

**Social Security
Administration**

**Internal
Revenue Service**

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Internal Revenue Service

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Reporter

Spring 2008

A Newsletter
for Employers

QETP Initiative Enables IRS and States to Share Employment Tax Examination Results

Officials from the Internal Revenue Service and workforce agencies from 31 states have entered into agreements to share the results of employment tax examinations.

The agreements, part of the Questionable Employment Tax Practice (QETP) initiative, provide a centralized, uniform means for the IRS and state employment officials to exchange data, thereby leveraging resources and encouraging businesses to comply with federal and state employment tax requirements.

Collaborative Effort

The agreements are the result of a collaborative effort between the IRS, state workforce agencies from California, Michigan,

New Jersey, New York and North Carolina, the United States Department of Labor (DOL), the National Association of State Workforce Agencies (NASWA), and the Federation of Tax Administrators (FTA). All of these agencies worked together to develop the agreements and were instrumental in helping make sure the agreements meet the needs of the participating states as well as the needs of the IRS.

The agreements help the IRS and its state partners to improve compliance in the employment tax arena, leverage increasingly tight resources, reduce fraudulent filings, uncover employment tax avoidance schemes, and ensure proper worker classification.

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New Form for Misclassified Workers to Report Social Security Taxes

On December 20, 2007, the IRS announced in press release IR-2007-203 that Form 8919, *Uncollected Social Security and Medicare Tax on Wages* was available for employees who have been misclassified as independent contractors by an employer to figure and report the employee's share of uncollected social security and Medicare taxes due on their compensation.

Taxpayers who file the Form 8919 include section 530 employees—that is, people who work for employers claiming relief from federal payroll taxes under section 530 of the Revenue Act of 1978. It also includes employees who are treated as independent contractors but who have received a determination letter from the IRS which states they are employees. Workers who believe they are misclassified as independent contractors can file Form SS-8 with the IRS and request a determination of their worker classification.

The IRS will send the data from the Form 8919 electronically to the Social Security Administration to ensure that the proper social security and Medicare taxes will be credited to a filer's social security account.

Form 8919 is available for use for the 2007 tax year. Taxpayers can file Form 8919 and pay their share of the social security and Medicare tax with their 2007 Form 1040, which has a new tax payment line, *Line 59—Unreported Social Security and Medicare Tax for Forms 4137 and 8919*. Taxpayers can also file and pay with the Forms 1040NR-EZ, 1040-SS, or 1040-PR. Taxpayers cannot file Form 8919 with Forms 1040A or 1040-EZ.

Taxpayers should use Form 8919 for 2007 and later years and discontinue using Form 4137 to report misclassified wages. Taxpayers should use Form 4137 only to figure and report the social security

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IRS Launches New Electronic Filing System for Small Tax-Exempt Organizations

The IRS launched a new free electronic filing system to enable small tax-exempt organizations to file Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ*.

The new electronic filing requirement, a provision of the Pension Protection Act (PPA) of 2006, applies to organizations not required to file Forms 990 or 990-EZ because their gross receipts are normally \$25,000 or less. Form 990-N can only be filed electronically; there will not be a paper version of the form.

How to Use

Filers will access and register to use the electronic filing system through the IRS Web site, IRS.gov (<http://www.irs.gov>). After registering as a user and creating a Login and Password, the filer will receive an e-mail with a link that will allow the filer to activate their Login ID and create the e-Postcard. Organizations will need the following items of information in order to file:

- EIN
- Tax year
- Legal name
- Mailing address
- Any other names used
- Web address if one exists
- Name and address of a principal officer

■ Confirmation that the organization's annual gross receipts are normally \$25,000 or less

Some of this information will be pre-populated on the Form 990-N from IRS records.

The e-Postcard filing system will allow organizations to notify the IRS that they are no longer in business and have terminated their existence. Exempt Organizations who fail to file Form 990-N for three consecutive years will have their tax-exempt status revoked as of the filing due date of the third year.

The IRS also created a system to provide for the public disclosure of the filings either on-line or by downloading the files. The disclosure site will have enhanced search capabilities allowing the public to search by EIN, name, or location. **IRS**

Related Links:

- Tax Information for Charities & Other Non-Profits at <http://www.irs.gov/eo>
- Subscribe to the Exempt Organization's *EO Update* at <http://www.irs.gov/charities/content/0%2C%2Cid=154838%2C00.html>, a regular e-mail newsletter that highlights new information posted on the charities pages of the Web site.
- Form 990 Redesign for Tax Year 2008 (Filed in 2009) at <http://www.irs.gov/charities/article/0%2C%2Cid=176613%2C00.html>

QETP Initiative continued from page 1

IRS executives announced the agreements during a Nov. 6, 2007 press conference which speakers and representatives from U.S. DOL, NASWA, FTA, and several participating states attended. IRS press release IR-2007-184 has more information about the agreements and comments from some participating agencies.

In addition to coordinating compliance activities, the agreements call for collaborative outreach and education activities designed to help businesses understand their employment and unemployment tax responsibilities.

All of the parties working together on QETP hope that the collaborative efforts the partners are taking will help level the playing field for business by reducing the unfair advantage businesses who do not meet all their employment tax obligations have over business that do meet all of their obligations. **IRS**

Related Links:

- Press Release IR 2007-184 at <http://www.irs.gov/newsroom/article/0%2C%2Cid=175457%2C00.html>
- Fact Sheet: FS-2007-25 at <http://www.irs.gov/newsroom/article/0%2C%2Cid=175455%2C00.html>

New Form for Misclassified Workers

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and Medicare tax on allocated tips and tips they did not report to their employers. **IRS**

Related Links:

- IR-2007-203, Misclassified Workers to File New Social Security Tax Form at <http://www.irs.gov/newsroom/article/0%2C%2Cid=176666%2C00.html>
- Form 8919 at <http://www.irs.gov/pub/irs-pdf/f8919.pdf>
- Employment Taxes and Classifying Workers at <http://www.irs.gov/newsroom/article/0%2C%2Cid=177092%2C00.html>
- November Tax Talk Today Focused on the Importance of Properly Classifying Workers at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=175631%2C00.html>

A New Look for MSER

The Office of Management and Budget has recently approved a fresh new look for the Multi-state Employer Registration (MSER) form.

The MSER form is used by employers who have employees in two or more states but wish to report all their new hires to one state. As a requirement of the Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) of 1996, multi-state employers wishing to report their new hires to one state must notify the Department of Health and Human Services (HHS) via the on-line registration process or by mailing or faxing the completed hard copy form to the address provided on the form.

Much like the form that expired April 30, 2007, the revised form provides employers with a quick, convenient, user-friendly way to notify the Department of Health and Human Services of their choice to report to one state. The enhanced on-line registration

process makes navigating through the various fields much easier and faster.

Employers may also use either the on-line registration process or the hard copy form to update their information. Updates to information may include notifying the Department that they are no longer a multi-state employer, adding or deleting subsidiary information, changing their password or updating their contact information.

If you need assistance in completing the form, call the Multi-state Employer Registry Help Desk at 410-277-9470 (8:00 a.m.– 5:00 p.m. ET) or email MSERdb@acf.hhs.gov.

- To print a copy of the form, visit the Employer Services website at: <http://www.acf.hhs.gov/programs/cse/newhire/employer/publication/forms/mseform6.pdf>.
- To access the on-line registration process, go to: Multi-state Employer Registry at <http://151.196.108.21/ocse>. **HHS**

Tax Filing Tips When Working with Tax Preparers

When it comes to preparing income tax returns, the majority of taxpayers rely on a professional tax preparer. A preparer can help determine qualified deductions, answer questions, and interpret the latest tax rules and regulations. Employees can make the best use of their time with tax professionals by following these suggestions:

■ **Choose a preparer wisely.** Check for professional credentials, such as a Certified Public Accountant (CPA) designation. Ask friends, co-workers, or your employer for help in selecting a “reputable” preparer. Choose a preparer you will be able to contact, in case your return is examined by IRS and there are questions regarding how your return was prepared. Beware of a preparer who guarantees you a refund before getting your financial information or who claims to have a “special” relationship with the IRS.

■ **Come prepared.** Bring a copy of last year’s tax returns, a current W-2 form, and any 1099s, as they are required and must be provided to your tax preparer before they can file your tax return. Also don’t forget your current receipts

(including those for charitable donations and home improvements) and other pertinent tax information.

■ **Expect questions.** The best tax preparers ask probing questions about personal circumstances, income and expenses. This allows the preparer to determine all the individual’s possible tax deductions, while ensuring that the individual does not underpay.

■ **Request e-file.** Encourage employees to have their federal and state returns electronically prepared and submitted. Preparers who are accepted into the IRS’s electronic filing program are called “Authorized IRS e-file Providers.” Taxpayers can identify these approved preparers by looking for this designation. Even though taxpayers may be charged a small fee for the service, using e-file methods mean a reduced possibility of errors being made, quicker refunds, an acknowledgment that the return was received by the IRS, and less chance of follow-up correspondence from the IRS. And e-file is paperless, which is a benefit for everyone.

■ **Ask for Direct Deposit.** Using Direct Deposit, employees will get their refunds quickly—in as little as 10 days when they also have their preparer electronically file their return. It’s a safe and worry-free process, since funds are deposited directly into bank accounts, thereby eliminating the chance of lost, stolen or undeliverable checks. Employees can ask preparers to arrange this service for them, but will need to provide them with their bank institution’s routing and account numbers. Payments may also be divided and deposited in up to three different accounts, such as a checking, savings or retirement account.

■ **Pay what you owe.** If employees owe money to the IRS, they can submit their payments later—but before the April 15 due date—even when their returns are e-filed. This gives them the ability to “file now, pay later.” However, it is the responsibility of taxpayers—not preparers—to get any money due to the IRS before the deadline.

