tax year may want to adjust their withholding, and if applicable, their quarterly estimated tax payments, to avoid future balance dues. Failure to pay taxes on time results in penalties and interest. The failure-to-pay penalty, which is the penalty for any taxes not paid by a tax return's due date, is 1/2 of 1 percent of the unpaid taxes per month and can be up to 25 percent of the unpaid amount. The amount owed can continue to add up until the balance is paid in full.


Visit [IRS.gov](https://www.irs.gov) and search "withholding" or "estimated tax" for more information on tax withholding and estimated tax. Also available is IRS Publication 505, [Tax Withholding and Estimated Tax](#) (PDF). [IRS](#)

Filing requirements for Forms W-2, W-3 and 1099-MISC

The Protecting Americans from Tax Hikes Act requires you to file Forms W-2 and W-3 with the Social Security Administration by January 31, whether filing paper forms or electronically.

The law also requires you to file Form 1099-MISC, when reporting non-employee compensation payments in Box 7, with the Internal Revenue Service by January 31.

Failure to file these forms correctly and timely may result in penalties.

For more information, read the instructions for [Forms W-2 & W-3](#) and [Certain Information Returns](#) and the [Information Return Penalties](#) page on at IRS.gov. 

IRS offers a variety of ways to pay

There are several options available to you when you pay your taxes. You can pay online, by phone or from your mobile device. Visit [IRS.gov/Payments](#) for easy and secure ways to pay your taxes.

Here are a few of the options available to you.


With [IRS Direct Pay](#) you can pay your taxes directly from your bank account at no cost to you. You receive instant confirmation after you submit your payment.

If you prefer to pay with a [debit and credit card](#) you can pay online or by phone through any of the authorized processors. Though the IRS does not charge a fee for this service, the card processors do. You will find the payment processors and their telephone numbers on [IRS.gov/payments](#).

The [Electronic Federal Tax Payment System](#) is available for businesses and individuals. Once you enroll you can pay various types of taxes year-round. Go to [EFTPS.gov](#) or call 1-800-555-4477.

[IRS2Go](#) provides easy access to mobile-friendly payment options [Direct Pay](#) for free and debit or credit card payments through an approved payment processor for a fee. Download IRS2Go from Google Play, the Apple App Store or Amazon, and pay anytime, anywhere.

The quickest and easiest ways to make tax payments are [online](#) or with the [IRS2Go](#) mobile app. But if cash is your only option, you can use [PayNearMe](#). With [Official Payments](#) and [PayNearMe](#) you can pay your taxes at a [participating 7-Eleven location](#) in your area. Visit [IRS.gov/paywithcash](#) for instructions.

All of the electronic payment options are quick, easy, secure, and you receive immediate confirmation after you submit your payment. 

IRS introduces an email option for Direct Pay and the Electronic Federal Tax Payment System

The IRS provides a number of [electronic payment options](#) to help taxpayers meet their tax obligations. As demand continues to grow, IRS continues to add more options to improve the electronic payment process. Taxpayers can now sign up for email notifications when using [IRS Direct Pay](#) or [EFTPS](#) to pay their taxes. This new email feature allows taxpayers to receive notifications about their payments in their personal email accounts.

Taxpayers requested this email option based on survey feedback the IRS received through IRS.gov. Prior to adding this feature, taxpayers would have to record or print their electronic payment confirmations manually at the time they make their payments. This was the only opportunity to record or print this information.

Once taxpayers sign up they'll receive notification messages that show:


- payment scheduled,
- reminder for a scheduled payment,
- payment cancellation,
- payment modified (Direct Pay only) and
- return of a payment,
- address change confirmation.

EFTPS users can opt in to receive email notifications when they enroll or update their enrollment. Business taxpayers using a payroll service provider and who are either enrolled in EFTPS or have received an Inquiry PIN will need to update their enrollment themselves to opt in to receive email notifications.

The taxpayer will need to have the PIN and password to access the enrollment. Also, representatives for the business who can legally authorize transactions from the taxpayer's account can enroll the business in EFTPS. For example, if the payroll manager has the authority to sign checks for tax payments then they can enroll the business in EFTPS.

Individual taxpayers can use [Direct Pay](#) to opt in to receive email notifications each time they make a payment. To better protect taxpayers, there are no web links within the email notifications. If taxpayers see any links in an email about payments from the IRS, they should not click on those links in order to avoid any phishing scams.

The IRS continues to remind taxpayers to watch out for [email schemes](#). Taxpayers will only receive an email from [IRS Direct Pay](#) or [EFTPS](#) if they've requested the service. Taxpayers should report all unsolicited email claiming to be from the IRS or an IRS-related function to [phishing@irs.gov](#).

Let your employees know about this email option. For more information about tax payments visit [IRS.gov/payments](#). 

Recent IRS guidance explains Professional Employer Organizations liability for employment taxes

When employers contract with professional employer organizations (PEOs), the employers generally remain liable if their employment taxes are not paid. However, there are instances where the liability shifts to the PEO, even outside the IRS's new certified professional employer organization (CPEO) program. Both a June Chief Counsel Advice (CCA) letter and a recent federal court decision explain that the liability hinges on who is an IRC §3401(d)(1) employer.