By following these suggestions, employees make the best use of the time and money spent with their tax professional—while enjoying a faster refund. 

Work Opportunity Tax Credit (WOTC)— an under-utilized employer tax incentive to hire individuals with disabilities

According to Acting Assistant Secretary Karen Czarnecki, of the U.S. Department of Labor’s Office of Disability Employment Policy (ODEP), “The WOTC is a winning opportunity for employers. Businesses can solve key workforce shortages and reduce hiring costs through using the WOTC for qualified new employees with disabilities.”

When an employer fills a vacant position with a qualified, new WOTC-certified employee, the employer can claim a federal income tax credit (the WOTC) for a portion of the new employee’s salary when the employer files its income tax return.

Employee Eligibility and Certification

Employees eligible for certification include workers with disabilities using vocational rehabilitation services, persons receiving Supplemental Security Income (SSI) benefits within 60 days of hire, and disabled veterans.

For hires of vocational rehabilitation customers and SSI recipients, the tax credit applies to the first \$6,000 in wages paid to the employee for the first year of employment, with a maximum tax credit of \$2,400 per new hire. For a hire of a disabled veteran, those figures are doubled. Partial tax credits are available.

To receive a certification for an employee that will allow an employer to claim the tax credit, the employer or employer’s representative must:

■ Submit IRS Form 8850 (*Pre-Screening Notice and Certification Request for the Work Opportunity Credit*), which the new hire completes by the date the job is offered and which the employer must furnish to the state workforce agency within 28 days after the new hire starts work; and either

■ Submit the Department of Labor’s Employment and Training Administration (ETA) Form 9061 (*Individual Characteristics Form*); or

■ Submit the bottom portion of the ETA Form 9062 instead of Form 9061, if the new hire has been conditionally certified.

For further assistance, employers can contact their state workforce agency WOTC coordinator who can explain the filing procedures and process employers’ certification requests (IRS Form 8850 and ETA Forms 9061 or 9062.) 

Related Links:

■ U.S. Department of Labor’s Office of Disability Employment Policy (ODEP) at <http://www.dol.gov/odep>

■ The U.S. Department of Labor’s Employment and Training Administration (ETA) state coordinators list at http://www.doleta.gov/business/incentives/opptax/Directory_of_State_05_31.pdf

■ Tax benefits for businesses accommodating the persons with disabilities at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=175291%2C00.html>



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SSA Free Service Offers Online Filing Tips for Forms W-2C/W-3C

You can file Forms W-2c and W-3c electronically by visiting Social Security's Employer Reporting Instructions and Information Web site at <http://www.socialsecurity.gov/employer>, then selecting "Electronically File Your W-2s," and logging into "Business Services Online" (BSO).

The BSO "Create Forms W-2c Online" option allows you to create "fill-in" versions of Form W-2c and Form W-3c for filing with SSA. You can also print copies of the forms for filing with state or local governments, for distributing to your employees, or maintaining your own records. This is a free service.

Tips

- You must file a Form W-2c, *Statement of Corrected Income and Tax Amounts*, to make corrections to a previously submitted Form W-2. You will need to use a separate form for each year needing a correction.
- You must also file a Form W-3c even if you are only filing a Form W-2c to correct an employee's name or Social Security number.
- If you use your own software to prepare and submit paper Forms W-2c, follow the instructions in SSA's Information for Software Developers (<http://www.socialsecurity.gov/employer/software.htm>).
- File Forms W-2c and W-3c as soon as possible after you discover an error. Also provide a Form W-2c to the employee as soon as possible.
- If you expect to file 250 or more W-2cs during a calendar year, you are now required to file them electronically. Submitters must follow the formatting specifications in the *Specifications for Filing Forms W-2c Electronically (EFW2C)—Correction of Annual Federal W-2 Information*. You can download these instructions from <http://www.socialsecurity.gov/employer/07efw2c.pdf>.
- If any item shows a dollar change and one of the amounts is zero, enter "-0-." Do not leave the box blank.

■ Make sure the Employer Identification Number (EIN) reported on Forms W-2c and W-3c, and if applicable the Form 941c (*Supporting Statement to Correction Information*), is the same number issued by IRS and is used on all of the forms. If the EIN was incorrectly reported, please file a W-3c to correct it.

■ Corrections to amounts reported in a prior tax year should be shown on a Form 941c (<http://www.irs.gov/pub/irs-pdf/f941c.pdf>) for the period when the error was discovered. Remember to file the Form 941c with your next Form 941 (*Employer's Quarterly Tax Return*) as it cannot be filed alone.

Special rules apply to Medicare Qualified Government Employment employers. See IRS's Instructions for Forms W-2c and W-3c at <http://www.irs.gov/pub/irs-pdf/iw2cw3c.pdf> for details.

Visit <http://www.socialsecurity.gov/employer/whereto.htm> for the Forms W-2c/W-3c mailing addresses.

Answers for many of your W-2 reporting questions can be found at <http://employer-ssa.custhelp.com>. If

you have additional questions, visit us online at <http://www.socialsecurity.gov/employer>, call us at 800-772-6270 (TTY 800-325-0778), or send us an email to: employerinfo@socialsecurity.gov. **SSA**

SSA Customer Service Numbers Call us toll free:

Employer Reporting Assistance Monday – Friday

7 a.m. to 7 p.m. Eastern Time
800-772-6270

email: ssa.comments@ssa.gov

BSO Technical Assistance

Monday – Friday

8:30 a.m. to 4:00 p.m. Eastern Time
888-772-2970

email: bsu.support@ssa.gov

General Information

(Social Security Information)

Monday – Friday

7 a.m. to 7 p.m. (all time zones)
800-772-1213

For TDD/TTY call 800-325-0778



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SSA/IRS

Reporter

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31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):
SSA.IRS.REPORTER@irs.gov

Fax: 410-962-2572

CHANGE OF ADDRESS? OUT OF BUSINESS?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center
Cincinnati, OH 45999

Ogden IRS Center
MS:6273

Ogden, UT 84207

Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center
Philadelphia, PA 19255

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IRS and SSA "Help" Phone Numbers, Web Addresses, and Additional Resources Now on IRS.gov

IRS and SSA "Help" telephone numbers, Web addresses, and additional resources are now posted on IRS.gov at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html>.

Failure to Meet IRS Payroll Recordkeeping Requirements Can Mean Big Penalties



After finishing your year-end payroll processes, it's a good time to think about cleaning up your files. Which records can you destroy, and which must you keep?

The Internal Revenue Code requires all employers that withhold and pay federal income, social security, and Medicare taxes to maintain certain records for each employee. Failing to meet these recordkeeping requirements can mean big penalties, not to mention large settlement awards, should you be unable to provide the required information when requested by IRS or in an employment-related lawsuit.

Income, Social Security, and Medicare Taxes

These are the records that employers must keep for at least four years after the due date of the employee's personal income tax return (generally, April 15) for the year in which the payment was made:

- The Employer Identification Number (EIN)
- Employee name, address, occupation, and social security number
- Total amount and date of each payment of compensation and any amount withheld for taxes or otherwise. This should include reported tips and the fair market value of non-cash payments
- Amount of compensation subject to withholding for federal income, social security, and Medicare taxes, and the amount withheld for each tax

- Pay period covered by each compensation payment
- The reason(s) why the total compensation and the taxable amount for each tax are different, if that is the case
- Employee's Form W-4, *Employee's Withholding Allowance Certificate*
- Beginning and ending dates of the employee's employment
- Statements provided by the employee reporting tips received
- Information regarding wage continuation payments made to the employee by an employer or third party under an accident or health plan, including the beginning and ending dates of the period of absence from work and the amount and weekly rate of each payment (including payments made by third parties), as well as copies of the employee's Form W-4S, *Request for Federal Income Tax Withholding From Sick Pay*
- Fringe benefits provided to the employee and any required substantiation
- Requests from an employee to use the cumulative method of wage withholding
- Adjustments or settlements of taxes
- Copies of returns filed (on paper or by magnetic media), including forms 941, 943, 944, 945, W-3, Copy A of Form W-2, and any Forms W-2 sent to employees but returned as undeliverable
- Amounts and dates of tax deposits

Unemployment Tax

Employers subject to the Federal Unemployment Tax Act (FUTA) must also keep records to substantiate the following for at least four years after the due date of Form 940 or the date the required FUTA tax was paid, whichever is later:

- The total amount of employee compensation paid during the calendar year
- The amount of compensation subject to FUTA tax
- State unemployment contributions made, with separate totals for amounts paid by the employer and amounts withheld from employees' wages (currently, Alaska, New Jersey, and Pennsylvania require employee contributions)
- All information shown on Form 940
- The reason why total compensation and the taxable amounts are different, if that is the case

Department of Labor, State Requirements

There are also record retention requirements set by the Department of Labor (DOL), as well as wage-hour and unemployment insurance agencies on the state level. Read the DOL's rules at http://www.dol.gov/dol/topic/wages/wages_recordkeeping.htm. Links to all state agencies are available at <http://www.americanpayroll.org/webink/statelocal>. **DOL**

Editor's Note: The American Payroll Association's continuing partnership with the IRS and SSA allows it to prepare its publications and classes, such as its Payroll Tax Forum, with the most accurate and up-to-date information to educate employers. More information about the APA is available at <http://www.americanpayroll.org>.

TEST YOUR KNOWLEDGE

Invalid W-4s

Situation: In reviewing a worker's Form W-4, *Employee's Withholding Allowance Certificate*, the payroll coordinator for Grey Cedar Co. noticed that while the entries appeared to follow the Form W-4 instructions, the declaration verifying its preparation under penalties of perjury (the "jurat") was crossed out.

Question: Can the Grey Cedar Co. payroll coordinator process the altered, but otherwise complete, Form W-4?

Answer: Form W-4 (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>) is completed by an employee so that the employer can compute the correct amount of federal income tax to withhold from pay. The Form W-4 must be prepared and given to the employer before an employee begins employment and can be updated as needed or required. As described below, the certificate is invalid due to the jurat alteration and should not be used to determine the employee's federal income tax withholding.

Invalid Certificates: A Form W-4 certificate is invalid if it contains an alteration or unauthorized addition. An alteration includes deleting or changing the jurat language or any other material defacing of the certificate. An unauthorized addition is any writing on the certificate other than the entries requested (e.g. name, address, number of allowances, etc.).

Additionally, a Form W-4 will be invalid where the employee clearly indicates it to be false (either by oral or written statements) on or before the date it is submitted to the employer.

Employer Follow-Up: When an invalid "W-4" (or an employee-developed substitute) is received, do not use it to figure federal income tax withholding. The employee should be asked for a new form. If not provided, the employer should: (1) continue relying on the last valid W-4 certificate submitted by this employee; or (2) if there is no valid W-4 on file, withhold taxes as if the employee was "Single" with no personal withholding allowances.

Other Information: Section 9 of Publication 15, (Circular E), *Employer's Tax Guide* (<http://www.irs.gov/pub/irs-pdf/p15.pdf>) provides an overview of related topics, including: the Spanish Form W-4; nonresident alien employees; the

online *Withholding Calculator*; and "lock-in letters" which are issued when employees have serious underwithholding problems. This section also discusses employees claiming exemption from withholding and covers what substitute forms/electronic W-4 systems are permissible for employers, as well as withholding for social security/Medicare taxes and the employer's obligation to pay a matching amount of these taxes. **IRS**

Related Links:

- Withholding Compliance Questions & Answers at <http://www.irs.gov/individuals/article/0%2C%2Cid=139412%2C00.html>
- Tax Topic 753—Form W-4—*Employee's Withholding Allowance Certificate* at <http://www.irs.gov/taxtopics/tc753.html>

News and Announcements

New Interactive Web Tool Helps Employers Comply with Retirement Laws

The U.S. Department of Labor has a new interactive Web tool, elaws ERISA Fiduciary Advisor at www.dol.gov/elaws/ERISAFiduciary.htm, to help employers comply with federal employee benefit laws. **DOL**

Related Links:

- DOL news release at www.dol.gov/ebsa/newsroom/pr1009a07.html.
- Employment Laws Assistance for Workers and Small Businesses at <http://www.dol.gov/elaws>
- Small Business Retirement Savings Advisor at <http://www.dol.gov/elaws/pwbaplan.htm>.

Business Mileage Rates Increase in 2008

Beginning Jan. 1, the 2008 optional standard mileage rate for business use of a car (including vans, pickups or panel trucks) is 50.5 cents per mile. **IRS**

Related Links:

- IR-2007-192 IRS Announces 2008 Standard Mileage Rates; Rate for Business Miles Set at 50.5 Cents per Mile at <http://www.irs.gov/newsroom/article/0%2C%2Cid=176030%2C00.html>
- Highlights of 2007 Tax Changes: Law Raises AMT Exemption, Filers of Five Forms Must Wait Until Feb. 11 at <http://www.irs.gov/newsroom/article/0%2C%2Cid=177049%2C00.html>

Tax Gap Update

The entire series of IRS Fact Sheets on tips to help business owners better understand their tax filing responsibilities is available at the IRS's Tax Gap Web site at <http://www.irs.gov/newsroom/article/0%2C%2Cid=158619%2C00.html>. **IRS**

Business.gov Unveils New State and Local Features

Business.gov, the official business link to the U.S. government (at <http://www.business.gov>) has expanded to include federal, state and local regulatory information. The additional content and inclusion of an advanced search feature make it easier for small business owners to find essential information needed to run their operations, including forms, licenses, permits and regulatory information from federal, state and local governments.

The expansion and update includes the following enhancements:

- State & Local Content – Access to over 9,000 state, territory, county, and city government Web sites providing information on starting and managing a business while complying with regulations from all levels of government.

- Advanced Search Feature—Operates as a “mashup”—a unique service created by combining content from separate web applications, including Google-based search applications and maps, along with publicly available regulatory information culled from federal, state and local government websites. Unlike other search engines, the state and local search has built in logic to deliver results directly aligned with doing business in a particular geographic area, saving business owners' time by getting to the right information more quickly.

- Small Business Guides—Expanded to help business owners understand what regulations and programs apply to them, how to comply, and how to stay in compliance while growing and managing their operations. **SBA**

Business Services Online PIN reminder

If you haven't updated your password within the last 365 days, now is a good time to change it. Changing your password will ensure that your User ID remains active and is not deactivated with Social Security's annual review. For more information about Business Services Online, visit <http://www.socialsecurity.gov/employer>. **SSA**

Business Services Online (BSO) Fax Requests

Social Security sometimes asks an individual to fax additional information during the BSO registration process. If you are registering to use the Social Security's BSO suite, it is not necessary to fax any information *unless* you are requested to do so by an online screen or during a phone call. **SSA**

Stay in Compliance With APA's Payroll Tax Forum

Payroll is one of the most regulated aspects of any business. The cost of noncompliance is steep. By attending APA's *Payroll Tax Forum*, a one-day course offered in 30 cities nationwide, June 16-27, you can avoid penalties by learning about the latest payroll-related changes from Congress and federal agencies such as the IRS, DOL, SSA, and the Department of Homeland Security.

Topics include proposed rules on cafeteria plans, tax treatment of employer-provided cell phones, Homeland Security regulations on your duties following a no-match letter from SSA, the revised child support income withholding order, and regulations on using payroll cards.

In addition, the class includes explanation of the taxation and reporting of some of the most common benefits; review of the annually adjusted wage bases and benefit limits; and discussion of revisions to IRS forms and publications.

For more information, visit the APA Web site at <http://www.americanpayroll.org/taxforum.html>. **APA**

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Department of the Treasury
Internal Revenue Service

www.irs.gov

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Reporter

Summer 2008

A Newsletter
for Employers

IRS Launches Campaign to Help New Small Businesses

The Internal Revenue Service is launching a campaign to educate new self-employed small business owners about their federal tax responsibilities.

The initiative's objective is to help new sole proprietors better understand the process for filing Schedule C, *Profit or Loss from Business*, and encourage them to start off on the right foot. After all, learning about and staying on top of your tax obligations may be just as critical to the success of a new venture as the service or product that is being offered. Filing your taxes should be no harder than starting your business.

The campaign will provide new Schedule C filers with

improved and updated outreach materials through a variety of channels, including *IRS.gov*, small business workshops, and other outreach events.

Schedule C is filed by sole proprietors (one-owner businesses) as an attachment to their Form 1040 individual income tax return. Self-employed individuals with less complex situations—including business expenses of less than \$5,000, no net losses and no employees—may be able to file Schedule C-EZ, *Net Profit for Business*.

About one in seven federal income tax returns includes a

continued on page 2

Next Phased Federal Minimum Wage Increase Comes in July

Effective July 24, 2008, the federal minimum wage for covered non-exempt employees will rise from \$5.85 to \$6.55 per hour. The Fair Minimum Wage Act of 2007, which amended the Fair Labor Standards Act (FLSA), provides for another phased increase to \$7.25 per hour effective July 24, 2009. A separate provision of the bill brings about phased increases to the minimum wage in American Samoa and the Commonwealth of the Northern Mariana Islands, with the goal of bringing the minimum wage in those locations up to the general federal minimum wage over a number of years.

Many states also have minimum wage laws. Covered employers must comply with both.

Other Provisions

The tip credit provisions of the FLSA remain the same. An employer is still only required to pay \$2.13 an hour in direct wages if that amount plus the tips received equals at least the Federal minimum wage, provided the employer has informed the employee of the tip credit being taken, the employee retains all tips except to the extent they participate in a valid tip pooling arrangement, and the employee customarily and regularly receives more than \$30 a month in tips.

The youth minimum wage also remains the same. Employees under 20 years of age may be paid \$4.25 per hour

continued on page 2

New Forms Will Make Correcting Employment Tax Returns Easier

Correcting a previously filed employment tax return will soon be easier, when the IRS releases the new 94X series of forms in January 2009.

Each form now under development will correspond to, and relate line-by-line with, the employment tax return it is correcting. For example, an employer who discovers an underpayment or overpayment error on a previously filed Form 941, *Employer's QUARTERLY Federal Tax Return*, will use Form 941X, *Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund*, to make a correction.

Unlike the Form 941c, *Supporting Statement to Correct Information*, that is currently used, each new dual-purpose form will stand alone and will not need to be attached to an employment tax return. Employers and payers can file the "X" form as soon as they discover an error, rather than having to wait to file it with the next employment tax return that is due. Form 941c will be obsolete when the entire 94X series is implemented for use in making corrections to Forms 941, 943, 944 and 945.

The new forms will be available on IRS.gov in January for use in correcting errors discovered after Dec. 31, 2008.

■ Resources: Office of Taxpayer Burden Reduction (TBR) at <http://www.irs.gov/businesses/small/content/0%2C%2Cid=146284%2C00.html>

■ TBR Projects and Status at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=146223%2C00.html> (94X is at the top) 

IRS Helps New Small Businesses continued from page 1

Schedule C or Schedule C-EZ. Taxpayers filed over 21 million Schedules C for tax-year 2006 reporting overall net profits from sole proprietorships totaling more than \$269 billion.