IRS CCA letter: Employer is liable. The IRS issued [CCA letter No. 20172405](#) in mid-June determining that an employer that had contracted with a PEO was liable for paying its own employment taxes after the PEO failed to remit them.

Background. The employer signed a contract with a PEO for the PEO to administer the employer's payroll related to the employees who the PEO retained to work at the employer's location. The PEO paid wages from its own accounts, and it filed employment tax returns and furnished Forms W-2 to these employees.

The employer did not verify whether the PEO filed or paid the employment taxes or filed the appropriate returns. The employer learned during an audit that the PEO failed to remit employment taxes. The employer asserted that it paid the full amount to the PEO, so it was not liable for the unpaid employment taxes that the PEO failed to remit.

The 'statutory employer.' The IRS was asked to determine whether the PEO was the "statutory employer" under §3401(d)(1) and, therefore, liable for the employment taxes. The key issue in determining the PEO's liability was whether it had control of paying wages to those employees.

Contract determines outcome. Based on the contract, the PEO was not considered "to be in control of the payment of wages" within §3401(d)(1) because the PEO did not assume legal responsibility for payment of the wages to the employ-

ees. Under the contract, the employer had to pay the PEO an amount equal to the employees' wages in advance of the next pay date. To ensure that the PEO would not be ultimately responsible for paying wages, the employer had to provide a security deposit or letter of credit naming the PEO as beneficiary to cover the wages. The PEO could terminate the contract immediately without notice, and the employer would be "responsible for payment of all wages, salaries, and employment-related taxes." The IRS concluded that the PEO acted as a conduit for the employer's wage payments and, therefore, was not a §3401(d)(1) statutory employer.

Court finds PEO was statutory employer. In a recent case, a federal district court found that Paychex, acting as a PEO, was the statutory employer for employment tax purposes [*Paychex Business Solutions, LLC v. U.S.*, No. 8:15-cv-1455-T-24 (M.D. Fla., 6-22-17)]. The Court found that Paychex had control over the payment of wages to the worksite employees, because its client companies had no authority over, or access to, the bank accounts through which the employees were paid. Because Paychex had complete control, the court decided it was the §3401(d)(1) statutory employer of the worksite employees and could sue for a refund of its tax overpayment.

New CPEO program allows CPEOs to assume liability. The Tax Increase Prevention Act of 2014 (Pub. L. No. 113-295) required the IRS to establish a voluntary certification program for PEOs. Once a PEO becomes a CPEO, it may be treated as the employer of its clients' employees for employment tax purposes if certain other conditions are met. The IRS has created a webpage for information on the CPEO program and on July 14 released the first list of CPEOs. [APA](#)

Employees can access federal tax information securely online

Let your employees know they can access their IRS account information safely and securely on [IRS.gov/account](#).

IRS continues to expand taxpayer services by adding new features to online tools. Individual taxpayers can access their federal tax account through a secure login at [IRS.gov/account](#). They can view the amount they owe, see details on their balance, view 18 months of payment history, access Get Transcript, and view key tax return information from their current year tax return. In addition taxpayers can pay from their [bank account](#) or with a [debit or credit card](#) and apply for an [online payment agreement](#) if they need more time to pay.

First time users must authenticate their identity through the Secure Access process. There's additional information about secure access at [IRS.gov/secureaccess](#). Returning users can log in with their user name and password.

The account balance will update no more than once every 24 hours, usually overnight. After making an electronic payment, allow at least two business days for it to appear in the payment history. Allow two weeks if paying by mail.

IRS will continue to add additional features in the future to help individual taxpayers to conveniently monitor their account information online. [IRS](#)

Online Tax Calendar highlights 2018 deadlines

Don't miss a deadline: Customized IRS tax calendar contains important tax dates.

The IRS Online Tax Calendar can be there for customers 24 hours a day. And even on a mobile device.

The calendar download is virtually instantaneous – taking less than a minute to transfer.

Businesses can use the online tax calendar as a reminder by customizing the calendar to suit their needs.

Users can alter the calendar sorting by general employment type, excise, monthly depositor, or semi-weekly depositor.

The online calendar has embedded links to other important information including workshops, meetings, tax classes and the Small Business and Self-Employed Tax Center.

Access

- IRS Online Tax Calendar
- IRS Online Tax Calendar video
- IRS Online Tax Calendar American Sign Language
- IRS Online Tax Calendar Spanish

IRS

Improving new hire reporting compliance: Making a difference through outreach

Did you know employers reported 65.6 million new hires in FY2016? Child support agencies use information reported to the State Directory of New Hires (SDNH) by employers about new and rehired employees to establish, modify, and enforce child support orders. All SDNHs send the new hire information to the National Directory of New Hires (NDNH).

While FY2016 new hire numbers are very encouraging, many state child support agencies reported challenges some employers had complying with new hire reporting requirements. Challenges included employers:

- Not responding to state letters and calls;
- Lacking an understanding of the requirement to report new hires;
- Experiencing staff turnover; and
- Discovering their vendor contract does not support new hire reporting services.