The IRS consulted with stakeholders to solicit input for the initiative. Key industry associations and organizations shared concerns, ideas, and suggestions. Learning about accounting methods, payroll, retirement incentives, business deductions, and tax benefits emerged as some of the most prominent issues for Schedule C filers.

"One of the biggest challenges faced by people starting out in business is understanding and meeting their tax filing requirements," says Kathy Petronchak, commissioner of the IRS's Small Business/Self-Employed operating division. "It's a new, different and potentially overwhelming experience for them. We want new small business owners to know that the IRS has resources to help them learn about their federal tax responsibilities and avoid common pitfalls."

In this introductory phase of the campaign, IRS is offering some basic tips to avoid potential problems:

1. Classify workers properly as employees or independent contractors as determined by law, not the choice of the worker or business owner;

2. Deposit federal employment taxes, called trust fund taxes, according to the appropriate schedule;

3. Start making quarterly estimated-tax payments to cover your own income tax and social security self-employment tax liability;

4. Keep good records to protect your personal and financial investment and to make tax filing easier;

5. Consider a tax professional to help you with Schedule C;

6. File and pay your taxes electronically; it's fast, easy, and secure;

7. Protect financial and tax records to ensure business continuity in the event of a disaster at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html>; and

8. Avoid abusive tax avoidance schemes such as the IRS's 2008 "Dirty Dozen."

Related Items:

■ Small Business and Self-Employed One-Stop Resource at <http://www.irs.gov/businesses/small/index.html>

■ Publication 334, *Tax Guide for Small Business* at <http://www.irs.gov/pub/irs-pdf/p334.pdf>

■ Outsourcing Payroll Duties at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=176943%2C00.html>

■ Recordkeeping at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=98575%2C00.html>

■ Worker Classification/Independent Contractors vs. Employees at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=99921%2C00.html>

■ Use EFTPS to Pay Your Taxes Electronically at <http://www.irs.gov/efile/article/0%2C%2Cid=98005%2C00.html>

■ Employment Taxes at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=98858%2C00.html>

■ Disaster Assistance and Emergency Relief for Individuals and Businesses at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html>

■ Phishing Scams, Frivolous Arguments Top the 2008 "Dirty Dozen" Tax Scams at <http://www.irs.gov/newsroom/article/0%2C%2Cid=180075%2C00.html>

■ Online learning and Educational Products at <http://www.irs.gov/businesses/small/content/0%2C%2Cid=146331%2C00.html>

■ Schedule C at <http://www.irs.gov/pub/irs-pdf/f1040sc.pdf> 

Next Phased Federal Minimum Wage Increase continued from page 1

during their first 90 consecutive calendar days of employment with an employer.

Every employer of employees subject to the FLSA's minimum wage provisions must post, and keep posted, a notice explaining the Act in a conspicuous

place in all of their establishments so as to permit employees to readily read it.

Required posters and other compliance assistance materials concerning the minimum wage increase are available from the Department of Labor's Wage

and Hour Division Web site at <http://www.wagehour.dol.gov>. Information is also available by calling the U.S. Department of Labor's toll-free help line at 1-866-4US-WAGE (487-9243). 

Tips for Successfully e-Filing the e-Postcard for Small Exempt Organizations

Beginning January 2008, small tax-exempt organizations are required to electronically file Form 990-N (e-Postcard) for tax years ending on or after December 31, 2007. The new electronic filing requirement, a provision of the Pension Protection Act (PPA) of 2006, applies to organizations not required to file Forms 990 or 990-EZ because their gross receipts are normally \$25,000 or less. More information about the e-Postcard is available on the IRS website at <http://www.irs.gov/eo>.

The e-Postcard is due annually by the 15th day of the fifth month after the close of your tax year (usually the same as your accounting period). If you are unsure about your tax year (or accounting period), it can usually be found in the following documents:

- Your organization's by-laws;
- Your application for Federal tax-exempt status (Form 1023 or Form 1024) or the determination letter you received approving your tax-exempt status;

■ The application, Form SS-4, your organization filed to get its employer identification number (EIN);

■ A copy of a prior year return, Form 990 or 990-EZ, that you filed with the IRS.

You will need your organization's EIN to file the e-Postcard. Please be sure to enter the EIN correctly. If you get an error message upon entering the EIN, the IRS may not have you listed in its records as a tax-exempt organization. You should contact Customer Account Services at (877) 829-5500 to have this resolved.

If your organization is a subordinate of a parent organization and your organization is included on the parent's group return, you do not need to file the e-Postcard. However, if your organization is not part of a group return and is a separate legal entity that meets the e-Postcard filing criteria, then you must file the e-Postcard. Subsidiary organizations should be careful to use their own EIN and mailing address when filing the e-Postcard.

Churches, their integrated auxiliaries, and conventions or associations of churches are not required to file the e-Postcard. Please note that the following organizations do not meet the criteria to file an e-Postcard:

- Tax-exempt organizations with annual gross receipts that are normally greater than \$25,000 must file Form 990 or Form 990-EZ;
- Private foundations must file Form 990-PF;
- Section 527 political organizations;
- Section 509(a)(3) supporting organizations that are required to file Form 990 or Form 990-EZ.

More information and tips are available in the e-Postcard Frequently Asked Questions at <http://www.irs.gov/charities/article/0%2C%2Cid=177782%2C00.html>.

Sign up for Exempt Organization's *EO Update*, a regular e-mail newsletter that highlights new information posted on the charities pages of the website. To subscribe go to <http://www.irs.gov/eo> and click on "EO Newsletter." 

Quick Reminders for Extension Filers

Even though April 15th has passed, the tax filing season isn't over for approximately 9 million taxpayers. That's how many requested a filing extension last year.

Here are some quick reminders to help employees who requested the extra time to file their federal tax return:

- First, make sure they know the extended filing deadline of October 15, 2008. Returns received after that date are subject to late fees and additional penalties.
- Second, remind them that they can still e-file their returns, even when extension filing. More people are e-filing than ever before. In fact, about 60 percent of all tax returns were e-filed in 2007, making it the most popular way to file. And for good reason. It's quicker and more accurate than paper filing. This means e-filers are less likely to have follow-up correspondence from the IRS. And for peace of mind, e-filing provides confirmation that the return was received by the IRS.

■ Third, for those who use them, suggest that employees ask their professional tax preparers to e-file their returns on their behalf. They'll get the same benefits as mentioned above. Those preparers who have been approved by the IRS carry an "Authorized IRS e-file Provider" designation.

■ Fourth, encourage employees to use Free File to electronically prepare and file their tax returns. The free program is still available after April 15th to those who had an adjusted gross income of \$54,000 or less in 2007. It is accessible anytime by going to <http://www.irs.gov/efile/article0%2C%2Cid=118986%2C00.html>. They will then select a tax preparation company from a list and be redirected to that website to begin using Free File. Although the program itself is easy to use, each software company has its own user criteria, so employees will need to carefully read the eligibility descriptions. For example, some have age requirements or restrictions. Others may charge for the preparation of some forms or state returns.

■ Fifth, have employees request any refunds via Direct Deposit. Monies will go directly to their checking, savings or retirement accounts—or any combination of three accounts. Plus, there's no concern about lost or misdirected checks. And they'll get their refund in as little as 10 days when combined with e-file.

In summary, remember these tips to help employees who are extension filing get their tax returns DONE:

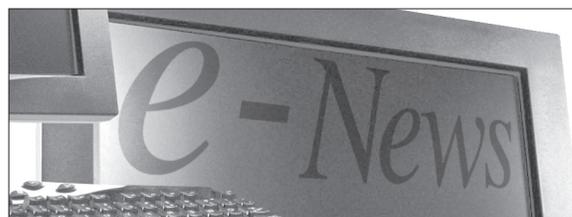
D = Ask for **Direct Deposit**.

O = File before the **October 15th** extension filing deadline.

N = **Notify** preparers about the desire to e-file.

E = Use **e-file** or Free File to prepare and send the extended return. 

To learn more about all these services, visit <http://www.irs.gov>.



FREE Timely Tax News—

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The IRS's *e-News for Small Businesses* is distributed every other Wednesday. *e-News* brings timely, useful tax information right to your computer. To review a representative sample and to start your **FREE** subscription to *e-News*, just go to <http://www.irs.gov/businesses/small/content/0%2C%2Cid=154826%2C00.html>, type in your e-mail address and "submit."

Social Security Web Services are Useful Tools for Employers and Employees

Social Security Online Answers Retirement Benefits Questions

Your employees and clients will find a wealth of information on Social Security's Web site, Social Security Online at <http://www.socialsecurity.gov> where they can:

- Find their full retirement age at <http://www.socialsecurity.gov/pubs/ageincrease.htm>
- Plan their retirement at <http://www.socialsecurity.gov/retire2>
- Calculate their retirement benefits at <http://www.socialsecurity.gov/planners/calculators.htm>
- Determine whether they qualify for retirement benefits at <http://www.socialsecurity.gov/r&m2.htm>
- File for retirement benefits online at <http://www.socialsecurity.gov/applyforbenefits>

If your employees or clients have additional questions about Social Security, they can visit <http://www.socialsecurity.gov> and look in the top right box for Social Security "Frequently Asked Questions."

For additional Social Security information, ask them to visit Social Security Online, or call us at 1-800-772-1213. The hearing impaired can call TTY 1-800-325-0778. Social Security publications are also available in English and Spanish.

Business Services Online (BSO) Enhances Registration in June

Enhancements have been made to Social Security's BSO portal for employers and third parties for electronic wage reporting and verifying Social Security numbers for wage reporting purposes. Beginning June 28, 2008, BSO users will not have their User IDs deactivated because their password has expired even if they only access BSO once a year.

Before, users had to change their password once every 365 days. With this upgrade, they now have to change it once every 90 days. Also, if they forget to change the password in the 90 days and remember the old password, they can still log in, but will be instructed to change it at that time.

Another plus is if the user forgets the password, it will be easy to reset it because during registration, current users will provide answers to five familiar questions the first time they log in after implementation. New users will be instructed to answer five questions chosen from a list. Also, after successfully answering the questions, both current and new users will be able to self-select a new password and gain access to registered services immediately.

Learn about BSO at <http://www.socialsecurity.gov/employer>.

Social Security Number Verification Service Saves Time

Use the free Social Security Number Verification Service (SSNVS), which allows registered employers to quickly verify whether a person's name and SSN match Social Security's records. It saves you and the employee time.

Since 1936, Social Security has issued over 30 different versions of the Social Security number (SSN) card which makes it difficult to recognize a valid card. Sometimes when you ask an employee to show you their card they can't find it. In either case, you don't have to send them to a local Social Security office.

For more information about SSNVS visit, <http://www.socialsecurity.gov/employer>.

Business Services Online Recommends Early Registration

Social Security encourages you to register to use Business Services Online early to avoid the rush during its peak season which is December through March. Register now to avoid any delays in receiving your User ID and activation codes, if required. To register, visit <http://www.socialsecurity.gov/employer> and select Business Services Online.

Social Security Statement Provides Earnings Information

Every year Social Security sends a *Social Security Statement* to workers age 25 or older. The *Statement* provides a year-by-year display of earnings that have been reported to an individual's Social Security record. If employees think the statement contains any errors, they should immediately contact Social Security since it is much easier to secure proof of wages the closer to the tax year that the error occurred. To find out how to contact Social Security, visit <http://www.socialsecurity.gov/reach.htm>.

Employees can always request a copy of their *Social Security Statement* online by visiting <http://www.socialsecurity.gov/mystatement>, and selecting "Need to request a Statement." The *Statement* will be mailed within 2-4 weeks.

Employees may also download the *Social Security Statement Request Form SSA-7004* and mail it to the address indicated—see <http://www.socialsecurity.gov/online/ssa-7004.html>.

Note: An employee automatically receives a *Social Security Statement* about 3 months before his or her birthday—a manual request will stop their next scheduled mailing. This means they will not receive another automatic *Statement* until the following year.

If you have questions about the *Social Security Statement* or Form SSA-2007, visit <http://www.socialsecurity.gov> or call 1-800-772-1213 (TTY 1-800-325-0778).

Social Security Tutorial Introduces Business Services Online

Social Security encourages you to take advantage of its Business Services online tutorial. Social Security's tutorial is updated annually and provides the latest instructions and screen shots of the various programs. In addition, the tutorial serves as a great resource for you and your employees as they learn how to report W-2s/W-3s electronically to Social Security.

The tutorial is located at <http://www.socialsecurity.gov/employer/bsotut.htm> and offers step-by-step instructions for 10 Business Services Online (BSO) services, including:

- Business Services Online Registration
- Submit a Wage File
- W-2 and W-2c Online
- Access to Social Security Numbers Verification Service for wage reporting purposes.

Social Security Customer Service Phone Numbers

Call us toll free at:

Employer Reporting Assistance

1-800-772-6270

Monday–Friday: 7 a.m. to 7 p.m. Eastern Time

Email: ssa.comments@ssa.gov

Business Services Online Technical Assistance

1-888-772-2970

Monday–Friday: 8:30 a.m. to 4:00 p.m. Eastern Time

Email: bsu.support@ssa.gov

General Information

1-800-772-1213

(Social Security Information)

Monday–Friday: 7 a.m. to 7 p.m. (all time zones)

For TDD/TTY call 1-800-325-0778

Tips on Getting New Hire Paperwork Done Right the First Time



It's exciting to have a new employee join your business. Here are some tips from the American Payroll Association on getting the paperwork done right the first time, and avoiding potential problems in the future.

Work Eligibility

Verify that the employee is legally eligible to work in the United States. The employee and employer must each complete their parts of Form I-9, *Employment Eligibility Verification*, and the employee must show original documents that prove identity and work authorization. Go to <http://www.uscis.gov/i-9> for the latest versions of the form, the list of acceptable documents, and the *Handbook for Employers*.

Over 90,000 employers use the E-Verify system at <http://www.dhs.gov/E-Verify>, which electronically verifies the employment eligibility of a newly hired employee and whether the employee's name and social security number (SSN) match the government's records. E-Verify is operated by U.S. Citizenship and Immigration Services and the Social Security Administration (SSA). Its use is required for certain new hires under the state laws of Arizona, Minnesota, Mississippi, and Oklahoma.

Withholding Allowance Certificates

The employee should complete a federal Form W-4, *Employee's Withholding Allowance Certificate* (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>) and any applicable state withholding form so that you know how much income tax to withhold. If the employee does not complete a Form W-4, withhold federal income tax based on a marital status of "single" and zero withholding allowances.

You may ask the employee to show you the Social Security card (and you may photocopy it) to increase the likelihood that the name and SSN that you enter in your payroll records and provide in federal and state payroll reporting (such as Form W-2) are correct. Accuracy ensures that the employee can get all the benefits to which he or she is entitled, such as unemployment insurance and eventual federal retirement payments, and it ensures that you won't receive notices of errors and potential penalties.

Verify Employee's Name and Number

Even if you saw the employee's social security card, it's a good idea to verify the match of the name and SSN, in case of a name change or fraud. Plus, it's easy and free. You can do it online at <http://www.ssa.gov/employer/ssnv.htm>.

The registration process for online verification can take a few days, and, while you're waiting, you can use the telephone service at 1-800-772-6270 to verify the information of up to five employees at a time. Be prepared with the employer's name and federal ID number and the employee's name, SSN, sex, and date of birth.

More information, including how to correctly format complex names and what to do if the employee never gives you a SSN, is available at <http://www.socialsecurity.gov/employer/critical.htm>.

New Hire State Reporting

Each new hire must be reported to the state in which he or she works shortly after the date of hire. This information is matched against child support records at the state and national levels to locate parents who owe child support. In addition, many states are using the information to combat fraud in the areas of unemployment insurance, disability insurance, and workers' compensation benefits.

New hire reporting may be accomplished as easily as faxing a copy of the employee's W-4, but every state offers more methods as well, ranging from mailing a printed report to interactive telephone systems to Internet submission. In addition, multi-state employers may elect to send all their new hire reports to just one state. More information, including links to each state's requirement, is at <http://www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm>. **APA**

Editor's Note: The American Payroll Association's strong partnership with the IRS and SSA allows it to prepare its classes and publications, such as *The Payroll Source*®, with the most accurate and up-to-date information to educate employers. More information about the APA is available at <http://www.americanpayroll.org>.

National Payroll Week Web Site Shows How to Go Green with Your Green

National Payroll Week (NPW), September 1-5, 2008, celebrates the hard work of America's 156 million wage earners, the payroll professionals who pay them, and the organizations for which we all work. Together, through the payroll withholding system, employees and employers contribute, collect, deposit, and report over \$1.7 trillion, or 64.2%, of the annual revenue of the U.S. Treasury (IRS 2007 Data Book, Table 1).

Sponsored by the American Payroll Association, the NPW Web site at <http://www.nationalpayrollweek.com> has information on:

- The environmentally friendly way to get your pay

- Proposals by presidential candidates to bolster the economy
- Many valuable resources, including help on saving for retirement, reducing your tax bill, and helping employees understand their pay.

Get a free paycheck

Everyone who completes the short, online "Getting Paid In America" survey at <http://www.nationalpayrollweek.com> is entered into a drawing for a free paycheck (the average of all biweekly pay in the U.S., according to the Bureau of Labor Statistics) and a free trip for two to Las Vegas. **APA**



SSA/IRS

Reporter

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31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):
SSA.IRS.REPORTER@irs.gov

Fax: 410-962-2572

CHANGE OF ADDRESS? OUT OF BUSINESS?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center
Cincinnati, OH 45999

Ogden IRS Center
MS:6273

Ogden, UT 84207

Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center
Philadelphia, PA 19255

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IRS and SSA "Help" Phone Numbers, Web Addresses, and Additional Resources Now on IRS.gov

IRS and SSA "Help" telephone numbers, Web addresses, and additional resources are now posted on IRS.gov at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html>.

News and Announcements

2008 Small Business Resource Guide

The *Small Business Resource Guide* 2008 is now available. The free CD is a one stop source for all the information a small business owner needs to comply with federal tax laws. Just go to <http://www.irs.gov> and type "SBRG" in the Search area. Or, you may call IRS at 1-800-829-3676 and ask for Publication 3207, revision March 2008.

If you don't want to wait, the entire CD is available online on IRS's partner Web site at www.missouribusiness.net/irs. **IRS**

SBA Web-based Course Helps Small Business Owners Win Federal Contracts

The U.S. Small Business Administration recently launched its latest free online course, Business Opportunities: A Guide to Winning Federal Contracts. Designed for small businesses, the instructional, self-directed guide is easy to follow and is available on SBA's Website at <http://www.sba.gov/training>. From the SBA's training site, click on the menu of free online courses, and then select the first course listed under Government Contracting.