To assist states in their outreach efforts, the federal Office of Child Support Enforcement (OCSE) conducted a pilot to determine if employers identified as not complying with new hire reporting requirements would respond favorably to a letter from the federal office urging them to report. We used the following methodology to identify those employers:

- We compared a recent quarterly wage report to a previous quarterly wage report;
- We considered employees listed in the recent quarter, but not found in the earlier quarter, under the same employer's Federal Employer Identification

Number (FEIN) as possible new hires;

- We compared those possible new hires to 24 months of new hire records in the NDNH; and
- We considered employers that did not report those individuals as a new hire to be potentially non-compliant with new hire reporting requirements.

(Note: In using this methodology, employers that report new hires and quarterly wages under a different FEIN may appear as non-compliant.)

OCSE worked with 13 state child support agencies to conduct two new hire compliance outreach campaigns in August 2015 and July 2016 and mailed 696 letters to potentially non-compliant employers.

Due to our outreach effort, 461 of the 696 employers (66 percent) who received a letter began and continue to report new hires. This demonstrates that targeted outreach, a letter from OCSE, and states and OCSE following up with employers increase awareness and compliance of new hire reporting.

For more information about new hire reporting, please visit our [website](#). If you would like to confirm that your company is complying with new hire reporting requirements, contact us at employerservices@acf.hhs.gov. 

IRS eBooks are a convenient way to get tax information

The IRS unveiled its 100th eBook — a key milestone in IRS Future State efforts to take advantage of the latest technology to meet the changing needs of taxpayers.

IRS eBooks offer a convenient way to read and review some of the most commonly used IRS tax products. You can view the 1040 instructions, Publication 17, and other popular tax publications using mobile devices such as smart phones, tablets and eReaders.

The eBook format's improved navigation and adjustable text size

enhances accessibility for everyone. It's compatible with text-to-speech on mobile devices, and lets users add comments and bookmarks.

Tax publications are also available on irs.gov for downloading — at no charge — in PDF and HTML versions. To view and download, use the 'Forms and Pubs' tab on IRS.gov. You can often get tax products online six to eight weeks before paper products are available.

IRS.gov continues to be the best place to get the products and help you need. It's quick, easy, free and available 24/7. 

Updated Form I-9 release

United States Citizenship and Immigration Services released a revised version of [Form I-9, Employment Eligibility Verification](#), on July 17. Instructions for how to download Form I-9 are available on the Form I-9 page. Employers can use this revised version or continue using Form I-9 with a revision date of 11/14/16 N through Sept. 17. On Sept. 18, employers must use the revised form with a revision date of 07/17/17 N. Employers must continue following existing [storage and retention rules](#) for any previously completed Form I-9.

We changed the name of the Office of Special Counsel for Immigration-Related Unfair Employment Practices to its new name, Immigrant and Employee Rights Section.

We removed “the end of” from the phrase “the first day of employment.”

Revisions related to the list of acceptable documents on Form I-9:

We added the Consular Report of Birth Abroad (Form FS-240) to List C. Employers completing Form I-9 on a computer will be able to select Form FS-240 from the drop-down menus available in List C of Sections 2 and 3. E-Verify users will also be able to select Form FS-240 when creating a case for an employee who has presented this document for Form I-9.



Instructions Start Over Print

Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9
OMB No. 1615-0047
Expires 08/31/2019

Employee Name from Section 1:			Last Name (Family Name) <input type="text"/>	First Name (Given Name) <input type="text"/>	Middle Initial <input type="text"/>
Section 3. Reverification and Rehires (To be completed and signed by employer or authorized representative.)					
A. New Name (if applicable) <input type="text"/>			B. Date of Rehire (if applicable)		
Last Name (Family Name) <input type="text"/>	First Name (Given Name) <input type="text"/>	Middle Initial <input type="text"/>	Date (mm/dd/yyyy) <input type="text"/>		
C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.					
Document Title <input type="text"/>	Document Number <input type="text"/>	Expiration Date (if any) (mm/dd/yyyy) <input type="text"/>			
I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.					
Signature of Employer or Authorized Representative <input type="text"/>		Today's Date (mm/dd/yyyy) <input type="text"/>	Name of Employer or Authorized Representative <input type="text"/>		

Form I-9 07/17/17 N

Click to Finish

We combined all the certifications of report of birth issued by the Department of State (Form FS-545, Form DS-1350, and Form FS-240) into selection C #2 in List C.

We renumbered all List C documents except the Social Security card. For example, the employment authorization document issued by the Department of Homeland Security on List C changed from List C #8 to List C #7.

Where to find additional information on the latest Form I-9:

<https://www.uscis.gov/i-9-central/whats-new>

<https://www.uscis.gov/news/alerts>

These changes are included in the revised [Handbook for Employers: Guidance for Completing Form I-9 \(M-274\)](#), which has been reformatted for easier navigation. Stay informed; visit [I-9 Central](#), sign up for [email updates](#) and follow us on Twitter [@EVerify](#). **DHS**

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