The course module includes more than 40 links highlighting the best contracting resources and directly engages entrepreneurs in the contracting process. **SBA**

Department of Labor Assessment FLSA Tool

The U.S. Department of Labor's Wage and Hour Division has developed a new self assessment tool to allow employers in non-agricultural industries to assess its compliance with the youth employment provisions of the Fair Labor Standards Act. This tool is available at *YouthRules! Self Assessment Tools Web page* at http://www.youthrules.dol.gov/selfassess_tools.htm. **DOL**

Free Multi-Lingual Bank Secrecy Act Guides

Three, free Bank Secrecy Act (BSA) guides for money services businesses are now available in seven languages (English, Spanish, Arabic, Chinese, Vietnamese, Korean, Farsi, and Russian) from the Financial Crimes Enforcement Network, a division of the Department of Treasury:

- Bank Secrecy Act Requirements—A Quick Reference Guide for MSBs
- Reporting Suspicious Activity—A Quick Reference Guide for MSBs
- Money Laundering Prevention—An MSB Guide

View and order guides at the Money Services Business Web site at <http://www.msb.gov/materials/index.html>. **IRS**

EITC Web Site for Employers

Businesses can play a role in spreading the word about the Earned Income Tax Credit for low income working families. The EITC for Employers Web site at <http://www.irs.gov/individuals/article/0%2C%2Cid=118888%2C00.html> has forms and schedules, publications and posters, online tools, and related resources or call 1-800-829-2437 to order these informational products. **IRS**

2008 IRS Tax Calendar for Small Businesses and the Self-Employed

The 2008 *IRS Tax Calendar for Small Businesses and the Self-Employed* (Pub 1518 and Pub 1518SP, Catalog 12350Z) includes information on general business taxes, electronic filing and paying options, retirement plans, business publications and forms, common tax filing dates, and much more.

The online calendar can be downloaded and imported into Outlook and iCAL. <http://www.irs.gov/businesses/small/article/0%2C%2Cid=176080%2C00.html>.

Order the wall calendars online <http://www.irs.gov/businesses/small/article/0%2C%2Cid=101169%2C00.html> or call 1-800-829-3676). **IRS**

IRS's Retirement News for Employers

The *Retirement News for Employers* is designed for employers and business owners and provides practical retirement plan information. You can access our current edition at <http://www.irs.gov/retirement/article/0%2C%2Cid=122823%2C00.html>, browse the newsletter archive or subscribe at <http://www.irs.gov/retirement/content/0%2C%2Cid=154836%2C00.html>. **IRS**

Latest IRS Fact Sheet: Like-kind Exchanges Under IRC Section 1031

This fact sheet at <http://www.irs.gov/newsroom/article/0%2C%2Cid=179801%2C00.html>, the 21st in the Tax Gap series at <http://www.irs.gov/newsroom/article/0%2C%2Cid=158619%2C00.html>, provides additional guidance about like-kind exchanges. **IRS**

Blank Federal Tax Deposit Coupons?

Employers currently using paper tax deposit coupons usually receive new coupon booklets automatically. Under certain circumstances, blank Federal Tax Deposit Coupons, Form 8109-B are available. However, blank coupons should be used only when absolutely necessary and not on a continuing basis.

Small businesses are encouraged to take advantage of the Electronic Federal Tax Payment System at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=167426%2C00.html> to avoid common errors and automate the payment process. **IRS**

Fewer Business Forms Hit Mailboxes in 2008

With more small businesses e-filing and downloading forms from the IRS Web site, the IRS is decreasing the number of tax packages mailed, including Forms 1120S, 1065, and 941. If you need a business tax form this year but didn't receive it in the mail, look to IRS.gov. at <http://www.irs.gov/formspubs/index.html?portlet=3> or call 800-829-3676. **IRS**

**Social Security
Administration**

**Internal
Revenue Service**

Reporter

Winter 2008

A Newsletter for Employers

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Social Security Announces Wage Base Increase for 2009

Social Security has announced the increase for 2009 in the maximum amount of earnings subject to the Social Security tax. The Social Security wage base will be \$106,800, up from \$102,000 in 2008. Beginning January 1, 2009, employers should withhold Social Security taxes (6.2 percent) from employees' wages up to \$106,800 and withhold the Medicare tax (1.45 percent) on all wages. Employers must match the tax payments withheld from employees' wages.

In 2009, employees will earn one Social Security credit for each \$1,090 in earnings, up to a maximum of four credits for the year. And the full retirement age for people born in 1943 is now 66. However, when employees reach full retirement age, they can work and receive unreduced Social Security retirement benefits. Social Security also announced that benefit amounts will increase in 2009 by 5.8 percent.

If your employees are less than full retirement age when

they begin to receive benefits, they can earn more in 2009 without their benefits being reduced as follows:

1. Social Security beneficiaries who haven't reached full retirement age can earn \$14,160 before their benefits are reduced. For every \$2 a person earns over \$14,160 before the year of his or her full retirement age, \$1 is withheld from benefits.
2. In the year employees reach full retirement age, \$1 in benefits is deducted for each \$3 they earn above \$37,680 until the month the employees reach full retirement age.
3. Benefits are not reduced when employees are full retirement age or older, no matter how much they earn. Employees receiving Social Security disability benefits must report all wages, no matter how little they earn. [SSA](#)

Learn More Online

- Social Security press release at www.socialsecurity.gov

Important Reminders for Businesses about Their Information Reporting and Backup Withholding Responsibilities

Businesses should make sure they understand their information reporting and backup withholding responsibilities.

The IRS conducts activities to ensure voluntary compliance regarding the accuracy and timeliness of a business's information reporting and backup withholding activities.

Businesses often make payments to both employees and non-employees (independent contractors). When making payments to non-employees, called reportable payments, the Internal Revenue Code (IRC) generally requires the businesses to report these payments to the Internal Revenue Service (IRS) if the payments equal \$600 or more during the calendar year.

Backup Withholding

For 2008, payers of reportable payments must withhold 28% for federal income tax (called backup withholding) from such payments if the payee fails to provide the payer with a Taxpayer Identification Number (TIN), or provides a TIN that is obviously incorrect (e.g., wrong number of digits or includes an alpha character).

Backup withholding is also required if the payer is notified by the IRS that the TIN provided by the payee is incorrect. Payers must report the withheld federal income tax (backup

continued on page 3

Coming in January 2009, Look for Changes in Several IRS Forms

IRS Form 990 Changes Require Prompt Action by Tax-Exempt Organizations

For the first time in 30 years, the IRS has redesigned Form 990 to reflect significant changes that have taken place in the tax law and non-profit sector. The result is more than just a new form. It's a new way for tax-exempt entities to communicate with the IRS and the public.

To make the most of the new form, these organizations need to start planning now for 2008 tax filing. Organizations may also want to re-assess if their internal systems need to be updated to reflect the new reporting requirements.

New Form 990 Requirements

Tax-exempt organizations with gross receipts of \$1 million or more and/or assets of \$2,500,000 or more must file the new 990 for the 2008 tax year; there is a three-year phase-in period for most smaller organizations. Organizations and their preparers need to review the new form and instructions carefully so that they fully understand how the changes affect the filing process.

Organizations complete only the schedules that apply to them. The new 990 is comprised of a core form, plus 16 standardized schedules and enhanced reporting to provide critical information about tax compliance and more opportunities to explain activities and provide context for financial and operational information.

In addition to financial reporting, the new 990 now offers tax-exempt organizations the opportunity to explain their work in detail and can be a positive asset in reaching out to the public. To fill out the form completely, accurately and on-time, organizations may need or desire input from program staff and board members in ways they didn't before. The new form also makes it easier for the public to find specific information about an organization — a key advantage in today's increasingly transparent world. 

Learn More Online

- Tax Information for Charities & Other Non-Profits: www.irs.gov/charities/index.html
- IRS Issues Instructions for New Form 990: www.irs.gov/irs/article/0%2C%2Cid=186015%2C00.html

Threshold Requirements Drop for Form 8809

Effective for Tax Year 2008, the number of payers that can be filed via paper Form 8809, *Application for Extension of Time to File Information Returns*, has been reduced to 10 or fewer (from 50 or fewer). An extension may be requested for Forms W-2, 1098, 1099, and 5498 series, W-2G, 1042-S, and 8027.

IRS encourages payers to submit extension requests electronically, even if they have 10 or fewer payers. Requests for more than 10 payers must be submitted electronically via the FIRE (Filing Information Returns Electronically) system by either completing the online fill-in option or sending an electronic file.

To use the fill-in option, access the FIRE system. (Refer to Publication 3609, *Filing Information Returns Electronically*, for instructions on connecting to the FIRE system if you do not already have a User-ID and password.) At the Main Menu, click "Extension of Time Request," click "Fill-in Extension Form," and follow the menu.

There is no limit to how many online extensions that may be entered; however, you must complete an online Form 8809 by the due date of the return for each payer requesting an extension. This option is only used to request an automatic 30-day extension and approvals are displayed online immediately.

This option becomes available the first week of January for the current tax year. Requests for an additional extension of time must be submitted by using a paper Form 8809.

Electronic extension requests for more than 10 payers can be submitted via the FIRE system in a specific file format according to Part D of Pub.1220, *Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically*. A Transmitter Control Code (TCC) is required to submit an electronic extension file. For details about obtaining a TCC, see Part A, Section 6, of Publication 1220.

For further information, contact the Information Reporting Program Customer Service Section toll-free at (866) 455-7438, or by using Telecommunications Device for the Deaf (TDD) at (304) 267-3367 8:30 a.m. – 4:30 p.m. EST. 

Note: Any form of magnetic media is no longer accepted.

Learn More Online

- FIRE: <https://fire.irs.gov/firev1r>
- Form 8809: www.irs.gov/pub/irs-pdf/f8809.pdf
- Pub. 3609: www.irs.gov/pub/irs-pdf/p3609.pdf
- Forms and publications: www.irs.gov

Changes for Correcting Employment Tax Errors Coming in Early 2009

Form 941c, *Supporting Statement to Correct Information*, will soon be replaced by a new set of dual-purpose forms for adjustments and refunds. The new forms will reduce burden for correcting errors on employment taxes starting in January 2009.

A total of five forms matching the original employment tax returns, Forms 941-X, 943-X, 944-X, 945-X and CT-1 X, are user-friendly and make changes easy and accurate. Each stand-alone form will correspond to, and relate line-by-line with, the employment tax return it is correcting.

Under the new procedures, when an employer discovers an underpayment or overpayment error on a previously filed Form 941 they'll now use the new Form 941-X to make a correction. For corrections to Form 943 a Form 943-X will be filed and so on.

These forms should be used for errors discovered

on or after January 1, 2009. To avoid interest and penalties, payment should be sent with the form or paid on or before the date the form is mailed.

The Form 941-X and Instructions will be available online from the Forms and Publications page of IRS.gov January 5, 2009. The remaining forms, which correspond to annual returns, are scheduled for release in February of 2009.

Look for more information about the new adjustment process and forms on IRS.gov in early January. A copy of the final regulations can be found in the Federal Register, Volume 73, number 127, issued July 1, 2008. 

Learn More Online

Forms and Publications: www.irs.gov/formspubs/index.html?portlet=3

Home Foreclosure and Debt Cancellation

The Mortgage Forgiveness Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualifies for this relief.

This provision applies to debt forgiven in 2007, 2008 or 2009. Up to \$2 million of forgiven debt is eligible for this exclusion (\$1 million if married filing separately). The exclusion doesn't apply if the discharge is due to services performed for the lender or any other reason not directly related to a decline in the home's value or the taxpayer's financial condition. [IRS](#)

Learn More Online

- Questions and Answers on Home Foreclosure and Debt Cancellation: www.irs.gov/newsroom/article/0%2C%2Cid=174034%2C00.html
- Special Web Section Unveiled for Homeowners Who Lose Homes; Foreclosure Tax Relief Available to Many: www.irs.gov/newsroom/article/0%2C%2Cid=174022%2C00.html
- 2007 Publication 4681 (PDF), *Canceled Debts, Foreclosures, Repossessions, and Abandonments (For Individuals)*: www.irs.gov/pub/irs-pdf/p4681.pdf

Employer Responsibilities: Outsourcing Payroll

Outsourcing payroll duties can be a sound business practice, but know your tax responsibilities as an employer.

Many employers outsource some of their payroll and related tax duties to third-party payroll service providers. They can help assure filing deadlines and deposit requirements are met and greatly streamline business operations.

Employers who outsource some or all of their payroll responsibilities should consider many factors, including the fact that employers are ultimately responsible for the payment of income tax withheld and both the employer and employee portions of social security and Medicare taxes. [IRS](#)

Learn More Online

- Outsourcing Payroll Duties: www.irs.gov/businesses/small/article/0%2C%2Cid=176943%2C00.html

Information Reporting and Backup Withholding continued from page 1

withholding) on Form 945, *Annual Return of Withheld Federal Income Tax*. To determine the deposit requirements of the backup withholding taxes, see the Form 945 Instructions.

Businesses that make payments to non-employees in the course of their business must report those payments to the non-employee and to the IRS in box 7, *Non-employee Compensation*, of Form 1099-MISC, *Statement for Recipients of Miscellaneous Income*. Amounts withheld from non-employee compensation (backup withholding) must be reported in box 4, *Federal Income Tax Withheld*, of Form 1099-MISC. A copy of the Form 1099-MISC must be sent to the non-employee by January 31 with a copy to IRS by February 28 (March 1 if filing electronically), of the year following the year of payment.

Penalties

Penalties are assessed against businesses that file information returns with the IRS after the due date or with incorrect or incomplete information. The payer may request a waiver of the penalty if they meet the standards of IRC §6724. Additional penalties may also be asserted per IRC §6672, that addresses penalties commonly referred to as "trust fund penalties" if the withheld taxes are not remitted to the IRS by the payer. [IRS](#)

Learn More Online

- Backup Withholding: www.irs.gov/govt/fslg/article/0%2C%2Cid=110339%2C00.html, or type in the words "backup withholding" in the search box of irs.gov.

U.S. Small Business Administration (SBA) Disaster Loans

Whether you rent or own your own home, own your own business, or own a small agricultural cooperative located in a declared disaster area, and are the victim of a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration (SBA) for the following types of loans:

- Home Disaster Loans – Loans to homeowners or renters to repair or replace disaster-damaged real estate or personal property owned by the victim. Renters are eligible for their personal property losses, including automobiles.
- Business Physical Disaster Loans – Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Private, non-profit organizations such as charities, churches, private universities, etc., are also eligible.
- Economic Injury Disaster Loans (EIDLs) – Working capital loans help small businesses, small agricultural cooperatives and most private, non-profit organizations of all sizes meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.
- EIDL assistance is available only to entities and their owners who cannot provide for their own recovery from non-government sources, as determined by the U.S. Small Business Administration (SBA).

To learn about mitigation loans, credit requirements, interest rates, loan terms and limits, restrictions on loan eligibility, refinancing help, and insurance requirements, contact SBA Disaster Assistance Customer Service Center at (800) 659-2955. [SBA](#)

Learn More Online

- SBA Disaster Assistance: www.sba.gov/services/disasterassistance
- IRS Disaster Tax Center: www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html

Getting Ready for Tax Filing Season, Part I:

Reminders for Successful Year-End Processing

The American Payroll Association (APA) offers the following tried-and-true tips to help ease your year-end processing

December

- Remind workers who have had life changes such as marriage, divorce, or a change in number of dependents to make the appropriate changes to their withholding via Form W-4.

- Remind employees that those who wish to continue claiming exemption from withholding must submit a new W-4 by Feb. 15, 2009, and those who wish to continue receiving Advance Earned Income Credit payments must submit a new W-5 by Dec. 31, 2008.

- Collect benefit and payroll adjustment information and post to employees' payroll, including relocation, educational assistance, group-term life insurance, third-party sick pay, company cars, manual checks, and void checks.

- Order enough Forms W-2 for all the employees who have worked for you this year, as well as some excess to allow for any mistakes. Better yet, consider preparing, printing, and filing your W-2s online at www.socialsecurity.gov/bsa.

- Verify your employees' names and Social Security Numbers (SSNs) at www.ssa.gov/employer/ssnv.htm.

December-January

- Obtain new forms, withholding tables, and publications. Review the new Social Security wage base (\$106,800), deferred compensation limits, mileage rates, and state unemployment wage bases.

- Notify employees of applicable changes and any steps they must take.

January 1

- Reset all year-to-date balances to zero.

- Reset all wage bases, rates, and limits according to your research.

- Discontinue payments of Advance Earned Income Credit to any employee who has not given you a 2009 Form W-5.

January

- Reconcile W-2 totals against the four Forms 941 for 2008.

- Run a report to verify W-2 information before printing forms. Make sure you have a SSN for each employee.

Review employees with wages over the Social Security wage base (\$102,000 for 2008), benefits that must be reported in box 10 or 12, or statuses that must be checked in box 13.

- Buy postage for mailing Forms W-2.

- If your company offers any pre-tax deductions, prepare a notice for employees that explains the calculations of the numbers in boxes 1, 3, and 5.

By February 2 (since January 31 is a Saturday)

- Deliver or mail Forms W-2, *Wage and Tax Statement*, to all 2008 employees.

- File Form 941 (943 for agricultural employers), *Employer's Quarterly Federal Tax Return*.

- File Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*.

- For each of Forms 941, 943, and 940, if all taxes have been deposited when due, the deadline is extended until February 10.

February 16

- For any employee who claimed exemption from withholding last year, but has not submitted a 2009 W-4, begin withholding based on a marital status of "single" and zero withholding allowances.

By March 2 (since February 28 is a Saturday)

- File Forms W-2 (Copy A) with the Social Security Administration. If you file electronically, you have an extra month (until March 31) to file. [APA](#)

Editor's note: Many of the tips above are available from one of APA's most popular seminars, *Preparing for Year-End and 2009*, which can be viewed as a webinar without leaving your office at www.americanpayroll.org/product/50/125. The APA is proud to be an integral partner with the Internal Revenue Service and the Social Security Administration. This allows APA to include the most accurate and up-to-date information in its seminars, publications, and webinars. See all of APA's live and on-demand webinars at www.americanpayroll.org/course-conf/webinars.

Getting Ready for Tax Filing Season, Part II

Help Your Employees Prepare for Tax Time

Companies can help their employees get ready and make the process easier, by reminding them of the following e-file tax-filing tips.

- **Gather and organize supporting paperwork** before filling out tax forms, such as proof of mortgage interest, property taxes paid, medical expenses, payments to charitable organizations, etc.

- **Organize receipts by category** by putting them in large envelopes or file folders, with the totaled amount written on the front. Bring these organized documents to your tax professional if you have one. Have last year's adjusted gross income to electronically sign e-filed federal tax returns.

- **Take advantage of the benefits of e-file**, which is safer and more accurate than filing paper returns. In addition, taxpayers who e-file their federal returns receive an e-mailed response within 48 hours confirming that the return was received for processing by the IRS. And there's always the satisfaction in knowing that less paper is being used... thereby helping the environment.

- **e-file avoids the need for Refund Anticipation Loans (RALs) and Refund Anticipation Checks (RACs)**, which can incur high fees. Those due a refund can get it fast by e-filing, which can arrive in as little as 10 days with Direct Deposit. Plus, there is no fee.

- **Encourage employees to see if they qualify for Free File.** Taxpayers whose adjusted gross income was \$56,000 or less during 2008, about 70 percent, can e-file their federal returns at no cost. The service is accessible only by going to IRS.gov and clicking on "Free File." Those who used Free File last year and want to again must go back and access it through the IRS website or they may be charged a fee. Those who lost jobs or are working fewer hours because of economic conditions may find that they now meet the Free File threshold, even if they didn't qualify before.

Those who lost jobs or are working fewer hours because of economic conditions may find that they now meet the Free File threshold, even if they didn't qualify before.

- **Employees may be able to access and electronically insert information from their W-2 Forms** directly into any

e-filing software or program, including Free File, if your company uses a payroll service.

- **Those who use the services of a tax professional should request e-file** to realize its same great benefits.

Most tax professionals offer the service, but taxpayers may need to ask their tax professional to e-file their return. And they should call to schedule their appointments early. Those who wait until April to call their preparers may find that their returns will have to be extension filed.

It's never too soon to start preparing for tax time. This year, help employees get a head start by giving them these handy tax-filing tips and reminders before tax season begins. [IRS](#)

Learn More Online

- e-file: www.irs.gov/efile/index.html

- Free File: www.irs.gov/efile/article/0%2C%2Cid=118986%2C00.html

Social Security Business Services Online (BSO) Reminders

Electronically File Your W-2s Online

W-2 Online allows you to create and electronically submit Forms W-2 (*Wage and Tax Statement*) directly to Social Security, acknowledges your submission, and gives you a PDF file for your records and for printing copies for employees and tax agencies.

Social Security's AccuWage free software helps you file wage reports electronically. It checks Forms W-2 reports for accuracy before you send them to Social Security. Correcting reports prior to submission saves time and energy. It is also a valuable tool for software developers to use as part of their process to validate their wage reporting (W-2) software.

Learn More Online

- Business Services Online: www.socialsecurity.gov/bsa/bsowelcome.htm
- AccuWage: www.socialsecurity.gov/employer

Do You Really Need to See the Card?

Since 1936, Social Security has issued over 30 different versions of the Social Security number (SSN) card.

Recently, the card's issuance date has been added to the front of the card. This is the date that Social Security processed the application for that particular card, not the individual's date of birth. Also, as a result of requests from employer groups, the individual's last name is now on a separate line directly below the first and middle names on the card. Even with these recent changes, it's important to remember all prior versions of the Social Security card are still valid.

Social Security Number Verification Service

Employers no longer need to be document experts. Using the free Social Security Number Verification Service (SSNVS), registered employers can quickly verify whether a person's name and SSN match Social Security's records.

For more about SSNVS, visit www.socialsecurity.gov/employer. Learn more about the new security features of the SSN card at www.socialsecurity.gov/legislation/SSCFact%20Sheet.pdf

Estimate Your Future Social Security Benefits Online

Social Security's online Retirement Estimator is a personalized, convenient, and secure financial planning tool that lets you calculate how much you might expect to receive in Social Security benefits when you (or your employees) retire.

Since it is tied to your actual Social Security earnings record, the Retirement Estimator eliminates the need for you to manually key in years of earnings information. It also is interactive and allows you to compare different retirement options by changing your "stop work" dates or expected future earnings. To protect your privacy, only your benefit estimates are provided online. The Retirement Estimator does not reveal any of your personal information, such as your address or earnings information.

Learn More Online

- Online Retirement Estimator: www.ssa.gov/pubs/10510.html to try it out

Having Problems with the Business Services Online Registration?

There are times when Social Security is unable to verify the information submitted during the registration for Business Services Online (BSO). One reason is Social Security's verification of the registrant's employment under the Employer Identification Number (EIN) entered during the registration process.

Common reasons Social Security cannot verify the employer/employee relationship include:

- A new EIN
- A new or recently hired employee;
- A self employed individual (who does not report earnings on a W-2)

When this occurs, the screen instructs you to send a fax to Social Security on company letterhead that contains a list of related information. Once the fax is received and processed, the registrant will receive either an email or phone call with instructions to continue the online registration process. You are encouraged to register to use BSO as soon as possible so that any issues can be resolved prior to the upcoming wage reporting season.

Should you encounter any problems, you can always contact their Employer Customer Service Staff at 1-800-772-6270. **SSA**

Learn More Online

For more information on electronic wage reporting or verify names and Social Security number, visit www.socialsecurity.gov/employer.

Many Employees Overlooking Valuable EITC Tax Credit

Employees who earned less than \$41,646 in 2008 may be missing out on a valuable tax credit. The IRS estimates that up to one in four eligible workers fail to claim the Earned Income Tax Credit—or EITC—that can add up to \$4,824 to their federal income tax refunds. Some states have similar refundable credits, increasing the dollars due these workers, providing they file and claim it.

Eligible employees can only receive the credit if they file returns and claim the EITC. Education and awareness are crucial components in ensuring

workers get the credit due them and dispelling erroneous myths, such as:

Only taxpayers with children qualify for EITC.

False. Childless workers could be eligible within certain income limitations. Employees who have grandchildren, nieces or nephews living with them may also qualify if they meet other requirements.

Only taxpayers who are required to file returns can get EITC.

False. Employees whose earnings are below the

filing requirement may qualify, but they must file returns to claim and receive the credit.

IRS encourages businesses to alert their employees about EITC and the extra dollars potentially due them by placing posters in break areas, posting information on company intranet sites, including information with Form W-2 mail-outs, etc.

Learn More Online

EITC employer resource page at www.irs.gov/individuals/article/0%2C%2Cid=129062%2C00.html **IRS**

IRS News

IRS Product Updates

■ Two new IRS products make it easier for small businesses and the self-employed to locate the information they need on the IRS's official Web site, IRS.gov. These new products are part of a year-long campaign to help educate new self-employed small business owners about federal tax responsibilities and about filing Schedule C, *Profit or Loss from Business*.

Publication 4667, *Tax Information for Small Businesses and the Self-Employed*, a free, laminated bookmark, provides Key Search Words to help small business people locate important tax information on IRS.gov quickly and easily. They can order this free laminated bookmark on the Small Business Products Online Ordering page.

A new page on IRS.gov, Self-Employed Individuals Tax Center, is a one-stop starting point for small businesses and self-employed taxpayers who file Schedule C with their Form 1040 and provides links to information on the most common issues new business owners face.

■ Recently revised Publication 4591, *Small Business Federal Tax Responsibilities*, is now available online.

■ The *Small Business Resource Guide 2008 CD* is out of stock. Please use the online version at www.missouribusiness.net/IRS. Beginning in 2009, The *Small Business Resource Guide* will be available exclusively online to provide more timely information with immediate updates.

■ A new page on IRS.gov is devoted exclusively to the business provisions of the Economic Stimulus Package (ESP) and includes links to two ESP videos. Visit www.irs.gov/newsroom/article/0%2C%2Cid=185699%2C00.html

Learn More Online

■ Publication 4667, *Tax Information for Small Businesses and the Self-Employed* ordering page: www.irs.gov/businesses/small/article/0%2C%2Cid=101169%2C00.html.

■ Self-Employed Individuals Tax Center: www.irs.gov/businesses/small/article/0%2C%2Cid=115045%2C00.html

■ IRS Launches Campaign to Help New Small Businesses: www.irs.gov/newsroom/article/0%2C%2Cid=181721%2C00.html

■ The *Small Business Resource Guide 2008 CD* ordering page: www.missouribusiness.net/IRS

■ Publication 4591: www.irs.gov/pub/irs-pdf/p4591.pdf

■ Business Provisions of Economic Stimulus Payments: www.irs.gov/newsroom/article/0%2C%2Cid=185699%2C00.html

Filing Extensions Changing for Some Business Returns in 2009

The IRS has announced that the Extension of Time to File for businesses filing Forms 1065, 1041 or 8804, will be five months instead of six to allow K-1 recipients time to prepare and file their own returns. This change is effective for extension requests for tax returns due on or after Jan. 1, 2009, and applies to tax years ending on or after Sept. 30, 2008.

Learn More Online

■ Visit IR-2008-84, Filing Extensions Changing for Some Business Taxpayers Later this Year at www.irs.gov/newsroom/article/0%2C%2Cid=184347%2C00.html

IRS Provides Guidance on Two Employment Tax Issues

The IRS has received many questions about the taxability of the personal use of employer-provided automobiles and the Classification Settlement Program.

IRS Partner Headliner 246 provides general guidance for each of these issues at www.irs.gov/businesses/small/article/0%2C%2Cid=187115%2C00.html

Federal Tax Deposit Coupons

Depositing the federal income tax and FICA tax withheld from employees pay is a process businesses must do throughout the year.

IRS Headliner 245 at www.irs.gov/businesses/small/article/0%2C%2Cid=187033%2C00.html explains the options for getting blank Federal Tax Deposit Coupons, Form 8109-B.

Hobby or for-profit endeavor?

The IRS's latest fact sheet provides guidelines for determining if an activity is engaged in for profit, such as a business or investment, and the limitations that apply if the activity is not carried on for profit.

FS-2008-23 is online at www.irs.gov/irs/article/0%2C%2Cid=186056%2C00.html

IRS Opens Toll Free Hotline for Identity Theft Victims

The IRS has opened a one-stop toll free number (800-908-4490) dedicated to allow those who believe they are at risk of identity theft to get solutions to their problems. The IRS will mark the affected accounts so that identity theft issues may be resolved quicker and to reduce the burden of resolving any related issues in future years.

Visit Identity Theft and Your Tax Records at www.irs.gov/individuals/article/0%2C%2Cid=136324%2C00.html

Reporter

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SSA.IRS.REPORTER@irs.gov

Fax 410-962-2572

Change of Address? Out of Business?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center Cincinnati, OH 45999
Ogden IRS Center MS:6273, Ogden, UT 84207
Attn: BMF Entity Control Unit

Outside US:
Philadelphia IRS Center, Philadelphia, PA 19255

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